Advisory Notes

March 2017

Cultivating relationships for over 30 Years Since 1984

Valicenti Advisory Services, Inc.

400 East Water Street
Elmira, NY 14901-3411
607-734-2665
Fax: 607-734-6845

447 East Water Street
Elmira, NY 14901-2637
607-733-9022
Fax: 607-734-6157

24 West Market Street
Corning, NY 14830-2617
607-936-1203
Fax: 607-936-0213

www.valicenti.com

Asset management as individual as you

Soft Data Enthusiasm/Hard Data Reality

The market continued its growth in the New Year amidst the Trump election hangover. Inauguration Day, as well as the first 100 days, looked appealing, but reality has set in. Washington politics have taken hold from within the Republican Party and, with no Democratic supporters, President Trump's first real initiative to repeal "Obamacare" (Affordable Care Act) has failed. That being said, the markets performed resiliently, pushing forward with gains across all indices, as the bond market digested the interest rate hikes of December and March (See Market Table). The S&P 500 sector leaders for the first quarter were Information Technology, Health Care and Consumer Discretionary. The ten-year and three-year treasury yields retreated slightly since the March Fed rate hike and the yield curve continued to flatten in the face of some hard economic data, which has started to provide a floor to the modest growth theme of 2017. Deregulation in the Health Care and Financial sectors, tax reform and repatriation of overseas dollars by corporations all seem to point to a tailwind for investors in the next year. There will be some bumps along the way as the House, the Senate and the Oval Office are not on the same page and difficult discussions will occur as the checks and balances of our Nation's government ring true.

While there may be some areas of negative sentiment based on market valuation, the recent market run and accompanying higher confidence amongst businesses, consumers and investors appear well founded by economic fundamentals, which supports our belief that the secular bull market has further to run.

*(See **Third Quarter** on page 3)*

Market Table

Valicenti Advisory Services, Inc.
Comparative Index Period Returns
From 12-31-16 THROUGH 03-31-17

	DJIA	S&P 500	NASDAQ	Russell 2000 Index	Lehman Muni Bond Index	Citi Corp Corporate Bond Index	U.S. Treasury Bill Index (90 day)
12-31-16 to 01-31-17	0.62	1.90	4.30	0.35	0.72	0.33	0.00
01-31-17 to 02-28-17	5.17	3.97	3.75	1.83	0.76	1.10	0.00
02-28-17 to 03-31-17	-0.60	0.12	1.48	-0.06	0.24	-0.16	0.03
YTD Returns 12-31-16 to 03-31-17	5.19	6.07	9.82	2.12	1.73	1.27	0.03

Director's Chair

Back Door to Hell is a little known B-movie starring a young Jack Nicholson, which focuses on a three man army reconnaissance team sent to the Philippines in 1944 before the American invasion to take back the island from the Japanese. The title refers to sending in such a small team to face a large contingent of Japanese forces in the city of Luzon and also refers to the team being forced to capture a Japanese army radio post by sneaking through heavy security. The American taxpayer should recognize a similar feeling as Tax Day approaches. You are facing a hostile force, the IRS, and you hope your legitimate deductions sneak by without an audit. Another way to sneak past the IRS is through the use of a Roth IRA.

Roth IRAs have numerous advantages over their traditional counterparts such as tax-free distributions over age 59½, withdrawals won't increase the Medicare surtax, no minimum required distributions and the ability to leave tax-free money to heirs. When making the maximum annual contribution of $5,500 ($6,500 for age over 50) per individual, a Roth contribution has many advantages over its traditional predecessor.

In an effort to support the class warfare that permeates much of what Congress enacts, an income based contribution limit was included to prevent those with high incomes from benefiting from a Roth's advantages. For 2017, the maximum annual contribution begins to phase out at incomes above $118,000 for single and $186,000 for married couples. Individuals with adjusted gross income above $133,000 or couples above $196,000 will not be allowed any contribution into a Roth.

What are investors to do who want Roth benefits, but who make too much income? Go through the backdoor. When Congress enacted the Tax Increase Prevention and Reconciliation Act of 2005, they included a provision that allowed for Roth conversions starting in 2010. Before the 2010 implementation date, taxpayers with adjusted gross incomes above $100,000 were prohibited from converting traditional IRAs into Roth IRAs. The 2005 Act accidentally created a backdoor for those with high incomes to contribute to Roths.

