

What's Happening at USBA?

USBA and the newest alliance on its roster of services and benefits, Physician's Mutual Insurance Company, will be kicking off a **series of free educational seminars on Long Term Care** this Spring. The seminar will discuss the state of Long Term Care in depth and the options available to those concerned about being prepared for the high cost of today's rising cost of healthcare. The first one is scheduled for San Diego and others will soon be announced. If you want to be sure to be contacted when one comes to your area, call us at **800-605-3518** or visit us at www.onlineltc.com/usba to have your name added to a future Invitee List.

Joining other corporate sponsors as FedEx Express, Pfizer, Wal-Mart and the NFL, USBA has become a corporate sponsor of the Veterans of Foreign Wars (VFW) and its Ladies Auxiliary Post program,

Operation Uplink.

USBA recently pledged its support of Operation Uplink along with a check to kick off what they hope would be one of many donations from members to its cause. The Operation Uplink program provides prepaid cards to hospitalized veterans and military personnel. To date, the program has distributed over 4 million prepaid phone cards – representing more than 60 million minutes of phone time.

"A soldier, sailor, airman or Marine can use one of our prepaid [Operation Uplink] phone cards and talk to someone for at least 10 minutes," says VFW National Commander Edward Banas Sr. "The cost of long distance phone calls can be very expensive, which might prevent someone from calling home. For example, a 10-minute phone call from Saudi Arabia is \$15."

More information about Operation Uplink can be found on their website: www.operationuplink.org which can also be

accessed through USBA's website: www.usba.com.

Time is running out for those interested in applying for USBA's annual **William A. Dietrich Memorial Scholarship Fund**. The scholarship awards a non-renewable \$2,000 grant to a selected individual who is a child of USBA's members. Applications must be received at USBA headquarters no later than March 31, 2004. More information can be found on www.usba.com.

MEMBER BRIEFING

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Published periodically for USBA members.
Please send your comments and suggestions to the Newsletter Editor at the address above or email: kvogan@usba.com. Or visit our Website: www.usba.com.



M E M B E R B R I E F I N G

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War on Terrorism Inspires Rebirth of WWI Tradition – Service Flags

Although rarely displayed since World War II, the Service Flag can now be seen hanging from the windows of homes that have family members serving in the United States Armed Forces during the "War on Terrorism."

The tradition of the Service Flag dates back to World War I. Mothers of young soldiers hand stitched red, white, and blue flags to hang in their windows as a sign that a loved one had gone to fight in the war. The flag design was simple, a white flag with a red border and a single blue star for each family member in Service. Each flag could hold up to six stars. If a family member unfortunately lost their life in the line of duty, the mother would stitch a gold star over one of the blue stars to honor her fallen loved one.

The Service Flag (also known as "blue star banners" or "son in service flags") was designed and patented by World War I Army Captain Robert L. Queissner of the 5th Ohio Infantry who had two sons serving on the front line. The flag quickly became the unofficial symbol of a child in service.

"After 9/11, President Bush said if an American wanted to do something – do something patriotic," recalls Cathy Vairo, who started ServiceFlags.com with her brother. "We decided that bringing back the tradition of the Service Flag was that 'something patriotic' and discovered that authorization was needed to manufacture the Service Flag." Vairo's company became the first one in the country to receive authorization and has seen the interest grow over the past two years.

The criteria for who can display the Service Flag is set by the U.S. Congress:

- The flag may be displayed in a window of the place of residence of persons who are immediate family members of those serving in the Armed Forces of the United States during

(continued inside)



Service Flags, like this one, which began with World War I, are coming back into vogue.

PRESIDENT'S PERSPECTIVE

Details Demand Attention and Focus



Larry G. Vogt
Rear Admiral, USN (Ret.)
President/CEO

We live in a world with many moving parts; a world of constant change. We encounter challenge everywhere. Organizations and people must deal with change and challenge, perpetually.

Author John Maxwell tells the story of M. Scott Peck, and Peck's personal ineptitude in fixing things. Whenever Peck attempted to fix anything mechanical, the result was always failure and frustration. One day, he saw a neighbor repairing a lawn mower. Peck told the man "I'd never be able to repair anything like that."

"That's because you don't take the time," said the neighbor. Peck reflected on that...and the next time he faced a household mechanical challenge, he took his time, focused on the problem, and remained attentive to detail. Much to his surprise, the non-mechanically inclined man succeeded. Peck re-learned the fact that selective focus and attention to detail will literally bring energy and power to anything you tackle.

