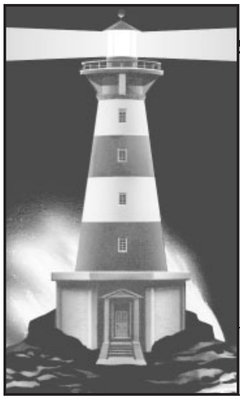


Since 1972 Second Quarter 2002

The Fragasso Group, Inc.

The Retirement Planning and Wealth Preservation Specialists

A Registered Investment Advisor

...For the Serious Investor

E-mail: fgi@fragassogroup.com • Website: www.fragassogroup.com

Market Recovery

The economy is recovering. The markets have always followed fundamentals. The question is not if, but when? We are in a classic recovery. Consider that no recoveries are smooth. By definition, a recovery is tentative, and is buffeted by any negative news. The factors that loom largest over the economy include: the Middle East crisis (the price of oil); the recovery of corporate earnings; the direction of interest rates; and the crisis of confidence in corporate financial reporting and management Those, and possibly other, factors, will continue to make the markets volatile.

However, make no mistake. *Markets have always followed fundamentals.* And, the fundamentals of this economy point toward recovery. Per the Bureau of Labor Statistics, productivity is the highest in 19 years! That takes us back to 1983. Those of you who were clients then remember that we told you the same then as we are telling you now.

Let's examine recovery years by viewing the S&P 500 *monthly* percentage change.

Take some time to view the table at right. It has a lot to tell you. History is no guarantee of the future, but, it does form our best guide.

There are two important points to consider. First, *markets never go straight up* just to make us feel better. Recoveries are fragile. Second, *you cannot determine that a recovery is in progress by viewing the current point in time.* That's like trying to define the shape of the forest while standing deep within the trees. You'll know that a recovery has happened once it's fairly far along.

If you want to determine whether we are in a recovery, don't view what the markets are doing today. They are being rocked by daily events that have little long-term significance. View the fundamentals of the economy such as productivity (favorable), unemployment (which is dropping), corporate profitability (which is recovering in some sectors, and has a way to go in others), and the level of interest rates (the lowest in 40 years). Finally and most importantly, view the amount of money in the economy and how fast it's moving through the economy. We are awash with money and it should continue to result in increased economic activity with continued low inflation. This inflation opinion is per Alan Greenspan.

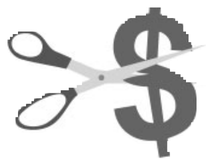
(continued on page 6)

MONTHLY PERCENTAGE CHANGE IN THE S&P 500

	1933	1942	1954	1963	1971	1975	1988	1991	2002
Jan	0.87	1.61	5.36	5.06	4.19	12.51	4.27	4.42	-1.56
Feb	-17.72	-1.59	1.11	-2.39	1.41	6.74	4.70	7.16	-2.08
Mar	3.53	-6.52	3.25	3.70	3.82	2.37	-3.02	2.38	3.67
Apr	42.56	-3.99	5.16	5.00	3.77	4.93	1.08	0.28	-6.14
May	16.83	7.96	4.18	1.93	-3.67	5.09	0.78	4.28	-0.78
Jun	13.38	2.21	0.31	-1.88	0.21	4.62	4.64	-4.57	-7.25
Jul	-8.62	3.37	5.89	-0.22	-3.99	-6.59	-0.40	5.68	?
Aug	12.06	1.64	-2.75	5.35	4.12	-1.44	-3.31	2.35	?
Sep	-11.18	2.90	8.51	-0.97	-0.56	-3.28	4.24	-1.64	?
Oct	-8.55	6.78	-1.67	3.39	-4.04	6.37	2.73	1.34	?
Nov	11.27	-0.21	9.09	-0.46	0.27	3.13	-1.42	-4.04	?
Dec	2.53	5.49	5.34	2.62	8.77	-0.96	1.81	11.43	?
Totals	**53.99**	**20.34**	**52.62**	**22.80**	**14.31**	**37.20**	**16.81**	**30.55**	**-14.14**

Koppers Building, Suite 300 • 436 Seventh Avenue • Pittsburgh, PA 15219 • 412-227-3200 • 1(800) 900-4492 • Fax (412) 227-3210
South Hills Office: Suite 420 • 2000 Oxford Drive • Bethel Park, PA 15102 • 412-835-3100 • 1(800) 218-3143 • Fax (412) 835-3108
North Hills Office: 10925 Perry Highway • Wexford, PA 15090 • 724-940-4088 • Fax (724) 940-4098