If your income is too high and you want to contribute to a Roth, first open a traditional IRA and make a non-deductible contribution. Then convert the non-deductible contribution to a Roth, tax and penalty free. For some, if you do not have an existing traditional IRA, it is really that simple.

For others, it is not that simple. If you already have an existing traditional IRA with a balance, you will run into the "pro rata rule." IRS regulations forbid taxpayers from converting only non-deductible contributions, if you also have IRA contributions where you have already taken a deduction. In such a circumstance, you must apply the "pro rata rule." For example, if you have an existing traditional IRA with a balance of $45,000, this would be pre-tax money from a 401k rollover or money contributed where the individual received a deduction each year a contribution was made. Now you make a $5,000 non-deductible contribution with the intent to convert this money into a Roth IRA, 90% of the $5,000 conversion would be taxable. In this example, a taxpayer in the 25% bracket would pay $1,125 in taxes [($45,000/$50,000)*$5,000]*(25%)] to make the $5,000 Roth IRA conversion, making the decision to pay taxes today to avoid taxes tomorrow. The IRS will not allow you to separate contributions that were deductible and non-deductible. For most with existing traditional IRA accounts, the inclination to jump through these hoops and still pay some tax immediately is unpalatable and unacceptable. With the potential lowering of tax rates being contemplated in Congress, paying taxes today to convert IRA money may be a poor tactical decision as well.

There is a way to circumvent the "pro rata rule" by hiding traditional IRA money inside a 401k. If you have any type of self-employment income that you are willing to report on Schedule C of your taxes, you are allowed to establish an Individual 401K. Income could be from dog walking, baby sitting or any type of self-employment income no matter how small. Income from self-employment need only to have occurred in a single year, as there is no requirement for continued annual self-employment income. You then would be able to "roll-in" your traditional IRAs into your Individual 401k. At this point, you could make a non-deductible contribution into a new traditional IRA that can be converted tax-free into a Roth. The backdoor wins again.

Although this may seem like a lot of effort, the long-term tax-free advantages of Roth IRAs are worth it. The ability to start small, grow and withdraw money tax-free is a powerful way to better one's situation. It's just like starring in a B-movie that one day leads you to three Oscar wins.

Louis F. Ruize
Director of Research/Portfolio Manager

The highest compliment our clients can give is
the referral of their friends and family.
Thank you for your trust!

Third Quarter

(Continued from page 1)

Confidence spikes have been seen in both the National Federation of Independent Business (NFIB) small business confidence and the Conference Board's consumer confidence indexes.

The February retail sales report showed a 0.2% increase, excluding autos and gas, while January's reading was revised higher. The labor market also remains strong, with ADP reporting a surprising 298,000 new jobs in February, the Labor Department reporting 235,000 jobs added and the unemployment rate falling to 4.7%.