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Did You Know You Could Deduct That?

(Editor's Note: This article does not contain tax advice, but simply general information about tax issues. There are a number of factors to consider when taking deductions. Always check with your tax advisor for details first, since there may be income limits or other factors to consider.)

The biggest mistake Americans make when it comes to their taxes is failing to take all the deductions to which they are entitled.¹ If you're guilty of letting bona fide deductions slide, you may be paying hundreds – perhaps thousands – of dollars more in income taxes than necessary.



If this sounds like you, let this year be different. You have until April 15th to get it right. So, look over the following

checklist of what you can deduct if you qualify:

- College tuition and related expenses, up to \$3,000 worth, for you, your spouse or anyone you claim as a dependent.
- Up to \$2,500 in student-loan interest charges paid in 2003 for you or any dependent.
- Higher contribution limits for IRAs (\$3,000 for tax year 2003, plus another \$500 if you are age 50 or over), with full

Tax Statements Available on myPay

Military members and Department of Defense civilian employees will once again have access to view, save and print their tax statements from myPay at <https://mypay.dfas.mil>. For assistance, myPay users can call customer support at 1-800-390-2348.

myPay is an easy, secure method for managing pay

account information for America's military service members, military retirees and annuitants and defense civilians.



Available around the clock, customers can conveniently make changes online, avoiding the hassles of an office visit.

"During 2003, more than 1.2 million users viewed their tax statements on myPay, and we continue to encourage users to access this service," says Pat Shine, director of DFAS' Military and Civilian Pay Services business line. "Timely

access to W-2s and other tax statements is another way myPay gives users control of their pay information."

or partial deduction possibilities for Traditional IRAs. Your income, filing status, and presence or absence of a retirement plan at work will affect whether or not your contributions are deductible, and whether you'll be eligible for a full or partial deduction, if applicable.

- Self-improvement expenses, including the cost of weight-loss and smoking-cessation programs prescribed by a doctor.
- An increase in adoption expenses from \$5,000 to \$10,000.
- All valid medical expenses – including out-of-pocket prescription drug costs, eyeglasses, contact lenses, hearing aids, or other medical expenses that exceed 7.5%

of your Adjusted Gross Income. (Be sure to do the math on this. So, if your income was \$70,000 last year, you can deduct all out-of-pocket health care expenses that exceed \$5,250.)

- Two thousand dollars if you purchased an approved hybrid car last year.
- If you are self-employed, a bigger chunk of your health insurance premiums than in 2002 (70% vs. 60%). You can also take an additional 30% first year depreciation deduction on eligible property.
- Capital losses or charitable contributions that you couldn't deduct in 2002 may be deductible for 2003.

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... Rebirth of WWI Tradition – Service Flags

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any period of war or hostilities in which the U.S. may be engaged, for the duration of such period of war or hostilities.

- "Immediate family member" is defined as: wife, husband, mother, father, stepmother, stepfather, parent through adoption, foster parents who stand or stood in loco parentis, children, stepchildren, children through adoption, brothers, sisters, half brothers, and half sisters of a member of the Armed Forces of the United States.

Unfortunately, the definition leaves out grandparents. But a petition is underway to change that. Vairo has started an initiative to have the DoD manual changed to include grandparents as part of those who are allowed to display Service Flags.

"We believe that it is important to have grandparents officially listed,"

says Vairo. "We have written to several US Representatives and there's also a petition established online at <http://www.petitiononline.com/bsflag/petition.html>."

Service Flags can only be purchased at companies that have been approved by the DoD. In addition to ServiceFlags.com, flags are available at US-Flag.com, Flagline.com or Patriotic Flags.com.

While the number of military families displaying the flag is growing, there are many who still do not understand its meaning, according to Vairo. "Our biggest challenge has been the education of the public," she explains. "Those that remember the flags, remember them through the eyes of children who knew they were hung for a family member but

did not really understand the meaning."

"So when you see a Service Flag hanging in the window of a home, today, remember the star represents someone's loved one," Vairo says. "And it stands for a person who has made a commitment with his or her life to protect and defend our freedom."

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- Points incurred if you took out a mortgage (deductible all at once) or refinanced (cost spread over life of mortgage, in many cases).
- Gambling losses, to the extent they offset declared, taxable winnings.
- Job-search costs, including resume prep and travel, if they exceeded 2% of your AGI. Also generally eligible are relocation expenses.
- Caveat: Some of these deductions come with fine-print exceptions or income limits.²

That's why it is imperative that you talk to your tax advisor before you act. Getting it wrong will only cause you to lose the deduction, pay more taxes, and open you up to a possible audit. So, double check.