Divorce Money Matters



Janet Bouma
Financial Consultant and Certified Divorce Planner

There are lots of questions surrounding the issues of retirement and pension division in the "equitable distribution" process of divorce. Women who have been married for the majority of their adult life and have chosen the job of homemaker and full-time mom typically have no pension or retirement plan of their own. They often have little or no earning capacity, and if they find themselves in the process of divorce in their fifties or sixties, having enough money to last them through retirement is a crucial concern.

Our Certified Divorce Planners (CDP) are often asked, "Am I entitled to my spouse's pension and retirement accounts? Does it matter that they are in his name only?" Often the bulk of a couple's marital assets consist of retirement accounts, pensions and the marital home. These assets are considered marital property and are subject to division.

We help our clients and their attorneys accurately gather information regarding retirement accounts and pensions – *all* of the accounts – from the current employer and from previous employers – and all the *components* of the plans. Many plans have pre-tax components, after-tax savings, pensions, stock options, employee-owned stock. All of these components have a value attributed to them, whether it is the "present value" of a 401(k) plan or the "future value" of a monthly pension.

In order to accurately value a spouse's retirement plan(s) for *equitable distribution*, we need to obtain documents explaining your spouse's employment benefits: bonuses, raises, commissions, promotions, expense accounts. We also need to verify other benefits and payroll deductions, such as union dues, stock option plans, savings bonds, health or life insurance premiums, credit union deductions, early retirement benefits, supplemental benefits, and retirement plan contributions. We contact the current and/or former employer's human resources department for the "Summary Plan Description" and a statement of the accrued retirement benefit as of the date of marriage, date of separation, and most recent date. Accurate and complete information will facilitate your *equitable distribution* process, and help you make sure you are getting your fair share.

In our next newsletter, I will address the issue of Qualified Domestic Relations Orders (QDROs) and how they are used to transfer retirement money from one spouse to another, pursuant to divorce.

Check out our website under "Divorce" for more information on *Divorce Money Matters* and our *Preparation for Divorce* seminar schedule.

Email your *Divorce Money Matters* questions to:
janet_bouma@fragassogroup.com

FINANCIAL EDUCATION:

Is It Among The Benefits Being Offered At Your Workplace?

Nicole Cavoti
Financial Consultant and Corporate Seminars Specialist

Sadly, we all watched over the past several months, as Enron employees appeared on news programs to discuss having lost approximately $1.2 billion in retirement savings. Many of us undoubtedly shuddered as we heard descriptions of the impact their personal losses will have on their plans for when, how, and in some cases, if they will retire.

Although Enron's size and questionable accounting methods are among the highly publicized reasons for the severe scrutiny it now faces, the extent to which Enron employees were knowledgeable in selecting among retirement plan investment choices is also under question.

The fact is that each year, thousands of US companies of all sizes who sponsor retirement plans are exposed to potential liability. As fiduciaries, plan sponsors must act prudently and in the best interest of the plan participants at all times. Breaches of fiduciary responsibility occur for, among other reasons, a failure to provide sufficient education to participating employees regarding risk, asset classifications, diversification, cost and other important considerations.

A national study conducted in January 2002 and released last month, illustrated a significant lack of investment knowledge among 401(k) participants, and indicated that many "inaccurate/inadequate" perceptions exist.

Of the 801 participants surveyed, respondents were most familiar with company stock as an investment among all categories, and despite Enron headlines, rated it as having the lowest risk of all equity-related choices. Respondents also inaccurately ranked money market funds as riskier than domestic bond funds. On the other hand, participants

(continued on page 5)

EXPLORING OPTIONS

Michael Fertig
Vice President and
South Hills Office
Branch Manager

Any big change in life can be stressful. Changing jobs or retirement are no exceptions. Although this can be an exciting time in your life, it's also the time to focus on deciding what to do with your employer sponsored retirement plan. Should you roll over your money to an Individual Retirement Account (IRA)? Should you take a cash distribution? Should you leave the money in the plan? We will explore each of those options to help you make the most financially prudent decision.

