

PROFESSIONAL FINANCIAL SERVICES, INC.

THE PRACTICE OF INSURANCE AND FINANCIAL SERVICES

A REGISTERED INVESTMENT ADVISOR

10913 LAWYERS ROAD
RESTON, VIRGINIA 20191-4908
TEL (703) 391-0299 * FAX (703) 391-0277
E-mail: bobtucker@pfsinc.info
Web site: www.pfsinc1.com

ROBERT E. TUCKER
PRESIDENT

August 13, 2010

Mr. Robert E. Tucker
10913 Lawyers Road
Reston, VA 20191

Dear Bob:

I hope the summer finds you well, notwithstanding the extreme heat!

Memorable Events

It has been an interesting and exciting time for us. On June 26th my daughter, Alexis, married Matt Weilmuenster and on July 31st, my Executive Assistant, Dayna Dragoi, was married to Patrick Mabry. Suffice it to say stress was rampant but punctuated with great joy!

After seven years working with me, Susan Ragan retired on July 31st. Susie is an exceptional person – always sweet, eager to help and professional. She will be missed in countless ways, but we wish her every success in her pursuit of volunteer work, house projects, and new adventures in cooking and hobbies. She has kindly agreed to fill in for Dayna in the last part of August while Dayna goes on a belated honeymoon. So, maybe, she isn't fully retired after all! If you'd like to write Susie a note, please feel free to mail it to her at our address and we'll see that she receives it.

Referral to You

As you know, from time to time I make mention of people who perform exceptional service. My daughter wisely chose a photographer new to this area, Jessica Schmitt. The photographs Jessica took at Alexis' wedding and reception are absolutely stunning. You might want to look at Jessica's website at <http://jessicaschmitt.zenfolio.com>. She is an incredible photographer for virtually any occasion, and I highly recommend her. Her phone number is (917) 599-7063, and no, we have no financial arrangement of any type. I just love referring people who I know will do a great job.

Tax Planning Guide

Regarding income tax planning, it is a pleasure to enclose a 2010 Year End Tax Planning Guide. While there are still 5 months left in the year, please take some time to review it and consider adjustments that may make sense. I certainly hope it helps you save money!

Securities Transactions Offered Through

H. Beck, Inc., Member FINRA/SIPC, 11140 Rockville Pike, 4th Floor, Rockville, Maryland 20852, (301) 468-0100
Robert E. Tucker is a registered representative of H. Beck, Inc., which is unaffiliated with Professional Financial Services, Inc.

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Commentary

What do I have to say about the markets, tax rates, and interest rates? I'd love to paint a rosy picture. I'd be ecstatic to have some sure fire way of generating extraordinary returns. Well, such is not the case.

The fact is volatility and high unemployment continue. Residential real estate (at least in this area) is moving for houses priced at about \$500,000 or lower. The higher the price, the slower the real estate market. If there's a positive, it would be that mortgage loan rates are exceptionally low. If there was ever a time to consider re-financing it would probably be now. So, it may be worth taking a look at your situation.

Barring any additional Congressional action, the Bush income tax cuts expire in 2011 – not good news. The Federal Estate Tax (zero in 2010) will be reinstated in 2011, and the estate tax "deduction" will be \$1,000,000 per person. Once again, taxable estate assets, i.e. accounts not going to a surviving spouse in excess of \$1,000,000, will be taxed based on an increasing scale topping out at 55%! That's right – up to 55¢ per dollar in tax!

Most practitioners believe the law will be changed. However, most practitioners also never believed that there would be zero estate tax for those dying in 2010. Who knows how it will all turn out? I suspect nothing will really happen until after the 2010 Congressional elections.

In Conclusion

My closing comments are nothing new. In my opinion, the best investment strategy is to focus on diversification and continuing to add to your investment portfolio. Don't hesitate to call us if you feel a review of your situation would be helpful, and of course, let us know if you have family, friends, or colleagues that need help. We will gladly assist.

Warm regards,



Robert E. Tucker, CLU
Chartered Financial Consultant

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Enclosure

P.S. Our 2011 planning calendars have arrived. We will distribute them with our Fall letter to you. Feel free to let us know if you would prefer NOT to receive one.