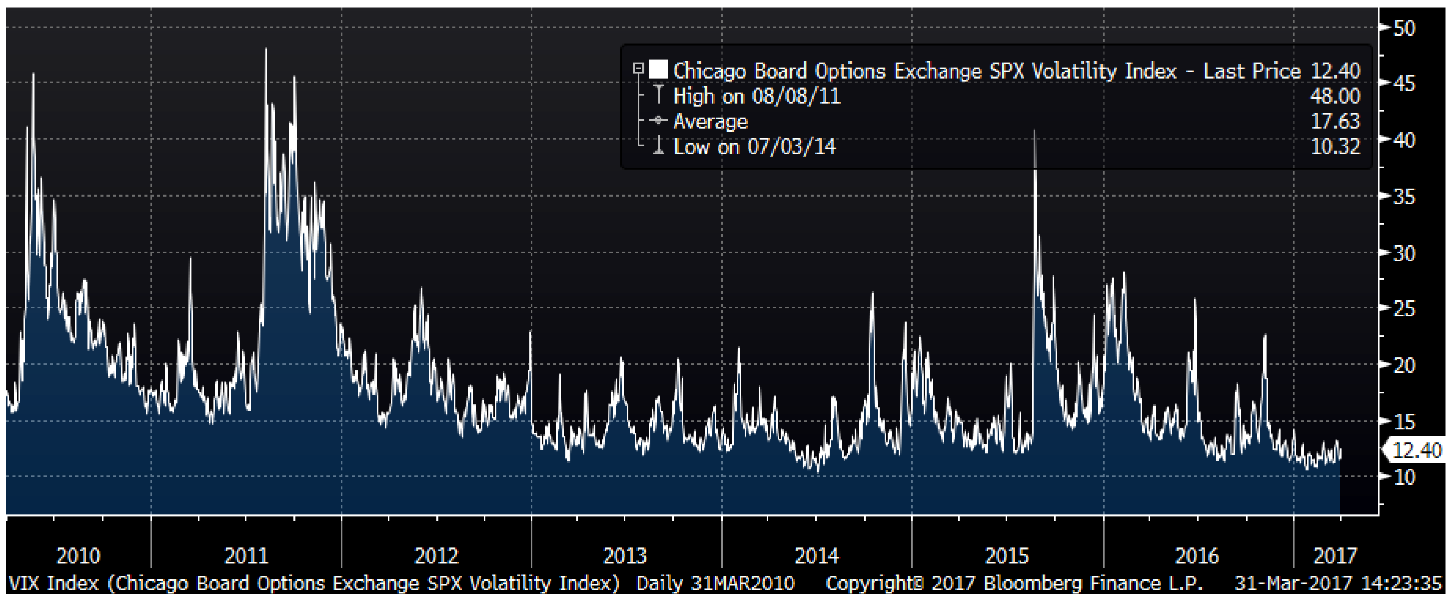
In addition, leading indicators from new order components of both the ISM Manufacturing and Non-Manufacturing Indexes spiked higher in the most recent readings, indicating expansion. The "hard" data is now starting to confirm the "soft" (survey/confidence-based) data.

One recent concern has been the weakening of the Atlanta Fed GDPNow survey, which currently predicts first quarter gross domestic product (GDP) growth to be a tepid 0.9%. We want to caution investors against extrapolating that weakening into the rest of the year and to point out that the less followed NY Fed GDP Nowcast reports first quarter growth at 3.2%. Also, remember that GDP growth is a look back and the stock market looks forward, which is why leading economic indicators are more valuable "forecasting" tools for the stock market. Most indexes of leading indicators, such as initial jobless claims, show the trajectory remaining decidedly higher.

Volatility has remained low and the S&P 500 has not seen a 1% down since October 11, 2016, the second longest span in history. The market has seemed to shrug off many possible detractors from the positive "soft" data confidence that has been brought about by a new presidential cycle. The detractors are oil dropping below $50 per barrel, political bickering in the capitol, higher interest rates on the horizon, Brexit moving forward, the European Union trying to hold together, import/export battles globally and North Korea's continued defiance of the U.N. The contributors are tax reform for business and individuals, deregulation in the Health Care and Financial sectors, GDP growth expectation of 3 to 4%, real job creation within our domestic walls, a higher labor participation rate, higher consumer confidence and stronger balance sheets from individuals and corporations (See Chart Below).

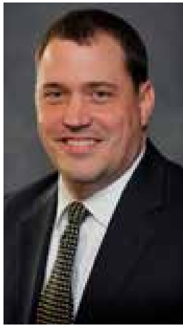
As the markets, the economy and the political landscape change, we will continue to monitor your individual strategies and objectives to help you achieve your financial goals. We strive to be your wealth management team that makes your goals our priority.

Joseph M. Valicenti
President/CEO



Source of chart: Bloomberg

Analyst Corner



As we entered 2017, the backdrop was one of tightening financial conditions and a good deal of optimism over fiscal, regulatory, corporate and individual tax reform. Long-term interest rates were moving higher and the Federal Reserve had just acted one more time by raising short-term interest rates by 0.25% while signaling 2 to 3 more hikes for the remainder of the year. The November Presidential election result created an interesting narrative around markets which seemingly further propelled investment gains. If one backs away from the overall noise of the election, a synchronized global reflation had already been well underway since the summer of 2016. This simply means that inflation, interest rates and growth were modestly moving higher in a noticeable uptrend across several key global markets all at once. U.S. equity markets and interest rates powered higher as part of this trend and the election provided an additional catalyst.

