

# Personal Perspective

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## Estate Planning

Estate planning attorneys often recommend a form of trust to help transfer assets or manage probate. There are many forms of trusts available to you to accomplish multiple goals.

Following are brief details about three commonly used trusts:

### Irrevocable Life Insurance Trust

A death benefit from a life insurance policy can be a tremendous help for a family. However, a sizeable benefit can also inflate an individual's taxable estate. If this type of trust is owned, the death benefit is paid to the trust, which ultimately allows the benefit to be passed on to beneficiaries estate-tax free.

### Revocable Living Trust

This form of trust ownership allows an individual to distribute assets according to personal wishes by avoiding probate. You can remain the trustee during your lifetime and appoint a successor to take over responsibilities after you die.



### Charitable Remainder Trust

This is an irrevocable trust that allows you to support beneficiaries with income generated by your assets for a specified period of time or for their lifetime. After the time passes, remaining assets pass to a charity or charities named in the trust.

## LTC Insurance Tax Deduction

Is your long-term care insurance plan tax-qualified?

If yes, there's good news: Your tax-deductible limit increases as you age. The reason is that the federal government considers tax-qualified long-term care premiums a medical expense. Medical expenses that exceed 7.5% of the individual's adjusted gross income are tax deductible.

The federal tax-deductible limits for tax-qualified long-term care premiums are determined by age. In 2010, the limits are as follows:

| Age                  | Deductible Limit |
|----------------------|------------------|
| 40 or under          | \$330            |
| Over 40 but under 51 | \$620            |
| 51+ but under 61     | \$1,230          |
| 61+ but under 71     | \$3,290          |
| 71+                  | \$4,110          |

For more information about your long-term care plan or to obtain a quote, call our service team today.

## Calculating Life Insurance Needs



You've been told that you need life insurance, but how do you determine how much?

The answer to this question is complicated and is based on multiple inputs regarding your probable longevity, your dependents, your debt, your assets and your need or desire to leave money to your survivors.

The best practice is to consult a life insurance agent. Your professional advisor will ask questions you may not have considered on your own and will help you determine a coverage amount based on your answers. It's a straightforward process that will provide an excellent estimate of the amount and kind of coverage best suited to your needs.

Your advisor will also be able to show you options on policies and discuss the companies, benefits and costs with you. For more information, call our service team today.

## Should You Convert to a Roth IRA?

Is converting a traditional IRA into a Roth IRA right for you?

While there is no set answer to this question, more IRA holders will get to ponder it now than ever before with new conversion rules that started in 2010. In previous years, anyone above the modified gross income limit of \$100,000 was unable to convert. In 2010, this ceiling no longer applies. Those wanting to take advantage of the conversion in 2010 have an added incentive. Conversions that occur in 2010

will be able to have half of the taxable converted amount taxed in 2011 and the other half taxed in 2012, allowing converters to spread the tax liability over time.

**Converters can spread the tax liability over time.**

In addition to a traditional IRA, other assets, such as those in a 401(k) or 403(b) from a former employer may also be converted into a Roth IRA.

Conversion is not for everyone. The best practice is to consult a tax professional. For more information on the best place for your assets, call our service team today.

## Financial Education for Young Americans

To help young Americans enhance their financial education, the Social Security Administration recommends the following websites:

[www.mymoney.gov](http://www.mymoney.gov)

Whether it's about obtaining a credit line, buying a home, starting a business or beginning another costly endeavor, this website can help. Along with articles and data, the site also includes calculators that will assist in financial planning and goal setting.

[www.federalreserve.gov](http://www.federalreserve.gov)

Look for the Personal Finance section of this website under Consumer Information. There, users can find worksheets and other resources that help them set and stick to a budget.

[www.sec.gov/investor/oiea\\_podcasts.htm](http://www.sec.gov/investor/oiea_podcasts.htm)

Put an MP3 player to good use! This website allows users to download podcasts from the SEC that cover a variety of topics about savings and investing.



[www.nuca.gov/publications](http://www.nuca.gov/publications)

This website of the National Credit Union Administration contains publications about preventing identity theft and credit card schemes. It also offers other important information about financial security and stability.



# Assessing Your Need for Disability Insurance

What are the odds you will become disabled to the point where you will be unable to work for a significant period of time?

Three in 10, according to the Council for Disability Awareness (CDA). To help you prepare for the possibility of a disabling injury and the devastating effect it could have on your family, the CDA poses the following five questions you should ask yourself:

1. Do I know all of my monthly living expenses? Would they continue if my income stopped?

2. How long would my personal savings pay for my monthly expenses and out-of-pocket medical expenses?

3. Do I have access to a disability plan through work? If so, how much would it pay and how long?

4. Do I have other sources of income available to me to pay my expenses, such as alimony, second



mortgage, credit cards, etc.? If so, for how long would this income cover my expenses?

5. Could I afford medical COBRA premiums or other medical costs?

The CDA warns that these five questions are just the beginning to fully understanding the financial impact of a disabling injury. For more information on disability insurance, contact our team of professionals.

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## Have we got you covered?

Here's a quick way to let us know.

Don't forget your friends!  
We'd be happy to provide them great service.



### Thank you for your referrals.

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Here's the name and address of a friend who would like to receive this newsletter:

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## Personal Perspective

My name: \_\_\_\_\_

E-mail: \_\_\_\_\_

My preferred number: (\_\_\_\_) \_\_\_\_\_

Best time to call: \_\_\_\_\_

### Please call me about:

- ☐ My home insurance protection
- ☐ Car insurance
- ☐ Boat insurance
- ☐ Insuring my in-home business
- ☐ Personal umbrella policy

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## Senior Health Information Resource

Senior citizens and their caretakers can get confusing and contradictory information on healthcare from websites and other sources. In an effort to consolidate legitimate health information, the Federal Trade Commission has created an online guide called: “Who Cares: Sources of Information About Health Care Products and Services.”

This online guide contains general information, data and tips about common services including nursing homes, caregivers, hormone therapy, healthcare documentation and more. It provides information about popular scams that target seniors involving Medicare, ID theft and other health-related issues. The guide also provides resources on purchasing prescription drugs, switching to generics, vision and hearing aid data and much more.

To access this free guide on important senior health issues, visit [www.ftc.gov/whocares](http://www.ftc.gov/whocares).

