

Lassus Wherley

Building Better Futures

People and Puppy News

The good news is that we're all back!

Martha does appointments, schedules and welcomes everyone. She also calls when the return is done and mails those out of state.

Laurie, PatD and Cynthia are the CPA's responsible for the returns. They're the harried ones burning the midnight oil.

PatG scans and scans and scans.

Chen and Linda do computer input, reference lookups, number verifications, e-filing, printing, extensions and anything else we can think of. **Jaime** helps out in this area during the heavy volume from the end of February to the first part of April.

Nancy assembles the final package and assures that all information is correct.



Thank You for the love, condolences and generosity expressed by those who know that I lost my brother David and my sister-in-law Ann in the Metro crash in Washington, DC last June.

In July, we had a **new addition** to the puppy pack when we welcomed Bunker (Dave and Ann's Westie) into our lives. The lone male in a pack of females—this dog is ecstatic! In October, however, Amanda Lee, who was both blind and deaf, passed to the rainbow bridge. Started the year with three and ended the year with three.

2009 was a very tough year for us all. Let us welcome the new year and look to a future with hope and promise.

It just gets better and better...

Income Tax Changes: With all the events of 2009, it will be more important than ever to go through the tax questionnaire. The stimulus package, the auto bailout and the efforts to shore up the unemployed have produced numerous benefits ranging from deductions to credits. Many of the new provisions are listed on the back page. Review the list carefully and recognize that efforts to change some of these provisions are underway as I write. For example: when Christie takes office, he may repeal the tax increases on upper income earners. So, accept that the tax law has become an ever moving target. When you make a major decision or experience a significant life event, please call us to discuss any potential impact.

Estate Tax Changes: Effective January 1, 2010, all estate laws previously in effect at the federal level were repealed. This means that at least as of January, the estates of individuals who die in 2010 would owe no estate tax. Congress did not act to address this provision, put in place by the Bush administration. Essentially, all estate administration will be on hold until Congress takes a position. If no action is taken in 2010, then in 2011 the federal exemption will revert to \$1,000,000 and estates exceeding that amount will owe federal estate taxes. Stay tuned.

Roth Conversions: The big news for 2010 is that income limits have been lifted for conversions to Roth IRAs. If you can pay the tax with money outside of the IRA, it may be worthwhile to consider converting at least part of a SEP IRA, traditional or rollover IRA. If you have basis, part of the basis will factor into the converted account, reducing the tax on the amount converted. And you may consider declaring the taxable amount over two years.

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LWA News

CELEBRATING OUR 25TH ANNIVERSARY

On March 27, 2010, Lassus Wherley will mark the completion of 25 years in business. Here are some pictures from over the years.



Left Picture—1984 when it all began

Middle Picture—1998 Annual Meeting

Right Picture—2010

Electronic Communications Policy

Effective in the Fall of 2009, **our policy for sending information by email has changed.** We will no longer attach any document that contains any information relating to account numbers, social security or other identification number or birthdates without encryption and password protection and only as a last resort.

Previously we only did this with your consent. However, as electronic snooping and phishing methods become more sophisticated, we feel the risks outweigh the benefits. Going forward we will offer the following options:

An upload for the file to “Virtual Place” accessed through our website www.lassuswherley.com. We

will create an account for you and upload the information there. You may download the file to your computer. These accounts can also be used to send us information. The site is secure and data being uploaded and downloaded is protected. If you know you’d like an account established, please advise us as early as possible.

Fax if you can receive faxes or snail mail.

Attachment to email which is encrypted and password protected. The password will be something agreed to verbally. This file can only be opened if you have the utility WINZIP on your computer(which can be downloaded from www.winzip.com).

NewsNotes



Personally Managed Trust Services

Lassus Wherley, through its association with National Advisors Trust Company, provides trust solutions for clients whose financial, family or business needs require the services of a professional fiduciary. The Trust Company is the largest federally-chartered trust company created by Registered Investment Advisors for the benefit of their clients.

Lassus Wherley works with a client's estate planning professional to build a strong foundation for the client by providing a solid trustee and investment management solution while helping protect and preserve the client's wealth.

Expertise: Retain Lassus Wherley as the Investment Advisor while gaining access to the experienced trust professionals from National Advisors Trust.

Cost Effectiveness: Benefit from trust services provided in a cost-efficient manner with a competitive fee structure.

Flexibility: National Advisors Trust shares administrative responsibilities to achieve the objectives of the trust and meet the needs of the beneficiaries. With the national coverage, clients are able to move out of state and hold real estate and other non-standard assets in multiple states without affecting their trust.

Depth of Service: Revocable and Irrevocable Trusts, Charitable Trusts, Life Insurance Trusts, Special Needs Trusts, Dynasty Trusts, Qualified Terminal Interest (QTIP) Trusts and Generation Skipping Trusts.

About National Advisors Trust

National Advisors Trust is chartered by the Office of Thrift Supervision (OTS), is authorized to administer trusts in all 50 states and is a member of the Federal Deposit Insurance Corporation (FDIC). By law, client assets are segregated from the capital assets of National Advisors Trust and are not subject to potential creditor claims against the Trust Company.