Upon reaching the end of Q1 2017, the Federal Reserve has once again elected to raise the short-term funding rate by 0.25% and now targets a full 1% which continues us down the tightening path against a backdrop of sustained and modest economic growth. With inflation running near 2%, however, the real (after inflation) funding rate is still in negative territory and has not yet normalized relative to earlier growth cycles. Despite the decision to raise the Federal Funds target rate, market participants actually read the committee's posture as more dovish than hawkish due largely in part to leaving the forward guidance for future hikes unchanged. The optimism around regulatory reforms impacting energy, healthcare and financial sectors of the economy seems warranted given the new administration's signals, but corporate and individual tax reform agendas may be moved right on the calendar into 2018 when things are all said and done. Confidence indicators and business optimism for the future broadly continue to provide a tailwind though it is notable that some of this optimism is fading in areas such as energy and banking as fundamental constraints and realities replace excessively rosy outlooks over the intermediate term.

Market symmetry is generally balanced until more forceful drivers emerge, while the longer term uptrend in equities is intact.

Positive Market Influences	Negative Market Influences
Synchronized Global Reflation	Tightening Financial Conditions
Consumer Confidence	Fiscal and Tax Policy Delays
Small Business Optimism	Valuation Concerns

Positive Market Influences

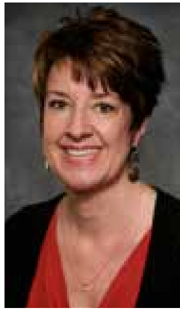
- Synchronized Global Reflation – An oil price rally, strong credit creation impulses and continued monetary policy support all combined to produce an observably higher trend in growth, interest rates and inflation. Whether or not this is a cyclical trend or if the higher levels represent a new paradigm of global growth and a secular trend, remain to be seen.
- Consumer Confidence – Both the University of Michigan's Index of Consumer Sentiment and the Conference Board's Confidence Index are at markedly higher levels relative to the last decade.
- Small Business Optimism – The National Federation of Small Business Optimism Index is at its highest level since 2004 and has seen rapid gains in recent months. As with consumer confidence, this type of soft survey data will need to be followed up with operating results over time in order to validate that the business climate is indeed warming.

Negative Market Influences

- Tightening Financial Conditions – The taper of Quantitative Easing measures is concluded and short-term rates are very gradually being adjusted higher. Long-term rates are similarly moving higher indicating that firms will face higher borrowing costs over time, if the trend continues.
- Fiscal and Tax Policy Delays – Expectations for the pace of policy rollouts in regards to fiscal and tax policy have shifted to the right as difficulties reaching consensus on major features of legislation have emerged.
- Valuation Concerns – Many years of low interest rates have expanded valuation multiples and increased financial asset prices. Now that policymakers are attempting to move rates higher, we are closer to a point where higher interest rates could start negatively impacting the stock market.

Daniel P. Burchill
Security Analyst

April is National Financial Literacy Month



National Financial Literacy Month is recognized in the United States in April in an effort to highlight the importance of financial literacy and to educate Americans about how to establish and maintain healthy financial habits. No matter what month of the year you begin the path to financial wellness, knowledge and understanding will help you create a successful strategy to better your overall financial position.

Successful money management is a process. Start by organizing your financial information and by sorting what information needs to be kept and what may be destroyed, preferably by shredding. Calculate your steady, realistic income. Now look at your expenses, putting your fixed outflows (housing, loan payments, taxes, insurance, etc.) at the top of the pile and variable outflows (food, utilities, phone, entertainment) at the bottom. How does the income compare to the expenses?

One thing is clear – if you want to keep your personal finances in order, you must spend less than you earn. Understanding the difference between needs and wants can help you establish your financial priorities. If necessary, create a budget and track your progress to keep yourself on goal. Often times, curbing that urge to spend does not mean changing your lifestyle.

Pay yourself first. Many people find themselves in difficult financial distress because they have not properly prepared for unexpected expenses. Set up automatic deposits from your paycheck to a savings or an investment account not used for monthly spending. Aim to have a minimum of three to six months' worth of living expenses in savings. That way, you will not be forced to use credit to cover emergencies.

Credit card debt is very costly. Be mindful not to charge more than you can afford to pay off in a couple of months. If you are carrying credit card debt, pay this off first. Before making financial decisions, understand the cost of credit.