OPTION 1: *Rollover IRA*

A rollover IRA is an account set up to receive a lump sum distribution from a qualified retirement plan. The lump sum distribution is moved directly from the qualified plan (the funds are made payable to the rollover institution) into the Rollover IRA.

The **advantages** of the Rollover IRA include:

- You owe no immediate income taxes on the distribution
- You avoid early withdrawal penalties if you are under age 59½
- The subsequent earnings on your assets grow tax deferred
- You decide where to invest your money. You have a wide array of choices as you may select most any mutual fund or individual stock or bond.

Disadvantage:
Your entire distribution may not be eligible to be rolled over. Your employer should provide you with a statement that indicates whether any portion of distribution cannot be "rolled." But, other tax-deferred investment vehicles are available for handling that portion of the plan separate from the IRA.

OPTION 2: *Leave Money in Former Employer's Plan*

You may leave your money in your former employer's retirement plan if you have more than $5,000 in your account.

The **advantages** of this strategy include:

- You do not have to take any action
- Your retirement savings remain invested
- Your money continues to grow tax deferred

Disadvantages:

- Your former employer's plan may not have the investment options you desire
- You are responsible for notifying your former employer of address changes and other relevant information

OPTION 3: *Roll Over Your Distribution to Your New Employer's Plan*

If your new employer's retirement plan allows, you may be able to roll your money into that plan.

Advantages:

- Your retirement savings continues to be invested in a tax-deferred investment vehicle
- You owe no immediate taxes if your distribution is rolled over in to your new employer's plan.

Disadvantages:

- Your new employer's plan may not have the investment options you desire
- You may have to wait until you are eligible to participate in the new plan (six months to one year is common) before you can roll over your money
- Your new employer's plan may not allow for former plan funds rollover

OPTION 4: *Cash Distribution*

You receive the entire lump sum distribution in cash, paid directly to you.

The **advantages** of a Cash Distribution include:

- Can be a source of cash if there is a need and you have no other resources
- You may be eligible for favorable tax treatment (income averaging) on the distribution

Disadvantages:

- You will owe taxes on the entire distribution
- Your employer is required to withhold 20% of your distribution for income tax purposes to be sent to the IRS immediately. That's true even if you change your mind and attempt a rollover within the allowed 60 days following distribution
- If you are under age 59½, you may owe an additional 10% of your distribution as an early withdrawal penalty (some exceptions apply). You pay the penalty on the whole amount, even that paid in taxes.
- After all of the tax consequences, you will be left with much less to live on or to invest for retirement

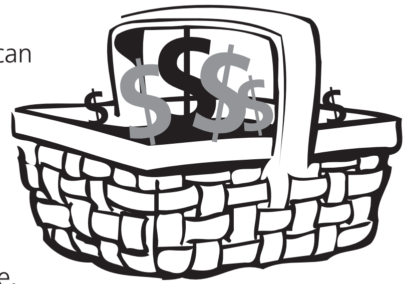
The above information was just a highlight of the areas that need your attention when you begin to make a decision about your retirement plan. To learn more, please look for one of our upcoming seminars in your area, and bring a friend who may also have questions that need answered. The more you know, the better chance you have of making a successful decision.

If this decision faces you now, please call us for assistance right away.

The Risks of Too Much in One Basket

Deborah Sales
Vice President and Downtown Office Branch Manager

From time to time we come upon clients and prospective clients who have investments within their personal portfolios that exceed what we would consider a reasonable allotment. This typically happens inadvertently and over time as gifts are received from family or investments are made regularly in company stock or through dividend reinvestment programs. The end result is that capital gains accumulate, which make the sale of the security seem costly. Thus, the investment position continues to grow and becomes an even greater component of an investor's portfolio.



Holding large positions in any one security can cause an investor to assume an unnecessary amount of risk that may result in considerable market value fluctuation and many sleepless nights. Certainly in today's economy we have seen many successful companies experience significant financial problems that cause a sudden decline in their stock price. That decline may be temporary or permanent, but the risk of suffering it is unnecessary as it can be lessened through proper diversification.

If you hold a significant position in such an investment, the prospect of experiencing this type of decline should make you re-evaluate the tax consequences involved in selling the stock. Clearly tax consequences should be considered as part of your investment making decision, but they should not be the overriding consideration.

