



- ▶ IRA CHANGES IN 2011 1
- ▶ A GUIDE TO HOW LONG TO KEEP STATEMENTS, ETC. 2
- ▶ PAT CARROLL'S COMMENTS ... 2
- ▶ Why is Estate Planning So Important? 3
- ▶ A Look at the New Estate Tax Laws 3
- ▶ CLIENT SPOTLIGHT 4

WSG Financial *focus*

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

IRA Changes in 2011

How will they affect the way you save for retirement?

Each new year brings new opportunities along with a plethora of tax law changes. 2011 is no different. Here are some of the tax law changes that directly affect IRAs.

Roth IRA Conversions. You can't defer income resulting from a Roth IRA conversion in 2011. However, if you converted a traditional IRA to a Roth IRA in 2010, you could choose to divide the income between your 2011 and 2012 federal tax returns.

2010 IRA Contributions. The deadline for your 2010 IRA contributions is April 18, 2011. Emancipation Day, which is observed in D.C. is April 15th this year so the filing deadline has been moved to Monday, April 18th.

IRA Charitable Rollover Continues. IRA owners who are age 70 1/2 or older may donate IRA proceeds to charity tax-free again this year. An IRA owner may gift up to a total of \$100,000 in IRA assets to one or more qualified non-profit organizations or charities. The distribution must go directly from the IRA custodian to the charity. The downside is you don't get a tax deduction for the donation.

Converting 401(k) or 403(b) plans to Roth. In 2011, some employer-sponsored retirement plans are now allowing in-plan Roth conversions. This will allow you to convert a percentage of the pre-tax dollars you have saved to after-tax dollars without a Rollover to a Roth IRA. Two criteria

that must be met are that your employer's retirement plan has to permit after-tax Roth contributions and that you must be 59 1/2 or older. If you are younger, you must have assets in a 401(k) or 403(b) from a previous employer that could be rolled over to your current employer's plan.

Roth IRA Phase-outs. Anyone can convert a traditional IRA to a Roth IRA but not everyone can contribute to a Roth IRA. The phase-out limits for joint filers is \$169,000 to \$179,000 and \$107,000 to \$122,000 for single filers.

IRA Deductions. If you participate in an employer-sponsored retirement plan and have an IRA, your contributions
Continued on page 2.

SATURDAY, MARCH 26, 2011 - 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 or email wsg@natplan.com to reserve your seat!

How Long Should You Keep...

A rule of thumb to use in keeping or discarding statements, tax returns, credit card receipts and more

What is the rule of thumb for keeping important documents? It actually depends on the document and your circumstances. If you are retired and there is any chance you might need to apply for Medicaid, then you should keep at least five years worth of all financial records on hand, including your credit card statements. This is due to the five-year “lookback” period where you have to prove that you didn’t give away funds during that five-year period.

Bank statements? For most people, 3 years is the rule, just in case you are audited. Your bank can usually provide you with archived statements online or on paper, but they might charge you a fee.

Federal and State Tax Returns? The IRS suggests you keep the tax returns until the period of limitations runs out. That is the time period you have to claim a credit or a refund or the time frame in which the IRS can levy additional taxes on you. The standard IRS audit goes back three years. Tax records relating to real property or “real assets” should be kept for as long as you hold the asset and for at least 7 years after you sell.

Mutual fund statements? The annual statement is the one to keep. You also want to keep any records showing your original investment in a fund or stock for capital gain or loss purposes.

IRA and 401(k) statements? Again, the annual statement is the one to keep.

Credit card statements? You really don’t need to keep each statement, just the ones that contain tax-related purchases—keep those for up to 7 years.

Mortgage Statements? It is recommended that you keep these statements for up to 7 years after you sell or pay off your mortgage.

Life insurance? Keep policy information as long as the policy is in force plus an additional 3 years.

Medical records? The consensus is 5 years from the time treatment ends. If you claim medical expenses on your tax return, retain the records for 7 years.

If you’re not sure what to throw out, bring the items with you to your next meeting in our office. We can help you determine what should be kept and what can be shredded.

IRA Changes in 2011

Continued from page 1.

may or may not be deductible. Limits range from \$90,000 to 111,000 for joint filers and \$56,000 to 66,000 for single filers and heads of households. You may contribute up to \$5000 to your IRA in 2011 or \$6,000 if you are 50 or older.

This article is an update of 2011 IRA tax law changes and is not intended as a guide for the preparation of tax returns.



Congratulations!

Mr. & Mrs. Mark C. Kirchman

Marketing Director, Cecelia Cummings is now Cecelia Kirchman. She and her husband Mark celebrated their nuptials on September 17, 2010. Congratulations to the happy couple!



Pat's Comments

May your blessing outnumber
The shamrocks that grow,
And may trouble avoid you
Wherever you go.
Irish Blessing

In January, the S&P 500 as well as the DJIA did extremely well. The S&P 500 recorded its first positive January since 2007 and the best January percentage climb since 2006. The Dow had its best January in 14 years.

Despite the turmoil in the Middle East, U.S. stocks posted a sizable advance in January. Both the Dow and NASDAQ posted strong gains and the S&P 500 rose 2.26%.

How did consumer spending fare? The Commerce Department recently announced that consumer spending rose a healthy 4.4% in the fourth quarter of 2010. In addition, we received encouraging news about home sales, manufacturing and service sector growth and retail sales.

What is the mood going forward? At the beginning of February the mood was more bullish than bearish—how the next few months will fare, we are quietly optimistic that our economy will continue to grow and move forward.

