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What you get by achieving your goals is as important as what you become by achieving your goals.

Henry David Thoreau

Happy New Year!

Where did the year go? *Wow*. That was fast. In 2009 we spent a fair amount of time improving our office efficiency and upgrading our technology. Some of it you don't immediately see or feel, but every bit of extra efficiency leads to a quicker and more accurate response to client questions, broader understanding of each client, and more time for investment research and financial planning education. All of this is an effort to better serve you.

We are excited about our new website launch, into which Dan and Aryn Sands have poured much effort. We hope you will use it frequently to your benefit. Thank you for your business in 2009, and we look forward to serving you in 2010.

The Importance of Having Separate Disability Coverage

If you've never taken notice of disability coverage before, it's time to start. Disability insurance protects your ability to earn an income. It provides money to pay your rent, mortgage and basic living expenses if you are injured or sick for an extended period. It's called disability insurance, but think of it as income replacement when you are sick or hurt and cannot work. At any age, you are about six times more likely to become disabled for some period of time than to die.

Think your employer's coverage is enough? Think again. You may have whatever sick leave you have coming, and then if an employer offers short-term disability coverage, it generally doesn't last more than 12 weeks. Some employers offer long-term disability coverage, but you should check the terms of that coverage. Most employer coverage doesn't allow you to take the policy with you. Also, if you're thinking about self-employment, you'll likely need disability coverage. The time to buy is while you're still in your current job, since you might not be able to prove your income in the first year or

two of self-employment.

It never hurts to consult a financial advisor with expertise in this subject, such as a CERTIFIED FINANCIAL PLANNER™ practitioner.

Basic components of long-term disability coverage

Monthly benefits: Depending on your income, long-term disability insurance generally pays 50 to 70 percent of your income up to age 67 or your normal retirement age. Some policies offer the ability to increase coverage as your income rises.

Benefit term: For each disabling incident, your policy may pay benefits for a certain period—two or five years, or until retirement. Some policies even pay for life if disabled prior to age 60.

Buying younger is generally cheaper: Like health and life insurance, the younger you buy, the less you'll pay each year. Your occupation matters because high-risk jobs tend to draw more claims. Like health insurance, the company will consider your medical history and your lifestyle, including your weight, pre-existing conditions and whether or not you smoke.

Premium cost: The premium will depend on a wide array of factors and can vary dramatically from person to person. Factors such as your age and your gender (women pay more for disability insurance because they tend to live longer and may work longer) will be considered.

Non-cancellation provisions: Be sure that once you're approved, the insurer can't cut your coverage unless they decide to stop writing coverage for everyone in your job class. Your policy should also state that the insurer can't raise your rates.

Guaranteed renewable: Like the category above, this means your insurance can't be canceled. The insurer can, however, raise the rates for everyone in the category.

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Own occupation vs. any occupation: If you have “own occupation” coverage, it will pay if you can’t perform the functions of your current job. “Any occupation” coverage pays only if you can’t work at any job where you’ve been reasonably trained to do the tasks.

Elimination period: The elimination period is a big cost determinant in disability coverage. Many policies start paying 30 days after you’ve been declared disabled. But if you specify an elimination period of 60, 90 or 120 days, your premium will be lower. Be very clear with your insurer when to expect your first check based on what elimination period you choose, and place enough money into your emergency fund to cover the elimination period.

Partial payments/Residual benefits: Some policies may offer you ‘residual benefits’ or a partial payment if you’re less than 10 percent disabled, but still can’t perform all the duties of your job.