Consider a $200,000 hypothetical investment with a cost basis of $100,000. Sale of that security would result in a $20,000 tax bill (assuming 20% long-term capital gains tax x $100,000 gain = $20,000 tax). Thus, after tax, you would net $180,000 from the sale of the security, transaction costs aside. That same $180,000 value would be realized with only a 10% decline in the value of the underlying security. Wouldn't it be worth paying that 20% capital gains tax and diversify the proceeds among various securities in an effort to reduce your exposure to any one company and lower your overall risk?

Think about it, in May we saw Abbott Labs fall 10% over the course of three trading days (May 13th to May 16th) after U.S. regulators found that one of its plants failed to comply with quality standards. In April, GE experienced similar volatility after concern emerged about the level of debt the company had issued. The stock closed April 10th at $37.20/share and on April 15th at $31.85/share – a 14% drop in three trading days. *(source: Yahoo! Finance Historical Prices)*

Sometimes selling a large position to obtain greater diversification is a necessary step to help you work toward your long-term financial goals. Other times, diversification can be obtained without realizing capital gains and by gifting securities to individuals and/or organizations to which you would like to contribute. If you find yourself in the position where large security positions may be jeopardizing your financial security and peace of mind, contact your financial advisor at The Fragasso Group to discuss diversification strategies that might include family gifting, charitable gifting, or outright sale of securities that are causing unnecessary risk in your portfolio.

Gregg Daily
Financial Consultant and Debt Management Specialist

It's Not Too Late To Consider Re-Financing

As you may know, the Federal Reserve has reduced interest rates to forty-year lows. This has resulted in a substantial decrease in mortgage interest rates as well. While this not only makes now an opportune time to purchase a home, it also presents current homeowners with several intriguing options.

It may be worth considering re-financing if you have a relatively high interest rate on your current mortgage. When your loan was obtained, as well as your credit rating and debt ratio, are all factors that effect the interest rate you'll pay on a mortgage or home equity loan. If you obtained a mortgage during a period of higher interest rates, or if your credit rating has improved since obtaining your loan, it may be worthwhile to shop around, comparing initial rate quotes, estimated closing costs, and any other fees that may apply. Keep in mind that a reduction in the interest rate you're paying on a mortgage or home equity loan can reduce your monthly payment, depending on the amount and terms of the loan.

Also, consider paying off higher interest non-mortgage debt with a re-financed mortgage, home equity loan, or home equity line-of-credit (HELOC). Two very common examples of this type of debt are credit cards and vehicle loans. Using re-financing or an equity loan to pay off this type of debt has two important advantages. The first is that the interest rate on

(continued on page 6)

529 Plans:
What's The Buzz?

Karen Launikonis
Financial Consultant and Education Funding Specialist

With all of the buzz about 529 plans coming out lately, it can be more confusing than ever for a parent or relative to decide how they should save for a child's education. Many times, more information and choices can lead to more questions. Parents need not despair, however, as the same principles that apply to other types of investing are just as applicable here.

529 plans have become increasingly popular this year because of the changes that came with last year's tax legislation. The biggest change lifted all tax liability from the earnings taken out of the plans for qualified educational expenses. It used to be that the 529 plan was a tax deferred vehicle, but when withdrawals were made, earnings were subject to federal and state tax, albeit at the beneficiary's (usually a child) tax rate. Now there is still the same tax deferred growth but also no federal taxes due on the withdrawn earnings as long as the funds are used for things like tuition, room and board and textbooks. Consult your tax advisor to determine any state tax liability.

The 529 plans are state sponsored with almost every state under contract with a mutual fund company to offer a plan. The concept for all plans is the same although each state has its own rules regarding deductibility of contributions, state taxation and so forth. A question that's frequently asked is, "Do I have to invest in my own state's plan?"

The answer is no, you don't. However, depending on the state-specific rules regarding tax treatment of contributions as well as withdrawals, it may behoove you to use your own state's plan for at least a percentage of the total contributions.

The most important factor to keep in mind when choosing a 529 plan is the outcome that you wish to achieve by investing in the plan. Some important questions to ask yourself are: What is my time horizon for investing? How much will I need to send my child to the college of his or her choice? What rate of return do I need the account to generate to reach this goal? Do any of these sound familiar? They should, especially if you're one of our clients. They are the same types of questions we ask you when helping to plan for your retirement or any other financial goal. Once you pin point your goal, you'll be able to choose which 529 plan or plans may be best for your child's educational needs. Keep in mind that you, as an investor, are not bound to use just one state's 529.