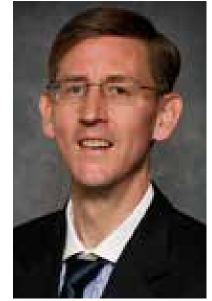
Participate in savings and investment opportunities such as your employer's 401(k) plan, particularly if there is a "matching" program. You may request guidance from the plan advisor in order to make informed decisions on the asset allocations. These retirement plans offer significant tax advantages. The compounding of small amounts saved early will enhance retirement later. Avoid the temptation to withdraw money from your 401(k) – besides spending your retirement funds, you will more than likely pay a 10% penalty in addition to income tax on the distribution.

Purchase the proper insurance coverage to protect your assets. Insurance often seems like a waste of money – until you need it.

Financial literacy is key to financial freedom. Are you ready to accept responsibility for changing your financial situation? Determine your financial goals, track your progress and seek professional advice. Please contact us if we may be of assistance as your financial team.

Kelly S. H. Diehr, RP®
Administrative Assistant

Investment Strategy



In the first quarter of 2017, the U.S. equity market continued its impressive rally which began late last year. Markets shrugged off uncertainties that exist both here in the U.S. and abroad. Investors will keep a watchful eye as the new administration continues to put together its cabinet and tries to implement policy. This, along with Brexit discussions, Federal Reserve policy on interest rates and first quarter earnings, will be at the forefront of markets as we progress through the second quarter. These issues and other variables will likely add increased volatility to the markets in the weeks and months ahead.

With the first quarter earnings right around the corner, we remain cautiously optimistic. During the first quarter, earnings upside surprises in some sectors helped to continue to push the markets higher. We will continue to focus on companies that are growing revenue and earnings as well as strengthening their balance sheets and cash flow dynamics. We remain flexible with our asset allocation of cash 5-15%, fixed income 25-40% and equities 35-60%, depending on client specific goals and needs.

Jeffrey S. Naylor
Executive Vice President/CFO

Asset management as individual as you

Cultivating Relationships for over 30 years

Our Clients Come First

Tax Breaks for Retirees

Retiring can have many changes that affect your life. Some changes are good, some are not so good. The tax code can have an effect on your life when you retire. There are some tax breaks that can help you when you reach retirement age. This article will cover some of them.

Larger Standard Deduction

Upon reaching 65, the government doles out a bonus in the form of a larger standard deduction. For 2016 returns, for example, a single 64 year-old gets a standard deduction of $6,300 ($6,350 for 2017). A 65 year-old gets $7,850 in 2016 ($7,900 in 2017).

The extra $1,550 will make it more likely that you will take the standard deduction rather than itemizing. If you do, the additional amount will save you almost $400 if you are in the 25% bracket. Couples in which one or both spouses are age 65 or older also get bigger standard deductions than younger taxpayers. When both husband and wife are 65 or older, for example, the standard deduction on 2016 joint returns is $15,100 ($15,200 for 2017). Do not pass up this gift if it applies to you.

Deducting Medicare Premiums

Becoming self-employed – as a consultant – after you leave your job can allow you to deduct the premiums you pay for Medicare Part B and Part D, plus the cost of supplemental Medicare (medigap) policies or the cost of a Medicare Advantage plan.

This deduction is available whether or not you itemize and is not subject to the 7.5% of AGI test that applies to itemized medical expenses for those age 65 and older in 2016. One thing to consider: you cannot claim this deduction if you are eligible to be covered under an Employer-Subsidized health plan offered by either your employer (if you have retiree medical coverage, for example) or your spouse's employer (if he or she had a job that offers family medical coverage).

Spousal IRA Contributions

Just because you are retired, does not mean an end to contributing to an Individual Retirement Account (IRA). If you are married and your spouse is still working, he or she can contribute up to $6,500 a year to an IRA that you own. If you use a traditional IRA, spousal contributions are allowed up to the year you reach 70½. If you use a Roth IRA, there is no age limit. As long as your spouse has enough earned income to fund the contribution to your account (and any deposits to his or her own), this tax shelter remains open to you. The $6,500 cap applies in both 2016 and 2017.

