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# WSG Financial

## *focus*

ADDRESSING THE NEEDS OF OUR CLIENTS AND PLANTING THE SEEDS FOR A BRIGHTER FUTURE.

## The 2010 Tax Laws

*A look at where we stand in terms changes, additions, and amendments...*

Each new year brings new opportunities along with a plethora of tax law changes. 2010 is no different. Here are some of the tax law changes of 2010 that you will want to take note of as the year progresses.

The **contribution limits for 401(k)s and IRA's** remain unchanged. For 2010, you can contribute \$16,500 into your 401(k) with a \$5500 catch up for individuals over the age of 50. IRA's allow you to put in \$5000 with a \$1000 catch up.

Zero percent **estate taxes** in 2010? That wasn't the original plan...but the reality is that the longer no action is taken, the harder it gets for Congress to

put a retroactive estate tax in place. The estate tax is scheduled to return in 2011. Most estate planners feel that Congress will eventually restore things to 2009 levels.

**Updated mileage rates:** standard mileage rates for the business use of vehicles has been reduced slightly for 2010. The standard mileage rate for the use of a car is 50 cents per mile for business miles driven, 16 cents per mile driven for medical or moving purposes and 14 cents per mile driven in service of charitable organizations.

There is still a **gift tax** in 2010 on gifts above the lifetime exemption amount of \$1 million. However, the tax rate

is just 35% for 2010. If you end up gifting less than \$1 million during your lifetime, you won't have to worry about the gift tax at all.

The **AMT exemption** amounts will drop below 2009 levels. The 2009 levels were adjusted for the economic stimulus. The current AMT amounts are set as follows for 2010: single/head of household: \$33,750; married filing separately: \$22,500 and married filing jointly: \$45,000.

You can not exclude **jobless benefits** from your taxable income. In 2009, you could exclude up to \$2400 of unemployment benefits but will no longer be able to do so in 2010.

*Continued on page 2.*

**SATURDAY, SEPTEMBER 11, 2010 - 9:30 a.m.**

## **Estate Planning & Trust Education**

**Location: Mid-Atlantic Federal Credit Union Headquarters**

**12820 Wisteria Drive, Germantown MD**

*Co-sponsored by Mid-Atlantic Federal Credit Union*

Join us for breakfast and learn strategies to help you avoid probate, save taxes and more. If you own titled assets and want your loved ones to avoid court interference at your death or incapacity, consider attending this informative seminar. If you are a trustee on a trust, this is a great opportunity to learn about your responsibilities.

**Call 301-990-4395 to reserve your seat!**

# Long Term Care Insurance

*How to use LTC Insurance to help protect your assets.*



**What is Long Term Care Insurance?** Long-term care insurance is a type of insurance developed to cover the cost of long term care services, most of which are not covered by traditional health insurance or Medicare. These include services in your home as well as care in a variety of facility and community settings. How can you pay for long term care? One solution is Long-Term Care Insurance.

Long term care insurance can be used to pay for long term care costs thereby preserving your retirement savings and income. The U.S. Dept. of Health and Human Services found that 70% of people over the age of 65 will require some kind of long term care service during their lifetime. Over 40 percent will need care in a nursing home. With the median daily cost of a private room in a nursing home at \$206 per day or \$75,190 per year, can you afford to spend that amount of money out of your retirement savings for a year, or possibly several years?

**What does it pay for?** Long Term Care insurance can pay for a wide variety of nursing, social, and rehabilitative services at home and away from home, for people with a chronic illness or disability or who just need assistance bathing, eating or dressing.

Many people think Medicare will pick up the cost of long term care. Medicare will only pay for the first 100 days of nursing home care, and only if you are getting skilled care and you go into the nursing home right after a hospital stay of a least 3 days. On the other hand, Medicaid can actually pay for long term care—if you are destitute. Are you willing to wait until you are broke for a way to fund long term care?

Yes, long term care insurance is expensive, but nothing compared to real-world long term care costs. For more information on Long-Term Care insurance and your options, please call our office for a free consultation.