Once your savings goal is clear, the next step is to determine how to achieve it. The company that offers 529 plans sometimes offers a limited number of their funds inside of the plan. They may also offer pre-set portfolios that change their allocation as the beneficiary gets closer to college. The latter types usually start out more aggressive, then migrate to a more conservative allocation as the child gets older. By properly allocating the 529 plan (or plans) you should be able to seek a certain rate of return while keeping volatility in check with proper asset allocation. These are the same principles that we subscribe to when setting up any type of investment account.

With the help of your financial consultant, you can design a portfolio inside of one or more of the 529 plans available to best reach your goal. Please give your financial consultant at The Fragasso Group a call if you want more information on setting up a 529 plan for a child. We also cover this in much more detail in our lectures. If you've never been to class or it's been awhile for you, it would be worthwhile for you to attend and learn more about these plans if you're interested.

FINANCIAL EDUCATION *(continued from page 2)*

were least familiar with balanced funds, which can be particularly well suited for investors with limited knowledge of the financial markets.

Offering education as one of the benefits at your workplace accomplishes a great deal beyond acting in the best interest of participating employees. An understanding and sense of increased control over financial considerations can significantly decrease distraction at the workplace, and an increase in morale can be seen as employees learn that the number on their paycheck is only one of the numerous factors contributing to their long-term financial health. These considerations and more can lead to an increase in employee retention as well as higher productivity.

The Fragasso Group, Inc. has been educating employees at local corporations and organizations for over 30 years and, with no proprietary funds to offer, the information is purely educational and unbiased. Our courses also offer continuing education credits for Attorneys, CPAs and HR Professionals.

For more information on providing a free employee workshop or 1½-hour Lunch 'n Learn at your company, or to view some of the companies who have already taken advantage of our educational services, please visit **www.fragassogroup.com** or contact Nicole Cavoti at 412/227-3205 or email at **nicole_cavoti@fragassogroup.com**.

**An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the fund.*

Retirement Asset Advisory

Palmer Masciola
Vice President and
North Hills Office
Branch Manager

Have you been worrying about the investments in your employer sponsored savings plan lately? In these difficult market times many people have begun to wonder if they're getting the most out of their retirement plans and whether those assets will be sufficient for them in retirement. The Fragasso Group can assist you in this important matter.

For many people, their 401(k) or 403b plan is their single largest investment asset. As such, it is very important that you have prudent and intelligent management of these assets, especially if you're approaching retirement age. A few years ago, a client of ours pointed out that we pay very close attention to the assets where we have custody, but that we gave him observations and recommendations on his retirement plan only at his annual review. He went on to say that his retirement plan was easily his largest and most important investment and he asked that we give him the same continuing guidance there as we do for his personal investments. We agreed that there should be a formalized vehicle where we could provide such advice and our Retirement Asset Advisory program (RAA) was created.

Here's how it works. We first evaluate the investment choices available to you in your retirement plan. We look at not only the quantity of funds available, but also for diversity of asset classes and the performance of those funds with respect to such. This is very similar to the process that we use to screen the universe of investments for our own investment accounts.

Next, we provide you with an allocation for the investments in your plan. We also assist you with the implementation of our recommendations. We help you to be certain that you reallocate not only the plan's current assets, but also how your ongoing contributions are allocated.

Finally, we monitor the account's allocation and performance on a quarterly basis. Each calendar quarter, we use your employer-provided retirement plan statement to update your RAA account. We'll incorporate the recent quarter's activity and produce a report that will tell you how the account has performed as well as what specific changes are recommended to bring the allocation back to our original target allocation. We include your employer's fund selection menu into our universe of funds to be screened, and monitor them on your behalf. This process is very similar to the way we manage your personal investment accounts.

We are able to provide this service on a fee basis only. Contact your Fragasso Group financial consultant or visit our web site at www.fragassogroup.com for additional details on this valuable service.

