

*Your Interest  
Is Our Concern*



**VS Associates, Inc.**

*Financial Services since 1970*

Securities and Advisory Services  
offered through  
*Centaurus Financial, Inc.*  
Member FINRA/SIPC





*My name is  
Valentino M. Scott,  
President and CEO of  
VS Associates, Inc. (VSA).  
VS Associates is your  
neighborhood retirement  
and estate planning  
center since 1970.  
We are one of the oldest,  
well known firms in the  
San Fernando Valley for  
the past 38 years.*

*Our goal at VSA is to  
establish a long-term  
relationship with you and  
play an integral part in  
enhancing your  
retirement. Since 1970,  
VS Associates, Inc. is a  
local "tradition".*

*Our ever evolving  
"state-of-the-art" solutions  
are designed to help put  
our clients on the road to  
a successful retirement.*

*Securities and Advisory  
Services offered  
through Centaurus  
Financial, Inc.,  
a registered  
Broker/Dealer,  
Member FINRA/SIPC.*

## **CENTAURUS FINANCIAL, INC.**

**C**entaurus Financial is a national independent broker/dealer licensed to offer securities and insurance products in all fifty states. Centaurus is registered with the Securities & Exchange Commission and is a member of both FINRA (the Financial Industry Regulatory Authority) and SIPC (the Securities Investor Protection Corporation). Founded in 1992, Centaurus was created with the primary philosophy that its clients would best be served by having access to registered representatives with high professional and ethical standards whose recommendations were not affected by corporate pressure to offer "in-house" or proprietary products.

### **THE CUSTOMER'S PERSON**

During the last century, financial consultants were often referred to as a "customer's man." Today, with the many contributions by women to the securities industry, a more appropriate term would be "customer's person." The premise, however, remains the same. A customer's man put customers first, listened to their objectives and goals, and equipped with this information, researched the vast array of investments for possible solutions. Recommendations were made based on what was best for the customer, free from the inherent conflicts of interest which arise when a company limits or focuses its range of available investments to in-house or preferred products.

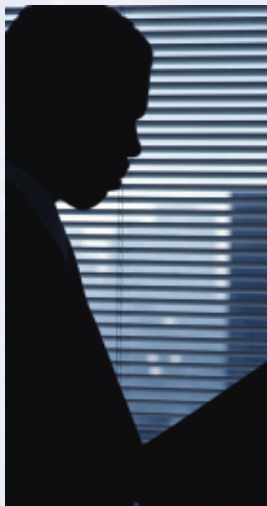
### **WORKING WITH A CONSULTANT**

One of the most important investment decisions an investor will make is the choice of a financial consultant/registered representative. With the help of their registered representative, investors can develop a financial strategy suited to their individual investment needs, objectives and goals.

For the true financial professional, investment planning is a full-time job, not merely an interest or hobby. As such, Centaurus' registered representatives have access to specialized research, detailed portfolio and performance data, industry reports, and professional money managers.







It is the representative's job to keep the client's long-term financial objectives in perspective. The temptation for investors to place short-term desires ahead of long-term needs and goals can be very strong. Investors should work with and allow their representatives the opportunity to provide the expertise, information, and discipline necessary to help them accomplish their long-term financial goals.

### **IRAs & ROTH IRAs**

An Individual Retirement Account is a personal retirement vehicle which permits eligible individuals to invest both tax deductible and nondeductible contributions with the benefit of tax deferral<sup>1</sup>. Roth IRAs allow for tax-free distributions and avoid some restrictions as to when distributions must be made. IRAs also provide the flexibility to choose investment vehicles that suit an investor's objectives/needs. Registered representatives can assist you in determining the best strategy for your retirement planning.

### **529 COLLEGE SAVINGS PLANS**

529 plans can be one of the most attractive ways to help a loved one save and pay for college. There are two types of 529 plans: pre-paid tuition plans and college savings plans. They both offer special tax and gifting benefits and provide great flexibility and control to the donor. 529 plans are sponsored by states, state agencies, or educational institutions and are authorized by Section 529 of the Internal Revenue Code.