¹ "Last-Minute Loopholes," by Diane Kennedy, CPA, March 5, 2003, at <http://news.yahoo.com>.

² "Some Deductions Easily Overlooked," Knight Ridder Newspapers, March 23, 2003, at <http://www.bayarea.com/ml/d/ccltimes/business/5470283.htm>

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INSURANCE COVERAGE SHOULD REFLECT CHANGING DETAILS OF YOUR LIFE

Studies show that approximately three quarters of us who have life insurance do not have adequate coverage levels for the stage of life we are in.* Just as the details of our life are ever-changing, so is our need for more or less coverage. Take a look at the list below to see if you recognize yourself in any of the stages. And, if you do, it might be prudent to re-examine your life insurance policy:



– especially if you have kids. *(The USBA Lean-15 Plan offers you a full range of coverage... from as low as \$25,000 to a maximum of \$500,000. You decide the amount that best suits your financial needs.)*

Just Married? Most childless newlywed couples do not need extremely high levels of life insurance coverage. But once you add any type of ownership to the deal, it is important to make sure you and your loved one are covered if something should happen to one of you. If you buy a house, a car or any significant purchase, this becomes especially important. Be sure to cover each other with appropriate amounts of life insurance, even if you are barely out of the chapel. *(Check out USBA's budget friendly, Two for One life insurance plan. It covers both of you for the same amount of coverage, it pays on whoever dies first, but there's only one premium to pay...not two.)*

Having Kids? It's also important to make sure that you will be able to take care of your kids. Some couples believe only the "breadwinner" needs coverage but a stay-at-home parent's absence can create a financial hardship as well when you consider the high cost of quality child care. Make sure you and your spouse have adequate life insurance coverage to protect both yourselves and your children.

Find Yourself Single Again? According to U.S. Census Bureau, two out of every three marriages occurring before the age of 30 end in divorce. If you find yourself single again, it is important to reexamine your life insurance needs

Find Yourself Wealthier? Studies show that nearly 65 percent of the affluent in the U.S. lack adequate life insurance coverage.* When you or your spouse get a large raise, own a company that begins to prosper, come into a large amount of money through inheritance, or sell something of very high value, do you think to reexamine your life insurance coverage? You should!

Retiring Early? Life insurance needs may not be as high as they are at other stages in life. But most new retirees (especially if they are now a senior citizen) do need to think about maintaining an adequate level of coverage. Even though your children are grown and on their own, and your spouse may be able to live comfortably on his or her retirement savings, there are many circumstances in which they may find themselves in financial trouble if you were to pass away. If you are very ill beforehand, the high cost of your medical care might be passed on to your spouse or children. Consider, too, the fact that some seniors may have to live with a child if they become widowed and need help, which could also be a financial challenge. It is important to ensure that your family members can recoup any financial losses after you pass away. It will already be hard enough for them to lose a loved one.

Insurance experts recommend that all of us reexamine our level of life insurance coverage at least once a year. You can always make sure your coverage meets your changing life needs by calling our trained product specialists at 1-800-368-7021 for a consultation.



PRESIDENT'S PERSPECTIVE

(continued from front)

Deciding how to spend money without going into debt is a zero-sum process. For most individuals, additional expenditures over and above the basic household budget must be matched with an equal reduction in spending. However, people often view their lives in much the same way...believing if they want a career they have to sacrifice family time, and vice versa.

Author David Niven points out that the preceding equation is incomplete and misleading. Your time is not literally an accounting of minutes. It is a measure of commitment, focus, and efficiency...not just quantity.

Regarding focus: The sun is a powerful source of energy, yet during the summer, with a hat and sun screen, most of us can remain outdoors for hours.

A laser, on the other hand, focusing only a few watts of energy into a single beam of light, can slice through steel.

In our business as well as our personal lives, focused attention on an objective, and on the details that support it, multiplies the value of the time spent and invariably gives the highest return.

The great people at USBA approach customer service with that realization. All of us here know the importance of providing very focused, very special, customer care, and the criticality of hands-on attention to detail.

Focused attention and concern with detail always matters when serving people who've put their faith in the products you provide.

Please call us. You'll be glad you did.

Larry G. Vogt
Rear Admiral, USN (Ret.)
President/CEO USBA