Market Recovery

(continued from page 1)

Here's a final word to those who claim that "this time is different." No it's not! Come to our adult financial education classes, and we'll prove to you that it's not. This economic and market recovery is no different than the one that began in the year following the Pearl Harbor attack while our Marines began an island hopping battle campaign in the Pacific and our army went to war in North Africa. It's not different than the recovery year following the oil embargo-induced major recession of 1973-74 or the one following the major industrial recession coupled with stagflation of 1979-82. No, it's not different. It just hasn't happened for awhile, so it's unfamiliar to many investors.

Summary: this may be the best time to be invested relative to the historically supportable potential gains in front of us. And, we're not afraid to go public with that position. Consider all of the wonderful potential advances ahead of us in medicine, communications, work tools, finance, and in just about every area of the world's economies. Don't miss the opportunities because of unreasoned fear.

Past performance is no guarantee of future results.

It's Not Too Late *(continued from page 4)*

your mortgage, equity loan, or equity line-of-credit may well be substantially lower than that of your credit cards or vehicle loans. The second is that interest paid on home mortgages, and home equity loans and lines-of-credit may be tax-deductible, whereas the interest paid on credit cards and auto loans absolutely is not. Tax deductibility lowers your cost.

Keep in mind that everyone's financial situation is different. There are always variables in any financial endeavor, whether it involves borrowing or investing money. The Fragasso Group can assist you in evaluating your needs and securing your loan. We do the shopping around for you. Contact your financial consultant here to discuss the most appropriate course of action whether you are re-financing or obtaining a new mortgage.

So You've Decided To Retire...*Congratulations!*

Now what are you going to do with all of that free time? Maybe you will take the vacation you've always dreamed about. Some of you may start that exercise program you've been talking about for years or take that trip to see the grandkids. Regardless of what you decide, you can now sit back, relax, and enjoy your golden years.

Leslie Coulson
Financial Consultant and Long Term Care Specialist

You have worked hard over the years to save and plan for a comfortable retirement. The last thing you want to see happen is your financial picture change for the worse. But in the real world "stuff" happens and you don't want to be caught off guard. An unexpected injury could cause you to become dependent and in need of long-term health care. Remember that in retirement you no longer have that disability insurance through your employer to ease the financial impact of a serious illness or accident. You will be spending your time in retirement differently than you used to in your working years. Injuries play a very big part of why people submit long-term health care claims.

Here are a few scenarios to think about…

You could fall … Visiting your other retired friends, shopping at the mall, tripping over the grandkids toys, slipping in the parking lot on your way to a church meeting.

You could have an accident … Replacing that wallpaper in the bathroom, trimming that tree in the back yard, driving to a Monday afternoon matinee.

You could have an injury … Due to taking that early morning spinning class, slipping in your health club pool or trying to get down that new ski slope.

The consequences of these injuries could be quite devastating. Whether it is broken bones, head trauma or serious paralysis, the point is that it can happen to you. You must be prepared.

Long term health care insurance is not just for the elderly. Your everyday actions can affect your ability to perform basic activities of daily living: bathing, dressing, eating, toileting, continence and transferring or cognitive impairment.

We want you to enjoy your retirement years. Proper planning today can save you and your loved ones years of worry. Don't keep putting it off. Please call your Fragasso Group financial consultant to discuss a long-term care plan that is right for you.

Why Not Stop Investing, and Stop Losing $$$, While The Markets Are So Bad?

Kevin Daeschner
Financial Consultant

Over the past couple of months I have had several meetings with clients and prospective clients, and I have noticed a re-occurring theme develop. The common questions seems to always surface "why should I continue to invest in my 401(k) while the markets are down or for that matter why should I commit any money to the equity markets?" On the surface it seems to be a very logical question that many people are asking themselves currently or have though about in the past year and a half. The answer is very simple but often times tougher to implement and stick with than the answer itself. Of course the answer is quite simple "Yes." Always continue to add to your 401(k) in down and up markets. If your only concern is the current market conditions, then continue to add to your 401(k). In fact raise your contribution level if you have the opportunity.

Why do people not want to add to the market when the markets are down? It seems that investments are the only item in life that people are afraid to buy when it is "on sale." Quite frankly, over the past 24 months the market is exactly that, a good product that is "on sale". When the furniture suite I wanted went on sale I bought it, I was not afraid that the sale represented something bad to come, I knew I had the opportunity to purchase a quality item at a significant discount. Many people in the general public have the opinion that when prices go down it is because it is going to be a close-out sale, closeout meaning out of business. We need only look at market history to disprove this theory. With *every* (no exceptions!) market downturn throughout history, we experienced a market recovery that exceeded the downturn.