Whether you are saving for your loved ones or for yourself, you need your money to work hard for you to keep up with the rising costs of education. 529 plans offer:

- tax-deferred growth - your earnings grow with federal taxes deferred helping you build savings over time;
- tax-free withdrawals - you can make withdrawals for qualified educational expenses such as tuition, fees, books, on and off campus room and board, and even certain expenses for special needs students, all free from federal income tax<sup>2</sup>.

Before investing, investors should consider whether the investor's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Investors should also consider the investment objectives, risks, charges, and expenses associated with municipal fund securities. Information regarding municipal fund securities is available in the issuer's official statement.

<sup>1</sup> There may be statutory penalties on early withdrawals from Individual Retirement Accounts before the age of 59-1/2.

<sup>2</sup> Tax provisions allowing for federal income tax-free withdrawals for qualified expenses will expire on 12/31/10 unless extended. State laws and treatment will vary. Earnings on non-qualified distributions will be subjected to a 10% penalty.

<sup>3</sup> There may be statutory penalties for early withdrawals from qualified plans before the age of 59-1/2.



### **401(k) & OTHER TAX QUALIFIED PLANS**

Certain "qualified" retirement plans allow employees to determine the amount that they will contribute each year and the manner in which their contributions will be invested. Qualified plans allow the employer's contributions to be taken as a current business expense deduction, while entitling the employee to pay no tax until benefits are distributed<sup>3</sup>.

A Centaurus registered representative can work with you and your company to help direct you to the most beneficial investment plan for all participants. We offer low cost qualified plans that may provide:

- plan documentation and design;
- investment record keeping and reporting, including daily pricing and account evaluation;
- comprehensive, professional plan administration;
- multiple investment options and the expertise to provide each of the plans participants with allocation recommendations suited to their individual needs;
- enrollment programs to help boost participation.

There are a number of different plans available depending on your company's situation. A Centaurus registered representative can help you determine the best possible plan.



## MUTUAL FUNDS

Mutual funds<sup>4</sup> enable investors to invest in numerous publicly traded companies by pooling together the investment dollars of all the funds' shareholders for the purchase of a diversified pool of securities. Mutual funds allow investors to:

- manage risk through diversification;
- allocate their assets to provide income or growth as a goal or objective;
- benefit from the expertise of professional money managers;
- transfer assets between funds within a mutual fund family in order to address changing investment needs.

Centaurus representatives have access to and may recommend mutual funds from non-proprietary fund families.

## WEALTH MANAGEMENT

The Centaurus Wealth Management Department<sup>5</sup> is focused on finding solutions for our high net worth clients through innovative and cutting edge products and platforms. Individuals registered as Advisory Associates are experienced professionals who can help investors in the wealth management process.

In today's fast-paced, complex world, even the most knowledgeable investors find it difficult to develop and implement an appropriate long-term investment plan on their own. While working with a Centaurus Advisory Associate, investors will gain access to numerous top money management firms across the country. In some cases, if certain money managers were contracted individually, investors would need to meet minimum account thresholds in excess of \$10 million. The Centaurus Wealth Management Department allows investors access to platforms with these same top managers for minimums as low as \$25,000.

Additionally, Centaurus seeks out and partners with the best boutique active money management firms to help diversify an investor's investment portfolio by asset class and management style.

## ANNUITIES

Annuities are investment contracts issued by insurance companies and are generally designed for the accumulation and eventual distribution of retirement assets.<sup>6</sup> Various guarantees may be offered by the insurance company at an additional cost and are subject to the claims paying ability of the issuing company. If the annuity is a "fixed annuity," the owner's investment becomes part of the insurance company's general account. A fixed interest rate, based on the investment performance of the insurance company's investment portfolio, is declared by the insurance company and is subsequently credited to the annuity account.