The Star-Ledger THE VOICE OF NEW JERSEY

ASK THE BIZ BRAIN: All about IRAs By Todd A. Ritter June 02, 2009

Q: I will be 70½ in January, 2010. How do I calculate how much money must be taken out of my rollover IRA to meet the minimum distribution? --Patricia in Clinton
A: Happy half-birthday when it arrives, and you're smart to plan ahead for your Required Minimum Distributions.

If you turn 70½ in January, 2010, you must take your minimum distribution for 2010 by April 1, 2011, said Patricia Daquila, a certified public accountant with Lassus Wherley in New Providence.

"In order to calculate your required minimum distribution, you divide the IRA account balance on December 31, 2009, by your life expectancy," Daquila said.

Your life expectancy has been pre-determined by the Internal Revenue Service, or it has, at least, for RMD calculations. These life expectancy tables can be found in Appendix C of IRS Publication 590, which you can find at irs.gov.

Daquila said if you're married and your spouse is the sole beneficiary of your IRA and is more than 10 years younger than you, then use Table II. If not, use Table III.

For this example, let's assume you're single and you turn 70½ in 2010 and your IRA balance was \$100,000 as of Dec. 31, 2009. Based on Table III, which uses a life expectancy factor of 27.4, your RMD would be \$3,649.64, Daquila said.

"Just as a reminder, if you delayed taking your 2010 distribution until April 1, 2011, you would also be required to take your 2011 annual required minimum distribution in 2011 by the end of the year," she said.

You'd essentially double up on your distributions in one year, so to avoid that, Daquila said you may consider taking your first distribution in the year that you turn 70½, which is 2010.

If you have multiple IRAs, the RMD is calculated separately for each IRA, said Andy Tupler, a certified financial planner with Tupler Financial in Raritan.

Also note that Inherited IRAs are not included with your own for this purpose, and employer retirement plan RMDs are calculated separately for each plan and must be paid from that plan, Tupler said.

Tax Changes

- **Making Work Pay Tax Credit.** This tax credit was implemented during the year by reducing withholding requirements in your pay. The value of the credit is \$400 for working individuals and \$800 for working married couples.
- **First-Time Homebuyer Credit Expands.** Homebuyers who purchased in 2009 can get a credit of up to \$8,000 with no payback requirement. New legislation extends and expands this credit to homes purchased by April 30, 2010.
- **Money Back for New Vehicle Purchases.** Taxpayers who buy certain new vehicles in 2009 can deduct the state and local sales taxes they paid or other taxes and fees they paid in states with no sales tax.
- **Education Benefits.** For 2009 and 2010, the law expands the definition of qualified higher education expenses to include expenses for computer technology and equipment or Internet access and related services to be used by the designated beneficiary of the 529 plan while enrolled at an eligible educational institution. Software designed for sports, games or hobbies does not qualify, unless it is predominantly educational in nature.
A new American Opportunity credit modifies the existing Hope Credit for tax years 2009 and 2010, making the Hope Credit available to a broader range of taxpayers, including many with higher incomes and those who owe no tax. It also adds required course materials to the list of qualifying expenses and allows the credit to be claimed for four post-secondary education years instead of two. Many of those eligible will qualify for the maximum annual credit of \$2,500 per student.
- **Enhanced Credits for Tax Years 2009, 2010.** The child tax credit is now refundable, meaning you could receive a refund even if no tax is owed.
- **Up to \$2,400 in Unemployment Benefits Tax Free in 2009.**
- **\$250 for Social Security Recipients, Veterans and Railroad Retirees.** The Economic Recovery Payment will be paid by the Social Security Administration, Department of Veterans Affairs and the Railroad Retirement Board.
- **Energy Efficiency and Renewable Energy Incentives.** The new law increases the energy tax credit for homeowners who make energy-efficient improvements to their existing homes. The new law increases the credit rate to 30 percent of the cost of all qualifying improvements and raises the maximum credit limit to \$1,500 for improvements placed in service in 2009 and 2010. The credit applies to improvements such as adding insulation, energy-efficient exterior windows and energy-efficient heating and air conditioning systems.
- **Health Coverage Tax Credit.** The credit increases from 65 percent to 80 percent of qualified health insurance premiums, and more people are eligible.
- **Contribution limits** remain the same for 2010 for 401K plans and IRAs. That's \$16,500 and \$5000 for those under 50 and an additional \$5,500 and \$1000 for those 50 and older.
- **Income limits have been lifted in 2010 for IRA to Roth conversions.**
- **Federal Estate Tax laws have been repealed for 2010,** BUT Congress is expected to at least reinstate provisions in effect in 2009, perhaps with exemption amount changes.
- **New Jersey and New York increased rates** for high income filers. For New Jersey the rate at \$400K goes to 8%, above \$500K to 10.25% and above \$1M to 10.75%. New York's rates are now 6.85% over \$40K in income, 7.85% over \$300K and 8.97 over \$500K.

Philosophy teaches a man that he can't take it with him; taxes teach him he can't leave it behind either.
~Mignon McLaughlin, *The Second Neurotic's Notebook*, 1966