Back to the question of investing when markets are down. A central philosophy of the equity markets is they historically have rewarded people who invest for the long haul. Yes people have experienced the "Get rich quick" effect of recent bull markets. But, over time, equities reward the long-term investor who stays invested when markets are down as well as when they are up. Market corrections provide people with the opportunity to purchase or to continue holding quality items at a discounted price. But this opportunity is only available for those who develop and implement a sound long-term strategy for investing. We have all seen the numbers showing how the markets have rebounded from past corrections. Any individual who has attended our lecture class or has sat through an annual account review with their Fragasso Group financial consultant has been shown how the markets have rebounded and come back. So, why not be a part of the recovery?

Keep in mind that the stock market has rewarded those who invested and stayed invested in the lean years.

Past performance is no guarantee of future results.

Our Account Performance and Quality Control

Andre Voicu
Vice President and Portfolio Manager

In order to ensure that clients are well served by the advice of its representatives, Linsco/Private Ledger (LPL) the broker/dealer for the financial professionals of The Fragasso Group, has developed a new performance tracking methodology for all Strategic Asset Management (SAM) accounts. This is the methodology we employ for our fee-based management accounts.

As a testimony to the Fragasso Group's disciplined approach in serving clients' investment needs, we are happy to report that 99.1% of our managed accounts fell within or above the desired range of returns highlighted by LPL.

The new reporting process implemented by LPL assigns a range of acceptable investment results for all portfolios. The range is based on and compared to broad market indices and is specific to each investment objective and asset allocation.

We were pleased to be recognized for very consistent results during highly volatile markets. By adhering to time tested investment methodologies, using asset allocation and avoiding sectorization, The Fragasso Group keeps the long-term goals of the investor in focus.

The investment professionals at The Fragasso Group took LPL's initiative one step further. We have created our own, highly customizable internal investment result tracking system. As we believe that all of our clients should benefit from a close scrutiny of investment results, we have extended the monitoring to brokerage accounts as well.

The new reporting capability allows our portfolio management personnel and financial consultants to accurately monitor all client accounts' investment results at once. The reports will be run on a quarterly basis. Any accounts not meeting return guidelines will be flagged for immediate special attention.

The peace of mind offered by our enhanced account monitoring is a tangible and immediate benefit. We believe that this additional quality assurance service meaningfully enhances the value we provide to our clients.

The Fragasso Group, Inc.

Securities offered through Linsco/Private Ledger
Koppers Building, Suite 300
436 Seventh Avenue
Pittsburgh, PA 15219-1818

PRESORTED
STANDARD
U.S. POSTAGE PAID
Pittsburgh, PA
Permit No. 1890

Runners, walkers and animal lovers: get this on your calendar!

Dash For Dogs (& Cats)

Ronald Rivera Memorial
5K Run and 1 Mile Dog Walk in South Park

ALL PROCEEDS BENEFIT Animal**Friends** **... Pittsburgh's only NO KILL Shelter**

Saturday, October 19, 2002

TIMES: 5K RUN 9:00 am ***(for safety of dogs, no dogs allowed in 5K)***
1-MILE DOG WALK 9:10 am

LOCATION: RACE BEGINS AND ENDS AT CHILDREN'S PLAYGROUND PARKING LOT ON CORRIGAN DRIVE IN SOUTH PARK

REGISTRATION/FEES:
- PRE-REGISTRATION MAIL DEADLINE: SEPTEMBER 25, 2002
- $12.00 Registration by mail until September 25, 2002
- $15.00 Registration thereafter and on race day
- Runners registering on race day must do so between 7:30 am and 8:30 am in Children's playground parking lot

RACE PACKET:
- Pre-registration packet includes a *long sleeve* T-shirt
- Packets may be picked up at **Animal Friends** in the Strip District on Wednesday, October 16, 2002 from 5:00 pm to 8:00 pm, at **Petco** on Fort Couch Road, Bethel Park, on Friday, October 18, 2002, from 11:00 am to 8:00 pm, or at the **Registration Table on Race Day** between 7:30 am and 8:30 am. (T-shirt is not guaranteed on race day)

COURSE/RACE DESCRIPTION:
- THE *5K RUN* WILL GO OUT AND BACK ALONG CORRIGAN DRIVE
- THE *1 MILE DOG WALK* IS A FUN WALK WHERE OWNERS ARE ENCOURAGED TO DRESS THEIR DOGS IN COSTUME FOR HALLOWEEN. PRIZES WILL BE AWARDED.