The Timing of Tax Payments

Many of our clients think (or hope) that when they get older, their income tax obligation goes away. Some of them wish that when they get older and retire their tax burden goes away. Some people are lucky enough to live that reality; however, many people do not. We have done tax returns for many people who generate more income in retirement than they did while working full time. Pensions, IRA distributions, interest income, dividend income, capital gains, social security income and other income are all a part of the income picture of many retirees. These can all be sources of taxable income.

When you are employed and earn a wage, you can choose your withholding tax payments. Withholding is not only for paychecks. If you receive regular payments from a company pension or annuity, the payers will withhold tax, unless you tell them otherwise. The same goes for withdrawals from an IRA. In retirement, it is up to you whether part of the money will be proactively paid to the IRS.

Regarding pensions, annuity payments and traditional IRA withdrawals, taxes will be withheld unless you file a form W-4P to stop it. As for social security benefits, there will be no withholding unless you specifically ask for it. You can do this by filing a W-4V form. Withholding is not necessarily a bad thing, as it stretches your tax bill over

*(See **Tax Breaks** on page 8)*

For ALL Your Tax and Business Services Needs

Taxation

- Personalized Tax Preparation: Individual, Partnership, Corporation, Estates, Trusts and Exempt Organizations
- Tax Planning for individuals and businesses
- Audit assistance or representation before tax authorities
- Online research capabilities for Federal and all 50 states
- Semi-annual client newsletter

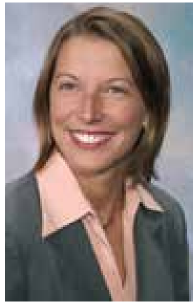
Accounting Services

- Financial statement analysis and preparation
- Bookkeeping
- Payroll
- Sales tax returns

Business Consulting

- Business Entity Design: Sole Proprietor, Partnership, Corporation and Limited Liability Company (LLC)
- Business plan design and execution
- Analysis of business direction and strategic planning
- Fringe benefit evaluation

What You Should Know About Flood Insurance



You've probably heard this horror story before — someone loses a home due to a flood and learns, after the fact, that standard homeowners insurance doesn't cover flood damage.

At Valicenti Insurance Services, Inc., we want you to be educated about all of the risks you may face – before a loss occurs – so you can determine what insurance coverage is appropriate. Spring is a prime season for flooding, so now is a good time to review your options.

Because very few companies offer flood insurance, the U.S. government created the National Flood Insurance Program (NFIP) in 1968. Available to homeowners, renters and business owners, this insurance often is required to obtain a mortgage in areas at high risk of flooding.

You might want to look into a policy just for peace of mind, even if you don't live in a high flood risk area. According to the NFIP, nearly 25% of the program's claims occur in moderate- to low-risk areas. Check out the questions and answers below to help determine if flood insurance is right for you.

Is flood insurance available in my area?

To participate in the NFIP, a community must adopt and enforce a flood plain management ordinance with rules regarding construction in certain flood-prone areas. In exchange, the government makes flood insurance available within that community. We're happy to help you find out if you're eligible for flood insurance. You can also visit http://www.fema.gov/fema/csb.shtm.

What does it cover?

The NFIP provides coverage for both the structure and its contents. Coverage for contents is optional in some cases, so you may want to give us a call to discuss other coverage for your personal property.

Keep in mind that typically you can't purchase flood insurance and have it take effect the next day. There is usually a 30-day waiting period. (Exceptions to this rule apply, however, particularly when the insurance is required by a lender and is purchased during the process of securing a mortgage.) If you think you need flood insurance, don't wait to buy a policy!

What doesn't it cover?

Generally, government issued flood insurance will not cover the following: buildings entirely over water or principally below ground, gas and liquid storage tanks, animals, aircraft, wharves, piers, bulkheads, growing crops, shrubbery, land, roads, machinery or equipment in the open and most motor vehicles.

How much does it cost?

As with all insurance policies, the cost of flood insurance varies depending on your situation. If your home or business is in a high-risk area, such as a "special flood hazard area," your premium will naturally be higher than those in low or moderate-risk zones. Premiums are based on how old the building is, how many floors it has, the location of its contents, your deductible and more. Renters insurance is typically less expensive, as renters generally insure their belongings and not the building.

Where can I find more information?

