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# WSG Financial *focus*

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

## Roth IRA Conversions for 2010

### *An opportunity for IRA owners or a trap?*

If you have funds in a traditional IRA account, converting them into a Roth IRA in 2010 offers an opportunity to build a source for tax-free retirement income. But, does a conversion make sense for everyone? Here's information on why or why not it may make sense for you to convert to a Roth this year.

The chief advantage of the Roth IRA is obvious. Like a traditional IRA, a Roth IRA allows your contributions to grow tax deferred. Unlike a traditional IRA, you pay no taxes on earnings when you make qualified withdrawals after age 59 1/2 and your account has been open at least five years.

In addition, Roth IRAs are not subject to minimum distribution requirements so you do not have to begin withdrawals from your Roth IRA at age 70 1/2 and you can even continue to make contributions. Older investors who do not need income from their IRA to pay living expenses may find that a conversion to a Roth IRA is advantageous.

In 2010 there is currently no Federal estate tax but that tax returns in 2011. Investors who believe they will have a taxable estate in the future may benefit by converting an untapped traditional IRA to a Roth because it will shrink the size of their taxable estate.

If your spouse is the beneficiary of your Roth IRA, your spouse can treat the inherited Roth IRA as their own and not be required to take minimum distributions. If your spouse then names a child as beneficiary the child must start minimum withdrawals but the assets continue to compound tax free. At the present time, withdrawals from an inherited Roth IRA are not subject to income tax.

With all the positives, what could be the downside to converting to a Roth? First, the IRS views a traditional IRA conversion to a Roth IRA as a distribution. This is considered a taxable event and you will have to pay income tax on the entire amount of the conversion. That means that you will have to have enough cash outside of your IRA or use the IRA funds to pay the tax due.

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**SATURDAY, MARCH 20, 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 before March 18th to reserve your seat!**



## Tips for Green Investing

*A look at growing your portfolio while you save the planet*

**What exactly is “Green Investing”?** Green investing\* is also called socially responsible investing, ethical investing or sustainable investing. Whatever you call it, it is the practice of making investment decisions based not solely on financial consideration but with a social consciousness. By looking at ethical, environmental and social concerns, green investing is a way to help make a difference in the world.

If socially responsible investing is important to you, there are certain things that you should know. Here are a few tips to get you started. First, select a green investing sector. Green investing encompasses a variety of sections such as natural and organic foods, environmental cleanup, renewable energy and pollution controls. Let your social, personal and environmental interests help you determine which sector is most suitable for you. Once you decide, you should find out how much financial growth potential the sector has.

When it comes to perusing green investing opportunities, “greenwashing” should be kept in mind. Greenwashing is when a company makes something appear to be green when it is not. You should do your homework to be sure that a company’s claim that it is green is true. Ask yourself this pertinent question: “what really makes a product or service green?”

Create a strategy for your green investment that will help provide you with the information you need to make a wise and informed decision that is in line with your beliefs and may also be financially lucrative. Your green investment strategy should include asking a lot of relevant questions, looking over sustainability indexes, reading Annual Reports as well as SCR Reports and talking with your financial consultant. If you are interested in learning more about adding green investments to your portfolio, call WSG for a free consultation. You may also want to consider attending our April seminar on **Going Green With Your Investments.**

*\* Since socially responsible investing will limit the availability of investment opportunities, it generally carries greater risk and may be subject to greater fluctuations than the overall market.*

## ROTH IRA Conversions for 2010

*Continued from page 1.*

However, the IRS is allowing taxpayers a one-time opportunity to spread out the payment of taxes on a 2010 Roth conversion over two years. Your tax bill on conversion depends on a number of factors, including your other income, your federal tax bracket and your state tax rate. A partial Roth conversion could also be considered as it may result in a more manageable short-term tax liability.

In addition, while the income limit for Roth IRA conversions will go away in 2010, the income limits for Roth IRA contributions still apply next year and for the foreseeable future. This could allow high income IRA owners to make the conversion, but they may not be able to invest new money into the account. Another disadvantage is that you do not get an income tax deduction when you contribute to a Roth IRA.

Roth IRA conversions do not make sense for everyone so you should consult with your tax or financial advisor before you convert. If you feel a Roth conversion is right for you, or if you would like to see if a Roth fits in with your retirement planning strategies, Please call our office to schedule an appointment to discuss your situation.



## Pat's Comments

### Happy St. Patrick's Day!

I recently came across this old, Irish saying...  
***There are only two kinds of people in the world, The Irish... .. and those who wish they were!***

Whether ye' be Irish or not, here's wishing you a wonderful St. Patrick's Day. May you celebrate well and safely!

As we look back at the last quarter, we see that our economic rally continued with the economy showing some signs of improvement. Stocks increased, with the S&P 500 rising 5.49% for the quarter. The overall Commodity sector also increased and mortgage rates of 30-year FRMs touched record lows.

Looking ahead for the 1st quarter of 2010, the mood is upbeat. While no one can predict market movements, many analysts think we are just two or three quarters into a U-shaped recovery that may play itself out across the next few years.

Of course, there are a few concerns to watch: how the Fed and the Obama administration choose to wind down the stimulus effort, when and how the Fed finally makes a move with interest rates, and the indicators in the housing market. But barring a major geopolitical or economic event, much of the optimism may likely be sustained through the coming quarter and perhaps the next two.