A "fixed indexed annuity," also referred to as an Equity Indexed Annuity, combines the attractive features of tax deferral with returns linked to the percentage growth, if any, in a stock index such as the S&P 500. Fixed Indexed Annuities have certain limitations and restrictions, including withdrawal charges and are intended to be a long-term retirement vehicle.

Fixed indexed annuities offer unique product features including different minimum guarantees, withdrawal privileges, contract options, index options, and index participation rates.<sup>7</sup>

If the annuity is a "variable annuity,"<sup>8</sup> the purchaser's investment may be invested in one or several of the "subaccounts" available within the annuity. These subaccounts generally consist of a portfolio of stocks or bonds. Subaccounts are managed by professional money managers with their assets kept in separate accounts rather than the general account of the insurance company. Thus, the return is based on the performance of the subaccounts. There is no guaranteed rate of return from the insurance company. Many variable annuities offer a "fixed" subaccount option which is guaranteed by the insurance company with its assets becoming part of the general account. Variable annuities are suitable for long-term investing and investors should consult the prospectus for details on any specific variable annuity.

All annuities offer various distribution options designed to provide investors with a systematic stream of income. A contingent deferred sales charge may be assessed against the contract value of a variable product if the policy is surrendered early. The termination value may be more or less than the amount of the premium payments made to the contract.

*Continued on next panel*

<sup>4</sup> Shares of mutual funds are subject to investment risk, including possible loss of principal amount invested, and will fluctuate in value. Investors may receive more or less than originally paid when shares are redeemed.

<sup>5</sup> Centaurus Financial, Inc. is a SEC Registered Investment Advisor.

<sup>6</sup> There may be statutory penalties on early withdrawals from annuities before the age of 59-1/2.

<sup>7</sup> All guarantees are backed by the claims-paying ability of the issuing company. An annuity's earnings are taxable as ordinary income when withdrawn and, if taken before age 59-1/2, may be subject to a 10% federal tax penalty. During the withdrawal charge period, the annuity's cash withdrawal value may be worth less than the principal allocation and may further reduce your accumulated value.

<sup>8</sup> Shares of variable annuity subaccounts are subject to investment risk, including possible loss of principal amount invested, and will fluctuate in value. An investor may ultimately receive more or less than originally invested.



Annuities allow investors:

- to defer taxes on the growth of the investment until it is withdrawn or converted into periodic payments (annuitized) for income;
- to provide for the payment of a death benefit to a designated beneficiary (avoiding probate);
- access to professional money managers and the ability to direct one's own investments within the policy (variable annuities only);
- various asset allocation models and the opportunity to transfer assets at little or no cost between the subaccounts of the policy (variable annuities only);
- fixed returns for specified periods of time, guaranteed by the respective insurance company (fixed accounts only);
- living benefit guarantees and various payout options that can provide income for life.<sup>9</sup>

The payment of a death benefit is subject to the claims paying ability of the issuing insurance company. Centaurus representatives have access to and may recommend annuities issued by various insurance companies that are not captive or proprietary.



## LIFE INSURANCE

In the quest for financial and economic security, investors are exposed to varying degrees of risk. Traditional life insurance products provide investors the opportunity to hedge against these risks, including a premature death. Variable life insurance provides death benefits and cash values that vary in accordance with the performance of a selected investment portfolio. Variable life insurance is a security and is offered by prospectus only. Shares of variable life insurance subaccounts are subject to investment risk, including possible loss of principal amount invested, and will fluctuate in value. In addition, Variable Life insurance can provide significant tax-advantaged accumulation opportunities during the owner's lifetime.