As always, we are happy to help you determine your insurance needs. Stop by our office at 447 East Water Street, Elmira or give us a call at 607-215-0242. The NFIP website, at http://fema.gov/national-flood-insurance program, has a lot of information available as well.

Suzanne M. Valicenti
President/CEO

For ALL Your Insurance Needs

Personal Insurance

- Auto
- Homeowners
- Umbrella
- Recreational Vehicles
- Motorcycle
- Watercraft

Life & Health Insurance

- Life
- Long Term Care
- Disability

Business Insurance

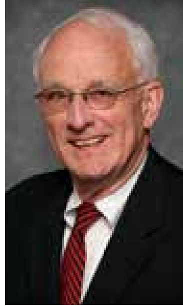
- Property
- Liability
- Automobile
- Professional Coverages
- Workers Compensation
- NYS Disability

Group Benefits Plan

- Health Insurance
- Dental Insurance
- Life Insurance
- Disability Insurance
- Customized Benefit Insurance

The mission of Valicenti Insurance Services, Inc. is to provide personalized insurance products and services with unparalleled customer service to protect the assets of individuals, families and businesses that we serve.

Differentiating Between Exchange Traded Funds and Mutual Funds



Exchange Traded Funds (ETFs) and mutual funds have many commonalities in that they are both pools of money which are invested in various stocks, bonds and other assets for diversification and, to simplify investing. They employ professional managers who monitor the investments in the funds and who change the investments when appropriate.

The biggest difference between ETFs and mutual funds is how they are purchased and sold. ETFs trade like stocks, as they are listed on the major exchanges where the prices fluctuate during the day. Mutual funds are priced once a day, at the end of the day. The fund's net asset value is calculated and is divided by the number of shares outstanding.

ETFs are priced on the supply and demand for each fund's shares. Mutual funds, however, are priced on the actual value of the fund's assets at the end of the day.

Mutual funds are required to distribute most of their capital gains each year; whereas, ETFs are not required to do so. ETFs and mutual funds can be either actively or passively managed, but most ETFs are passively managed index funds.

Ralph H. Roberts, Jr.
Vice President of Client Services

Putting Your House in Order

As we routinely do, we become your "resident nag" to remind you to get your "house in order" by having various documents executed and in place. It's time to stop procrastinating and attack what I call the "Round-To-It Pile." The documents I am referring to are as follows:

- Durable Powers-of-Attorney
- Healthcare Proxy
- Last Will and Testament
- Living Will
- Trusts

In addition, certain items, as listed below, need to be reviewed from time to time:

- Beneficiaries of Retirement Plans
- 401(k), 403b plans, etc.
- Pension Benefits
- Health Insurance
- Life Insurance
- Business Insurance
- Auto Insurance
- Homeowners Insurance
- Refinance of Mortgage

Planning for now and the future not only will benefit you but also your heirs. As any of the following may apply to you, we suggest you address them:

- Educational Expenses
- Gifting
- Major Repairs to Your Home
- Purchase of a Car
- Purchase of a Home/Second Home

If you should require banking or legal advice, etc., for any of the above listed items, we would be happy to supply you the names of appropriate professionals.

Ralph H. Roberts, Jr.
Vice President of Client Services

Tax Breaks

(Continued from page 6)

the entire year. The alternative to withholding is to make quarterly estimated tax payments. You will need to do this if you owe more than $1,000 in tax for the year beyond what was covered by withholding; otherwise, you will face a penalty for underpayment of taxes.

Paul E. Hornbuckle, CPA
Vice President of Tax and Business Services

Cultivating Relationships for over 30 years

Our Clients Come First

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Valicenti Advisory Services, Inc., VASI), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from VASI. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her individual situation, he/she is encouraged to consult with the professional advisor of his/her choosing. VASI is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the VASI's current written disclosure statement discussing our advisory services and fees is available for review upon request. Please Note: Fee-Based services. VASI provides investment advisory services on a fee basis. VASI does not receive any transaction/commission-based compensation for its investment advisory services. Rather, its only compensation is derived from fees paid to it by its clients as discussed on Part 2A of its written disclosure statement. However, because VASI is now affiliated with Valicenti Insurance, a NY insurance agency that is licensed to offer insurance products on a commission compensation basis, the Registrant cannot hold itself out as a "fee-only" advisory firm.