Important Dates and Limits for 2010

2010 Dates:

- Pershing 1099R (IRA) forms will be mailed by January 31
- Pershing 1099 (B, DIVIDEND, and INTEREST) forms will be mailed by February 15
- Most other custodians will mail tax forms by January 31
- Individual Tax Filing and IRA Prior Year Contribution Deadline is April 15

2010 Limits:

Salary Deferral for 401(k), 403(b) and 457(b) Plans	\$16,500
401(k), 403(b) and 457(b) Plans Age 50 Catch-Up	\$5,500
IRA and Roth IRA Accounts	\$5,000
IRA and Roth IRA Age 50 Catch-Up	\$1,000
Defined Contribution Plan Maximum	\$49,000
Defined Benefit Plan Maximum	\$195,000
SIMPLE Retirement Accounts	\$11,500
SIMPLE Retirement Age 50 Catch-Up	\$2,500
Annual Gift Exclusion	\$13,000

Technology Corner

Silversage Advisors® Website Launch

We are pleased to announce the release of our new website: www.silversageadvisors.com

Our comprehensive website keeps you informed with our services and firm philosophy, and continues your financial education. Most importantly, your Private Client Site organizes your financial affairs in one convenient place. We encourage you to explore our new website and see what it has to offer!

Too “Rich” for a Roth? In 2010, That’s Going to Change

Next year, individuals with a modified adjusted gross income of more than \$100,000 will be eligible to convert a traditional IRA to a Roth IRA. The IRS is offering taxpayers a three-year window in 2010 to pay taxes due on a conversion as part of removing the income limits. You have the option to claim 50 percent of conversion amount as income in 2011 and the remaining 50 percent in 2012. Swings in income or changes to tax rates in those years will affect what you pay on the conversion.

Traditional IRAs allow investors to save money tax-deferred with deductible and/or nondeductible contributions until they’re ready to begin withdrawals anytime between age 59½ and 70½. Roth IRAs don’t provide tax-deductible contributions, but they allow tax-free withdrawal of funds with no mandatory distribution age and allow these assets to pass to heirs tax-free as well. If you leave your savings in the Roth for at least five years and wait until you’re 59½ to take withdrawals, you’ll never pay taxes on the gains. You can convert a traditional IRA to a Roth, but you must pay taxes on any pre-tax contributions, plus any gains.

Keep in mind that conversion might be a good idea for people in lower income tax brackets. Talk to your tax professional about doing a full or partial Roth conversion.

Remember that when you do a conversion, you must pay income tax on the amount you are converting. Since you received a tax deduction on your initial contributions to most traditional IRAs, you must pay the taxes due on those initial contributions and any growth in your IRA. But, subject to certain restrictions, you won’t pay tax when you finally need to withdraw your money. That’s where the silver lining comes in for you and your heirs if you pass that money on to them.

Conversion is a potentially attractive retirement and estate planning idea for all Americans who want to make sure they maximize the assets they have for themselves and for their heirs on a tax-free basis. And the conversion option isn’t available just for traditional IRAs; it can be used for other retirement assets such as 401(k) and profit sharing plans. But anyone considering such a move—regardless of his or her income status—should first review their current retirement asset strategy with a tax or financial advisor such as a CERTIFIED FINANCIAL PLANNER™ practitioner.

Things to consider:

- The longer the time span for earnings to grow, the greater the benefit of being able to withdraw those earnings without paying tax on them.

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The Silversage Family



1 *Silversage & friends on a Saturday morning bike ride at The Luge*



2 *Caroline Garell and Jackson Sands enjoying the Silversage Holiday Party*

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- If you are concerned about having a higher tax rate in retirement, converting to a Roth might make a lot of sense. Additionally, with Social Security benefits being taxable at certain income levels, Roth IRAs can allow you to limit or eliminate such taxes.
- You'll have to pay taxes on contributions that you previously deducted, as well as taxes on the accumulated earnings. Be aware the conversion could push you into a higher tax bracket or trigger Alternative Minimum Tax (AMT) due. This is why a conversion needs to be planned with a tax expert.

If you would like to learn more about starting or converting to a Roth IRA, please call. We are happy to review your facts and circumstances to assist you in determining if the Roth IRA is right for *you*.