The Great Recession is slowly becoming a memory, and a classic “January effect” may kick off a fine winter on Wall Street.

## Protect Yourself

### *Will Your Living Will be Available When You Need It?*

Today more than ever, if you want your healthcare decisions honored, you must create a living will and designate a power of attorney for health care.

But, creating these documents is not enough. These advance directives need to be safe and easily accessible, especially in an emergency. With DocuBank, wherever you go, your living will and/or health care power of attorney are just a phone call away, anytime, anywhere in the world.

DocuBank stores your documents and provides you with an Emergency Card. The card instructs hospital staff to call DocuBank at anytime and they can fax a copy of your documents to the hospital within minutes, day or night, anywhere in the world. It also provides the names

and phone numbers of your loved ones and physician so hospital staff can reach them quickly.

For parents with children heading off to college, DocuBank has just introduced a new service: In Case of Emergency (I.C.E.) cards for college students. This is especially important with the new HIPAA laws that can prevent you from receiving information about your college-age child's medical condition.

For more information on DocuBank as well as estate planning, consider attending our *Estate Planning and Trust Education Workshop* on **Saturday, March 20th at 9:30 a.m.** Additional details are on page one of this newsletter.

*NPC does not endorse the services or the adequacy of DocuBank.*



### **Welcome!**

**Natalie Dustman is the newest member of the Wealth Strategies Group team. Natalie is a financial planner who specializes in business retirement plans and strategies.**

## The Facts about Medicare Enrollment

### *Information on the enrollment periods and eligibility.*

First of all, what is Medicare? Medicare is a health insurance program for people age 65 and older, people under age 65 with certain disabilities and for people of all ages with end-stage renal disease. Medicare has two main parts: Part A which is hospital insurance and Part B which is medical insurance. You can also enroll in Part C, which is Medicare Advantage Plan and Part D which provides prescription drug coverage. To be eligible for Medicare, you must be a U.S. citizen or a legal resident of this country for five years or longer.

Medicare enrollment is automatic for most people. Anyone who has received a Social Security check or 24 months worth of Social Security Disability Insurance (SSDI) is automatically enrolled in Medicare Part A and B. Part A is hospital insurance and Part B is medical insurance.

Three months before your 65th birthday, you should receive a Medicare card in the mail. Medicare benefits begin on the first day of the month in which you turn 65. If you are receiving SSDI (regardless of your age), the card will arrive coincidental with your 22nd monthly payment and you are entitled to Medicare coverage with your 25th monthly payment.

When you receive your Medicare card, you have the choice of accepting or rejecting Part B coverage. If you want Medicare Part A and Medicare Part B, then you should sign your Medicare card and keep it. If you don't want Part B, you put an "X" in the refusal box on the back of the Medicare card form, and send the form back. You will receive a new Medicare card indicating that you only have Part A coverage.

When can you add or drop forms of Medicare coverage? Medicare has enrollment periods that allow you to add or drop the different forms of coverage. The initial enrollment period is seven months long and will allow you to enroll in any type of Medicare coverage: Part A, B, C and D. The enrollment period starts three months before the month in which you turn 65 and ends three months after that month. If you don't sign up for some of this coverage during the initial enrollment period, it may cost you more to add it later.

Once enrolled in Medicare, you can only make changes in coverage during certain periods of time. If you have questions about eligibility, contact the Social Security Administration at 800-772-1213 or go to [www.ssa.gov](http://www.ssa.gov). You can also visit [www.medicare.gov](http://www.medicare.gov) and [www.cms.hhs.gov](http://www.cms.hhs.gov).

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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.

## UPCOMING SEMINARS

**March 20**

**Estate Planning and Trust Education**  
Mid-Atlantic Federal Credit Union  
Germantown, MD  
9:30 a.m.

**April (date to be determined)**

**Going Green with Your Investments**  
WSG Office  
7:00 p.m.

**May 25**

**Making Sense of the Healthcare Reform Bill and What it will mean to your taxes**  
WSG Office  
7:00 p.m.

To register for any seminar, please call 301-990-4395 or email [wsg@natplan.com](mailto:wsg@natplan.com). Seminar locations and dates are subject to change, always check with our office for the most up-to-date information.

## Client Spotlight

**Nick IntVeldt**

*In this issue, we want to introduce you to piano player extraordinaire, Nick IntVeldt.*



You may have seen him at some of our client events seated behind an electric piano playing a melody of tunes for the enjoyment of the attendees. Or, perhaps you have attended some of the events produced by the Fredericktowne Players, the Frederick Chorale or the Buckingham's Choice Singers. Either way, you were certain to enjoy the music either played or sung by this talented client.

A native of Southern California, Nick graduated from the University of California at Irvine with a degree in Information and Computer Sciences. He also studied classical piano but chose a career as a software developer. His love of music, both singing and piano playing, became just a hobby. Things have now turned around and he is in the process of letting his software development business wind down as he pursues a second career of teaching piano and performing. He now maintains a growing piano studio and currently serves Bethel United Methodist Church of Chewsville, MD as accompanist and is the director and accompanist of the Buckingham's Choice singers of Buckeystown.

Nick and his wife, Deborah, a leading soprano in the Frederick chorale, currently reside near Hagerstown. Since Nick loves to travel and perform, he is kicking around the idea of playing piano on a cruise ship. Nick has a great gift for piano improvisation and feels this would be the perfect opportunity to combine his love of music with his love of traveling. We wish him the best of luck!



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