I hope to see you at some of workshops this year—take a look at our schedule on the back cover. If there are topics you would like to see addressed, please send an email to wsg@natplan.com with your suggestions.

Please take a look at our newly designed website and give us your thoughts!

www.wsgmd.com

Why is Estate Planning So Important?

What is a living trust? A living trust is a legal document that contains your instructions for what you want to happen to your assets when you die. Unlike a will, a living trust avoids probate at death, can control all of your assets and prevents the court from controlling your assets if you become incapacitated.

If your estate is small, should you still plan? Even if you leave behind the \$10 bill in your wallet, who will inherit it?

Do you have a spouse and children? Who will inherit the \$10—should it go to just one of them, or be split between them? If you don't decide, you could potentially be leaving behind a legacy of legal headaches to your survivors. This is what estate planning is all about—deciding how your money and assets will be distributed after your lifetime.

Do you have to create an estate plan?

Everyone should do some type of estate planning. Your estate plan could include wills and trusts, life insurance, a living will, long-term care insurance, power of attorney and more. We will meet with you and help you determine what plan would best suit your needs. Our experienced staff and estate planning attorney can customize an estate plan that will accomplish your goals.

Where do you begin? Speak to a qualified legal or financial professional—one with experience in estate planning. WSG will work with you to create your estate plan, assist you in funding your trust and enroll you in the **DocuBank** program.

DocuBank is a unique program that provides you with emergency access to your advance directives at any time and any-

where in the world. **DocuBank** safely stores advance directives as well as health care power of attorney for you so that you have access to them whenever they are needed. With **DocuBank**, your information is accessible but also protected.

For more information on Estate Planning, wills, trusts and other critical documents, consider attending our ***Estate Planning and Trust Education Workshop*** on **Saturday, March 26 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.

A Look at the New Estate Tax Laws

How the new laws may affect you and your family

Thanks to the Tax Relief Act of 2010, we begin 2011 with temporary estate tax relief. Congress modified the estate, gift and generation-skipping transfer taxes at the last minute. However, this modification will last for just two years, unless Congress passes a more permanent law.

We now have the lowest estate tax rate in 80 years, with some new rules as well as some interesting choices and options affecting estate planning. The federal estate tax is now 35%, with a \$5 million individual exemption, which is portable. Executors now have the option to transfer an unused \$5 million individual estate tax exemption, upon the death of one spouse, to the surviving spouse. In addition, estates may be taxed under the new rules or the 2010 rules. The executor can determine which choice would give the estate the lower tax burden.

What is the effect of this temporary estate tax relief on estate planning going forward? The \$5 million gift exclusion amount and GST exemption beginning in 2011 provides an individual with the ability to make \$5 million in lifetime gifts to family members or others without having to pay gift taxes. It also provides couples with the opportunity to make gifts of up to \$10 million without having to pay gift taxes. This paves the way for immediate gift planning opportunities to reduce the value of your gross estate.

The generation-skipping transfer tax has returned. The GST was 0% in 2010 but is at 35% in 2011. The GST exemption is currently at \$5 million for 2011 and will be inflation-indexed for 2012.

Have you been considering a charitable IRA rollover? A charitable IRA rollover allows an IRA owner age 70 1/2 or older to gift up to a total of \$100,000 in IRA assets to one or more qualified charities or non-profit organizations. This donation can actually count toward the donors annual RMD. The IRA account holder does not get a tax deduction for the donation, but they can potentially bypass the income tax on the distribution.

The recent changes can be a little confusing. If you have any questions or concerns, please feel free to call us to schedule a meeting to address your questions.

Source: money.msn.com

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.

Wealth Strategies Group, 2099 Gaither Road, Suite 110, Rockville, MD 20850 (301) 990-4395 Fax: (301) 990-8746 Website: www.wsgmd.com

UPCOMING SEMINARS

March 3 - 9:00 a.m.

Aging in Place
Washingtonian Marriott,
Gaithersburg

March 26 - 9:30 a.m.

Estate Planning & Trusts
Mid-Atlantic Federal Credit Union
Germantown, MD

To register, please call 301-990-4395
or email wsg@natplan.com.

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

Welcome Luke Shober! Born 10/10/10



Congratulations to
David Shober, Senior
Financial Planner and
his wife Catherine on the
birth of their son Luke.
Luke was born on Octo-
ber 10, 2010!

Client Spotlight

Bob and Rita Verkouteren

In this issue, we want to introduce you to Bob and Rita Verkouteren, who are avid bike riders.



Bob and Rita Verkouteren are not your average retired couple. In fact, Rita laughs and insists that Bob will never “retire.” Bob, a retired CPA and Rita have made biking a part of their lives for over 20 years. As part of a “pack”, they travel around the world to tour and sightsee by bike, usually traveling around for a week. “We like our creature comforts though, says Rita. Good meals are important and we don’t rough it. “

When asked about their favorite trip, they can’t pinpoint just one that stands out from the rest. Rita really enjoyed the Loire Valley in France. But then again, she really loved their trip to Switzerland last year. Bob chuckles that he enjoyed their trip to England where they got to experience the British healthcare system. Rita fell off her bike the last day of their trip and had to go to the hospital. Some of their biking friends have gotten hurt the first day of a trip and had to cancel so Bob thought they were very lucky.

In the U. S., they enjoy riding along the trails that were former railroad lines. The old railroad lines make excellent riding trails and there are many in our area they enjoy exploring. However, as they get older they both agree they are becoming less likely to test their capacity to travel. It’s not as convenient and you have less patience with the inconvenience.



**WEALTH
STRATEGIES
GROUP**

2099 Gaither Road, Suite 110,
Rockville, MD 20850