

Blue Chip News

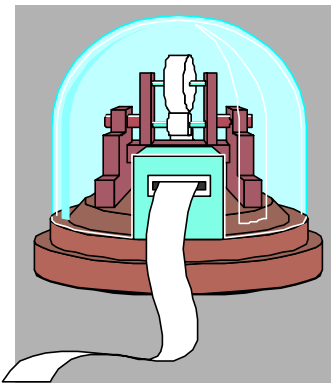
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Simple IRA's

Are they right for your business. This is a very cost effective way to start a retirement plan for your business

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Simple IRA

A simple IRA may be a great way to establish a retirement plan for those of you that own your own business. Read on to see how it works.

The SIMPLE-IRA is a tax-deferred retirement plan provided by sole proprietors or small businesses (fewer than 100 employees) who do not maintain or contribute to any other retirement plan. Contributions are made by both the employee and the employer. In a SIMPLE-IRA, contributions and the investment earnings can grow tax-deferred until withdrawal (assumed to be retirement), at which time they are taxed as ordinary income.

Annually, the maximum In a SIMPLE-IRA, em-

employee contribution is \$6,000, plus your employer's contribution. With the exception of the higher contribution limits, SIMPLE-IRAs are subject to the same rules as a regular IRA.

Employees with SIMPLE-IRAs can also invest in regular IRAs, giving you another opportunity to save for your retirement.

Your contributions are taken pre-tax, reducing your taxable salary, and both the contributions and earnings can grow tax-deferred until they are withdrawn. Tax-deferred contributions and earnings make up the best one-two punch in investing.

Employer contributions can take the form of a 100% match--doubling your money right from the start (up to 3% of the employee's compensation for the year)-or a straight 2% (up to \$3,200 per employee) of compensation for all eligible employees, whether or not they contribute to the plan.

Employee contributions are limited to \$6,000 annually, plus your employer's contribution. Employer contributions must be either: 100% match for all employees (up to 3% of your total compensation), or 2% for all eligible employees (to a maximum of \$3,200).

Minimum Fees Raised For New Accounts

BCFP has raised its minimum fees for all new accounts as of 03/15/00. Accounts established prior to this date will not be ef-

ected The new schedule is :
\$0.00 to \$20,000.00
\$50.00 minimum quarterly fee (the old schedule was \$0.00 to

\$10,000.00 \$25.00 minimum quarterly fee)
The remainder of the fee schedule has been left unchanged.

BCFP'S Market Outlook

As the first quarter came to an end, new economy stocks (technology) started to fall. The losses were especially large in stocks that do not have any earnings. I have become very concerned with this area of the market. I feel that the market will rotate away from the new economy stocks and rotate towards old economy stocks. History has shown that once a sector of the market that has been the lead sector has a large fall, that sector will not be the lead sector in the next market advance. This is not to say that the earnings outlook for new economy stocks is bleak. In fact, it is quite the contrary. The outlook looks fabulous. It is the valuations that are my concern.

Here's what you should do. If you own stocks of companies

that do not have any earnings, sell them. These stocks are the most vulnerable. If you are an aggressive investor, you should have no more than 10% of your portfolio (no more than 5% for non-aggressive accounts) in small cap growth stocks (look for this in the allocations by class pie chart on your statement). If you are above these percentages, you should sell down to those levels. If you are overexposed in new economy stocks and funds, reduce your exposure and move in to old economy stocks and funds. This brings up the question, what is overexposure? The technology weighting in the S&P 500 is 34%. If your portfolio is more than 34% tech, you are overexposed. Even this may not be an accurate gage because not all technology is overexposed.

Some tech stocks trade at reasonable valuations. It is the hyper valuations that I am most concerned about.

This is the time to make sure your portfolio is diversified I think it will be difficult to make money over the next few months, however, I am not bearish. I just believe the market is in a transition period going from new economy stocks to old economy stocks. Don't let the name "old economy" conjure up the notion of some out of date company. These stocks can be very viable and profitable investments. These companies are implementing all of this new technology making them leaner and meaner. This is just a name the media has put on this sector.

Vacation

I will be on vacation from June 15th to the 25th. I have purchased a notebook computer to take with me to keep up with the market and your portfolio. Those of you who know me well, know that it is very difficult for me to go a week without keeping up with what is going on. The notebook will give me all the infor-

mation that I have at my office, so if you need to get a hold of me, please call. I will be operating but on a bit more limited basis. I am not sure if I am going to have my calls forwarded or have a message on my answering machine with a number to call. In any event, you may want to take note of my new cell

number. It is 359-1103 (this is a Janesville number). This cell phone has wireless internet access which will allow me even greater flexibility.