Service Spotlight

Tax Reporting for IRAs

Do you ever wake up in the middle of the night wondering what all the various tax forms for your IRA mean? Well probably not, but if the thought has ever crossed your mind, we encourage you to read on and learn more.

1099-R: Whenever you take a distribution from an IRA, or any other type of retirement account, you will receive a 1099-R from the custodian reporting the distribution to you and the IRS. All distributions for a calendar year are totaled and mailed by January 31 of the following year. The form will let you know the total distributed amount, any tax withholding, and the applicable single character distribution code. To learn what a distribution code means, simply look up the corresponding code in the instructions attached to the 1099-R. While there are 25 different distribution code types, a few common codes are: 1: Early, 7: Normal and G: Rollover.

5498: Contributions to your IRA are reported on form 5498, which is mailed to you by May 31 for the preceding year. This form comes so "late" because you can make contributions to an IRA for the prior year up until April 15. Make sure your tax preparer knows if you have made an IRA contribution, since the tax form comes after you file your return. The form also reports the year-end fair market value of your account. If you have not made a contribution for the year, your year-end account statement functions as

your substitute 5498. New for 2009, the 5498 now contains Required Minimum Distribution (RMD) information for traditional IRA owners over age 70½.

8606: The form 8606 is probably the least common of the IRA forms for most clients. If you make nondeductible contributions to your traditional IRA, you should file form 8606 with your regular federal tax return (1040) each year. This is especially important for clients who want to convert their traditional IRA to a Roth IRA, as the form provides the IRS your total basis (nondeductible contributions) for the IRA. Since you never received a tax deduction, the *pro rata* portion of the IRA that your basis represents will not be subject to income taxes upon conversion. If you have made nondeductible IRA contributions but never filed form 8606, you should consult with your tax advisor on how to correct this matter.

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Enduring Financial Wisdom

Securities offered through Gēneos Wealth Management, Inc., Member FINRA/SIPC. Advisory Services offered through Silversage Advisors® and Gēneos Wealth Management, Inc., Registered Investment Advisors.

What's Cooking?

Beef Stroganoff

Ingredients

- 1 lb. beef tenderloin or sirloin
- 4 tbs. all-purpose flour
- dash of salt
- 4 tbs. butter
- 1½ C. sliced fresh mushrooms
- ½ C. chopped onion
- 1 clove garlic, minced
- 1 tbs. tomato paste
- 1 tsp. instant beef bouillon granules
- 1¼ C. water
- 1 C. dairy sour cream
- 2 tbs. dry white wine
- 1 pkg. of noodles, cooked and kept warm

This recipe is by the request of Jack Garell, as it is one of his favorites. Jack likes the beef stroganoff because he loves the flavor of the sauce and thinks the consistency is perfect over chunks of beef and warm pasta. We hope you enjoy it!

Serves four. Double or triple the batch for more servings or leftovers.

- 1** Partially freeze meat. Thinly slice across the grain into bite-size strips.
- 2** Combine 1 tbs. flour and salt in plastic bag. Add meat in batches and shake to coat.
- 3** In a skillet, melt 2 tbs. of butter. Add meat; brown quickly on both sides by laying each piece flat. Do not overcook or meat will be chewy.
- 4** Add to skillet mushrooms, onion and garlic. Cook 3–4 minutes or until onion is crisp-tender. Remove meat and vegetable mixture from pan.
- 5** Add 2 tbs. butter to pan drippings. Stir in 2 tbs. of the flour, 1 tbs. tomato paste, bouillon granules, and a dash of salt. Stir in 1¼ cups water. Cook and stir over medium-high heat until bubbly, then cook and stir 1–2 minutes longer.
- 6** Combine sour cream and remaining 1 tbs. flour. Return meat and vegetable mixture to skillet. Stir in sour cream mixture and wine. Heat through, but do **not** boil.
- 7** Serve over warm noodles.

If you have a recipe that you would like to share with the Silversage family, please email us (info@silversageadvisors.com) or call the office.