Life insurance can provide:

- tax-deferred accumulation of wealth (cash values) within a policy;
- tax-free access to accumulated policy value for income or emergencies;<sup>10</sup>
- access to cash values via withdrawals and loans during the insured's lifetime;
- tax-free payment of the death benefit to the beneficiaries, possibly a solution to business or estate transfer issues;
- access to top money managers and the ability to direct one's own investment within the policy (variable life policies only);
- asset allocation models and the ability to transfer assets at no cost between the subaccounts of the policy (variable life policies only).<sup>11</sup>

The payment of a death benefit is subject to the claims paying ability of the issuing insurance company. Life insurance is used in personal, business, and estate planning situations. Its flexibility and unique capacity to mitigate risk can make it a critical component of an investor's overall financial plan.

<sup>9</sup> Guarantees may be offered by the insurance company at additional cost and are subject to the claims paying ability thereof.

<sup>10</sup> A contingent deferred sales charge may be assessed against the contract value of a variable product if the policy is surrendered early. The termination value may be more or less than the amount of the premium payments made to the contract. Loans will reduce the policy's death benefit and cash surrender value, and have tax consequences if the policy lapses.

<sup>11</sup> Variable life insurance is a security and is offered by prospectus only. Shares of variable life insurance subaccounts are subject to investment risk, including possible loss of principal amount invested, and will fluctuate in value.



## STOCKS (CORPORATE EQUITIES)

Many companies raise capital through the sale of corporate stock to the public. When the stock is first sold to the public, it is known as an Initial Public Offering, or IPO. More frequently, "common stock" is bought and sold each day on "secondary markets" around the world, including the New York Stock Exchange, the NASDAQ, various Electronic Communication Networks (ECNs) or one of the many regional or foreign exchanges.

Profitable companies often distribute a portion of their earnings to their shareholders in the form of dividends. The potential receipt of dividends is a common motivation for purchasing/owning a particular stock. Perhaps more importantly, purchasing stock permits investors to efficiently become an owner (to the extent of the shares they purchase) of companies they believe will be successful. Stock ownership can therefore be both exciting and liberating, but it should be pursued with caution, discipline and professional guidance<sup>12</sup>.

## BONDS (FIXED INCOME SECURITIES)

Bonds provide a guarantee, backed by the issuing entity (usually a government agency, municipality, or corporation), to return your original investment principal plus a fixed interest rate if the bond or bill is held to maturity. There is usually a correlation between the creditworthiness of an issuing entity and the interest rate that is paid to the bondholder. Bonds can also be traded through secondary markets allowing the investment to be sold at the market rate rather than held to maturity, thereby providing liquidity<sup>13</sup>. Fixed income securities provide:

- a guarantee of the principal and interest rate, backed by the issuing entity, if held to maturity;
- the flexibility of various maturities to fit your investment needs.

## TAX-EXEMPT MUNICIPAL BONDS

Most municipalities raise money through the sale of bonds (i.e. they borrow from investors), which are debt securities issued by a state, municipality, or county, in order to finance its capital expenditures. Because there is a civic purpose for the money raised through these bond issues, they often receive special tax treatment from federal and state authorities. Municipal bonds are exempt from federal taxes and from most state and local taxes, especially if you live in the state where the bond is issued. Tax-Exempt Municipal Bonds offer:

- an exemption from federal and possibly state/local income taxes, allowing for a potentially higher rate of return;
- guaranteed returns, backed by the borrowing institution or municipality, if held to maturity;
- the opportunity to sell currently held bonds, before maturity, at the market rate in secondary markets<sup>14</sup>.

<sup>12</sup> Selling price may be more or less than the price paid for the security.

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## FINAL THOUGHT

The average American today is expected to live longer and be retired longer than in previous generations. Because of this modern development, proper preparation for retirement has become that much more important. You have taken the first step by seeking professional advice and pursuing opportunities to build your wealth. We hope that you will choose a Centaurus registered representative to be your guide, but regardless of your decision, it is important that you **START TODAY**. Time is one of the most important elements of any successful investment plan - and time lost can never be recaptured.

*The best time to  
plant an oak tree  
was 20 years ago;  
the second  
best time is today.*

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