## A Look at the 2010 Tax Law Changes

*Continued from page 1.*

There are **no sales tax breaks** if you buy a new car in 2010. In 2009 you could deduct sales tax on a new car purchase on your federal return.

The **deduction** allowing teachers, principals, guidance counselors and other education professionals to take a \$250 deduction to offset out of pocket classroom expenses has expired.

2010 has been a strange year for the U.S. tax code. We have several tax issues that are not yet resolved along with the chance that some of the tax breaks from 2009 could be extended for 2010. Keep an eye on H.R. 4213, the abbreviated version of the American Jobs and Closing Tax Loops Act. If H.R. 4213 passes, many other tax breaks from 2009 could be extended into 2010.

*This article is an update of 2010 tax law changes and is not intended as a guide for the preparation of tax returns.*



## Pat's Comments

I hope you had an enjoyable summer. Julie and I spent a wonderful time driving to Maine and Nova Scotia. As usual, the time went by too quickly!

Let's take a look at what has been happening to our economy during the last few months:

**Unemployment:** Benefits have been extended for another six months, for about 3 million Americans.

**FDIC Insurance Limit:** The \$250,000 FDIC insurance limit for banks and credit unions, that was set to expire in 2013, has been made permanent.

**Mortgage Loans:** Interest rates on conventional home loans hit a record low of 4.56% with average rates on a 15-year falling to a low of 4.03%. In July, President Obama put the tax credits back in place through September 30.

As we move further into the third quarter, the belief of many is that economic recovery is still progressing, just not as quickly as we would like.

On a final note, I would like to make it easier for you to refer your friends to our office. Beginning Tuesday, September 14th and on the 2nd Tuesday of each month, I will be hosting a "referral" lunch at That's Amore Restaurant. No business will be discussed at this lunch. It will just be an opportunity for you to bring your friend or friends in to meet with me in a casual venue. Please consider bringing a friend to our first lunch on Sept. 14th. Just call the office at 301-990-4395 by Sept. 13th and let us know how many will be attending.

Enjoy the rest of the summer!

*Pat Connors*

## Wise Estate Planning... It's all in the details

Wise estate planning can spare your heirs of some financial and emotional burdens. It is essential that your trust or estate planning documents have the correct language to empower the person or persons who might have to manage your finances and life.

Little details are very important in estate planning. They are part of the big picture that includes estate tax reduction, health care directives, wealth preservation, distribution of assets and charitable gifting strategies.

Many people do not have a durable power of attorney to allow others to act legally on their behalf, or a valid trust that permits a spouse or alter-

nate trustee to manage their affairs in a crisis without court interference.

Without instructions or directives, you risk exposing some or all of your estate to probate, federal and/or state taxes and family squabbles.

Procrastination can be your enemy. The best time to plan your estate is NOW...with the help of professionals. Through advanced estate planning, you can instruct your heirs to supervise and distribute your assets in a way that you want, while planning to minimize costs and issues that might come up later.

Wealth Strategies Group works with our clients to plan their estates and to ensure that wills, trust policies and

investment accounts are properly titled and that assets will go to the correct beneficiary.

For more information on Estate Planning, wills, trusts and other critical documents, consider attending our *Estate Planning and Trust Education Workshop* on **Saturday, September 11 at 9:30 a.m.** Additional details are on page one of this newsletter.

*Representative is not an attorney, does not draft estate planning documents, and may only serve to coordinate an overall estate plan. Estate planning can involve a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning attorney or other professional before implementing any strategy.*

## Watch out for oil spill stock scams

*If it sounds too good to be true, it probably is.*

In the wake of the environmental disaster in the Gulf, some companies are sending out email solicitations touting their role in the oil spill clean up effort and making excessive claims about their stocks. The Financial Industry Regulatory Authority, FINRA, is warning people that some of these companies may be exaggerating their involvement in the clean up effort as well as about their products.

In May, the Securities and Exchange Commission suspended trading in shares of a California firm, ACT Clean Technologies, Inc. ACT claimed that BP was interested in using its "oil Fluidizer" technology to help stop the spill. The SEC questioned the accuracy of this information and suspended trading.<sup>1</sup>

What should you look for? Watch out for emails or letters from companies that claim they have the magic product to solve the crisis; they are under contract with BP, the Coast Guard and/or the EPA; you must invest in their shares right now as the shares are going to double or even triple.

