

SENIOR COMPASS

Sample Advisor is the President and Founder of **SAMPLE FIRM**, a company that takes pride in being part of their clients' dreams. This shows in the effort Sample Advisor's firm exerts every day on behalf of individuals, families and businesses.

Sample Advisor is licensed with the state of Pennsylvania. He works with both individuals and families in the areas of Retirement and Estate Planning. His primary focus is always to enhance and ultimately, preserve both his clients' wealth and their estates. His ability to achieve strong business results in the face of changing economic times is a tribute to the resiliency of his thorough planning methods – helping clients adjust, re-shape financial priorities, and move ahead.

Sample Advisor is a member of the **National Ethics Bureau**, as well as **Ed Slott's prestigious Elite IRA Advisor Group**. Early in his career, Sample Advisor received the distinguished honor of National Rookie of the Year for overall achievement within his investment firm, as well as the **Northern Regional Leadership Award**.

With many years of experience, knowledge, and dedication to serving the needs of seniors, Sample Advisor is a skilled financial professional who utilizes the latest estate planning and investment techniques to design and implement personalized strategies that can help to reduce financial risk, lower taxes, avoid probate, and protect assets from nursing home costs.

Sample Advisor and his wife live in Any Town, Pennsylvania. In his spare time, Sample Advisor enjoys golf, fishing, Steeler football games, flying airplanes, and hiking with his dogs.

Sample Advisor SAMPLE FIRM

123 Main Street, Suite 101
Any Town, PA 16063
Phone: (800) 123-4567
www.samplefirm.com



High Returns Aren't Always What They Seem

Many times in life we face choices where the answer seems obvious at first glance, but after careful analysis things are not as they appear. Most of the time, when something seems out of the ordinary there is an explanation, especially in the world of investments. Higher returns almost always come at the cost of higher risks. After the dust settles, risks tend to reduce the luster of the higher returns. To illustrate this case, let's look at two investment options:

Option one offers a first year return of +50%, the second year it loses 50%, and the third year it is up 50% again. That sounds like a pretty good investment, up 50% for two out of three years, right?

Option two offers only 4.5% per year for 3 years, guaranteed.

Which one would you choose? Would you be surprised to know that the ending values of each of the scenarios are very close? The 4.5% option actually produces a higher return and really blows the first option away if you factor in the risks of each option. Do you think I've selectively chosen the sequence of returns?

Reorder them and see for yourself. See the investment returns chart for results.

In today's turbulent economy there seems to be a lot of chances to make unusually high returns, but don't be fooled. Markets are generally efficient so higher risks come into play when higher returns are available. Not only do those risks include harm to your investments, but also risks to your health and relationships. Steady, consistently positive returns are one of the best options for accumulating wealth and reducing the stress caused by volatile returns.

As the above scenarios have shown, there is a tremendous amount of power in never having negative returns. Annuities should be considered whenever long-term accumulation of wealth is a goal. There are various types of annuities to meet objectives, risk tolerances, and to achieve financial goals without the sleepless nights that come with riskier investments. To find out more about annuities and how they can help you achieve your financial goals, please contact our office today to schedule an appointment.

Year		Option 1		Option 2
0	Rate of Return	\$100,000	Rate of Return	\$100,000
1	+50%	\$150,000	4.50%	\$104,500
2	-50%	\$75,000	4.50%	\$109,203
3	+50%	\$112,500	4.50%	\$114,117



BEHIND THE NUMBERS... TWO HUNDRED

According to a February Wall Street Journal survey of U.S. economists, 200 (thousand) is the number of jobs that the U.S. economy needs to create per month in order to see a strong recovery in the job market. Unfortunately, those same economists are predicting that the U.S. will only create 133,000 jobs per month.

200

Fraud Alert

How to Know if You Are Working With a Real U.S. Census Worker

The Better Business Bureau (BBB) is advising people to be cooperative, but cautious with 2010 U.S. Census workers so as to not become a victim of fraud or identity theft. U.S. Census workers have already begun verifying the addresses of households across the country. Eventually more than 140,000 U.S. Census workers will count every person in the United States and will gather other information about every person at each address including name, age, gender, race, and other relevant data. Well, how do you tell the difference between a U.S. Census worker and a con artist? The Better Business Bureau offers the following advice:

**** If a U.S. Census worker knocks on your door,** they will have a badge, a hand-held device, a Census Bureau canvas bag, and a confidentiality notice. Ask to see their identification and their badge before answering their questions. However, you should never invite anyone you don't know into your home.

**** Census workers are currently only knocking on doors to verify address information.** Do not give your Social Security number, credit card or banking information to anyone, even if they claim they need it for the U.S. Census. While the Census Bureau might ask for basic financial information, such as a salary range, it will

not ask for Social Security, bank account, or credit card numbers nor will employees solicit donations.

Eventually, Census workers may contact you by telephone, mail, or in person at home. However, they will not contact you by Email, so be on the lookout for Email scams impersonating the Census Bureau employees. Never click on a link or open any attachments in an Email that are supposedly from the U.S. Census Bureau.