PRIZES:
- EVERYONE REGISTERED IS ELIGIBLE FOR THE RAFFLE DRAWINGS (WINNERS MUST BE PRESENT)

AWARDS:
- AWARDS TO OVERALL AND AGE CATEGORY WINNERS
- AWARDS TO THE TOP 3 BEST DOG COSTUMES

INFORMATION: FOR MORE INFORMATION PLEASE CALL **(412) 835-3589**

The Fragasso Group's…

Divorce Financial Planning Department

Let's hope you or your family members never need us but if you do, the following are a list of divorce financial services we provide:

✔ **Divorce & Mediation Financial Planning**
Cash flow spreadsheets, charts and graphs, illustrating the long term effects of your equitable distribution proposal – taking into account earned income, pensions, social security, living expenses, alimony, child support, earning capacity, growth on assets (personal and retirement), and all applicable taxes.

✔ **Budget Preparation**

✔ **Qualified Domestic Order (QDRO) Preparation**

✔ **Pension Valuations**

✔ **Expert Witness Testimony**

We also provide our clients with names of attorneys, mediators, mental health professionals, and business valuators to help you chose your own expert divorce team.

Visit our website at www.fragassogroup.com for more helpful divorce information.

Fun Community Activities

Members of The Fragasso Group and their families participated in this year's Race for The Cure to help raise funds for breast cancer research. The photo below of some tired, but happy runners reflects the fun and camaraderie of that day for all.

Fragasso Group members also distributed educational funding materials at this year's Infinity Broadcasting *Kidapoloosa* at the new David Lawrence Convention Center. Thank you goes out to Infinity executive Dan Taylor, a good friend and client, for inviting us. Thousands of children came through the Convention Center that day, having fun and allowing their parents to gain information to navigate the labyrinth of education pre-funding.

We had the happy task of operating the money machine that allowed children to grab actual money while it whirled around in a windy booth. We think a lot of youngsters learned that day that money just doesn't fly into their hands. Some work is necessary in earning it.

FINANCIAL CLASSES

We invite you to attend one of our financial classes taught through the University of Pittsburgh. For your convenience, we have listed upcoming dates and locations of our fall lectures.

The classes teach the attendees about retirement planning, estate planning, debt, education funding, stocks, bonds, asset allocation, inflation and many other pertinent topics. Also, each class member has the option to create their own financial plan.

Attorneys are eligible for up to 9 substantive CLE credits. CPA's are eligible for up to 9 CPE credits and HR professionals are eligible for up to 6 HRCI recertification credits.

The Personal Financial Planning Workshop

Bethel Park High School – October 14, 21, & 28 from 6:30-9:30
Forbes Technology Center in Monroeville – October 3, 10, & 17 from 6:30-9:30
Northland Public Library – October 29, November 5, & 12 from 6:00-9:00
University of Pittsburgh – September 19, 26 & October 3 from 6:30-9:30

Can You Afford to Retire?

Bethel Park High School – October 23, 30, & November 6 from 6:30-9:30
Forbes Technology Center in Monroeville – October 9, 16, & 23 from 6:30-9:30
Northland Public Library – November 7, 14, & 21 from 6:00-9:00
University of Pittsburgh – September 18, 25, & October 2 from 6:30-9:30
University of Pittsburgh – October 8, 15, & 22 from 6:30-9:30

Financial Security During Retirement

Bethel Park High School – October 17, 24 & 31 from 6:00-9:00
Northland Public Library – October 21, 28 & November 4 from 9:30-12:30
University of Pittsburgh – September 23, 30 & October 7 from 9:30-12:30

Preparation for Divorce*

Northland Public Library – October 24 from 7:00-8:30
University of Pittsburgh – October 1 from 7:00-8:30
University of Pittsburgh – November 18 from 10:30-12:00

*This class is one session and offers 2 CLE or CPE credits for attorneys or CPA's.

For more information, or to register please call **(412)-648-2560.**