Does it sound too good to be true? Then it probably is. If you get information about a hot investment opportunity and you're not sure if it's valid, let us know and we can check out the information for you. As always, when it comes to investing, be wary, be careful and be smart!

<sup>1</sup> Source: [www.sec.gov/investor/alerts/oil.htm](http://www.sec.gov/investor/alerts/oil.htm)

## NEW Referral Lunch Program To Begin

**Beginning on Tuesday, September 14th, we will begin hosting "Referral Lunches." These informal gatherings will take place at That's Amore Restaurant in Rockville the second Tuesday of every month.**

**Do you have a friend that you want to refer but don't know how to approach them? This is your opportunity to bring your friend or family member to lunch to meet Pat and other staff members. No business will be discussed at this lunch, just an opportunity to share good food and good conversation and for your friend(s) to meet Pat and get to know him and WSG.**

**To register please call 301-990-4395 and let us know how many will be attending the lunch and your friend's name. Please call us no later than Sept. 13th.**

Securities and advisory services offered through NATIONAL PLANNING CORP. (NPC), Member FINRA/SIPC, a Registered Investment Adviser. WSG, and NPC are separate and unrelated companies.

Opinions voiced are for general information only. They are not intended to provide specific advice or recommendations for any individual. Please remember that investment decisions should be based on an individual's goals, time horizon, and tolerance for risk. Securities are not NCUA insured, have no financial institution guarantee and may lose value.

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## UPCOMING SEMINARS

**September 11 - 9:30 a.m.**

**Estate Planning and Trust Education**  
*Mid-Atlantic Federal Credit Union  
Germantown, MD*

**October 20 - 7:00 p.m.**

**Tax Planning**  
*WSG Office*

**November 12 - 9:00 a.m.**

**Long Term Care Insurance**  
*Hampton Inn, Frederick, MD*

**November 17 - 7:00 p.m.**

**Finding Ways to Finance Your  
Child's College Education**  
*Mid-Atlantic Federal Credit Union  
Germantown, MD*

**November 30 - 9:00 a.m.**

**A final look at the economy in 2010  
and a prognosis for 2011**  
*That's Amore Restaurant, Rockville, MD*

To register for any seminar, please  
call 301-990-4395.

Seminar locations and dates are subject to  
change, always check with our office for the  
most up-to-date information.

## WSG Staff Spotlight

### Planning and Service Departments

*In this issue, we want to introduce you to some of our team members: Pam Flick, Director of Operations; Sean McCarron, Director of Service; Uri Nurko, Planning Assistant and John Salamone, Planning Assistant*



When you sit down with Patrick to review your portfolio you may often wonder how he gathers and analyzes the data in your accounts. In part, this information is put together by his expert staff in the planning department. Headed by **Pam Flick**, who has worked with Pat for over 13 years, the department researches and compiles information for each client meeting and provides Patrick with the critical information he needs to make your meeting complete. Pam is originally from Pennsylvania and remains a loyal Pittsburgh Steelers fan. She currently lives in Poolesville with her husband and two children, where she is active with the Poolesville High School Booster Club and her church.

Assisting Pam is **Uri Nurko** who joined the staff last year. A graduate of the University of MD, Uri enjoys researching stock and investment information. He is currently pursuing his Chartered Financial Analyst designation. Uri is originally from Boston and now lives in D.C. A brand new addition to the team is **John Salamone**, who graduated from Virginia Tech in May. John grew up in Fairfax, VA but has recently moved to Chevy Chase. He enjoys playing basketball in his spare time.

Heading up our service department is **Sean McCarron**, a team member for close to 9 years. With over 25 years of experience in the financial industry, Sean is our go-to person for solutions to our client's investment and insurance needs. Sean enjoys golfing and fishing and helping out on his children's sports teams. He and his wife Lynn have three children and live in Gaithersburg. Sean is a lifelong resident of the DC/Maryland area and has remained a consistent Redskins fan over the years.



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