Identity theft continues to grow in the U.S. Seniors are typically more trusting of strangers, and it's unfortunate that criminals choose to prey on them because of such qualities. For more advice on avoiding identity theft and fraud, visit www.bbb.org.



Did You Know...**Getting The Most Out Of Your IRA**

IRS Publication 590 reveals several benefits for using a Multi-Generational (Stretch) IRA strategy on your Roth IRA. After your death, your spouse avoids taking Required Minimum Distributions (RMDs) on your Roth IRA, and his/her beneficiaries get to take their distributions tax free (if qualified). For more information on using such wealth preservation strategies, make an appointment with our office today.

Tax Tips**To Deduct or Not to Deduct**

If you are like many of the people I have counseled on tax issues, you may be wringing your hands over taking deductions that you are entitled to because you don't want to incur the wrath of the IRS. So let's take a look at some deductions that may cause some consternation:

Charitable Donations

Charitable giving is something the IRS actually encourages. Obviously cash donations to not-for-profit organizations are allowable deductions that are easily documented, but don't be shy about taking a deduction for your donations of old clothing, food or other used items to valid charities like Goodwill or the Salvation Army, or your local church or synagogue. This is a common practice that does not raise a red flag to the IRS if you are reasonable about it.

The key to deducting donations of used goods is to value them at a fair price. If you donate small dollar used items like clothing and try to deduct more than 30% of the original purchase price, the IRS would not consider that as reasonable in most cases. Unless there are special circumstances, like the used article is really a collector's item, stick to the 1%-30% of purchase price valuation limit. There is a catch though; any individual items valued over \$5,000 actually have to be appraised. If you do happen to donate that Ted Williams rookie baseball card, make sure you have a source that values the treasure. So as the value of the donated item increases, the IRS pays closer attention.

A charitable donation that you may be overlooking is gas mileage. While

you cannot deduct the value of your time to sit on a not-for-profit board, teach that Sunday school class, or take those Cub Scouts to day camp, you can deduct your cost to provide your service. You can deduct your gas mileage – 14 cents a mile or the actual unreimbursed out of pocket expenses. (Note that for 2009, the standard mileage rate for business purposes is 55 cents a mile – so the mileage rate is much less for charitable purposes).

Home Office Deductions

I admit I have ambivalent feelings about the home office deduction, but not for the reasons you may think. Oh, I take the deduction, but I'm bitter about the extra work that it requires.

First, the good news, if you establish an office in your home that is used regularly and exclusively for your business, the home office deduction is the way to go. You can deduct a prorated portion of utilities, maintenance, repairs and many other expenses, and if it is your principal place of business, any time you hop in your car to do any business you can deduct the mileage. Sweet.

What I don't like about the home office deduction is the depreciation that you **MUST** deduct for the portion of your house you use for your home office. Typically over time, property values increase. I know they haven't the last couple of years, but they usually do. That means if you sell your house, you have the hassle of recapturing (meaning paying back) the depreciation expense you took – because your house didn't depreciate if you sell it for more than

you paid for it. Knowing most residential properties appreciate, the IRS still insists on making you take the depreciation deduction – and then paying it back. I don't let the hassle of the paperwork stop me from taking the deduction, and even though the IRS scrutinizes this deduction, I don't let that stop me either – neither should you. You just need to be reasonable about it.

If your home-based business makes \$45,000 a year and you are deducting \$35,000 in home office expenses, the IRS may consider that a tad obnoxious. Stay within the rules. Don't deduct your sectional sofa and big screen TV with surround sound that you bought for your man-cave. Be reasonable.

The Dreaded Audit

The threat of an IRS audit should not hold you back from taking a valid deduction. There are all sorts of flavors of audits. I have been audited twice in the last five years, but it's not what you think. I had some sizeable charitable donations, and the IRS wrote me a nice letter asking me to send them some documentation. I did. The matter was closed.

That's how most audits go. There is typically an item or two that they want to take a closer look at and so they ask you for more information. You don't generally get summoned downtown to the IRS offices, forced to carry boxes of receipts and spreadsheets to a panel of sour faced agents. Though I suppose that may happen occasionally.

Keep good records, be reasonable, be honest and take every deduction you can get your hands on.

Quick And Easy Spicy Southwest Salsa

Ingredients:

3 medium tomatoes, diced
1 (15 ounce) can of Black beans,
drained and rinsed
Juice of 1 lime with some pulp
1 cup of corn, drained
¼ cup cilantro (leaves only), chopped
Medium jalapeño, finely chopped
1 avocado, chopped
Kosher salt to taste

Optional ingredients:

Small red onion, chopped
1 clove garlic, pressed

Directions: Combine all ingredients except salt and mix. Cover and chill for one hour. Sprinkle salt to taste just before serving. Great served with tortilla chips, as a side dish or spooned over grilled chicken. Enjoy.



The information in this newsletter is not intended as tax or legal advice, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek tax or legal advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Advisor Intel. Copyright 2010 Advisor Intel. www.advisorintel.com

SAMPLE FIRM
123 Main Street, Suite 101
Any Town, PA 16063