

IRA FOR GROWTH & IRA FOR INCOME

For those of you who are 70 1/2 and older, the IRA requires you to take out a portion of your retirement plan each year. This is called a Required Minimum Distribution (RMD). The percentage you must withdraw increases each year. At 70 1/2, one would have to take out approximately 3.65% of the total of all their IRAs.

If you have several IRAs, you can satisfy the withdrawal requirement by taking your RMD from only one account.

We have designed a withdrawal system that splits the IRA into two parts. Part One is to satisfy the RMD and Part Two is to have guaranteed growth.

We have been using a guaranteed growth account that guarantees growth at 7.2%. For example, let's say your IRA is \$200,000. Part One will have approximately \$75,000 and is designed to take out RMDs for 10 years. Part Two will have \$125,000 and will not be touched for 10 years. At 7.2%, the \$125,000 in Part Two will double to \$225,000 - more than what you started with.

To discuss this strategy and find out if it is right for you, call us at 1-877-630-8787 and make an appointment.

ASSET PROTECTION STRATEGY - THE BULLET-PROOF BOX

When I was a kid and watching all those cowboy movies, I remember vividly how the "bad guys" stopped the stagecoach and shouted, "Throw down the strong box!" The cowboy riding shotgun would comply. Once on the ground, the "bad guy" would shoot the lock off the strong box and collect all the loot inside.

The "strong box" we use is a specially-designed trust that can hold real estate and money. The protection is from all the bad "guys" - taxes, nursing home costs, divorces, spendthrift children, estate taxes, probate, etc. And the lock cannot be shot off!

For more information and to see if this works for you, make arrangements to have a telephone consultation with Rich. Call the office at 1-877-630-8787.

HALF OF AMERICANS AT RISK FOR NOT HAVING ENOUGH IN RETIREMENT ASSETS

Have you ever heard of the National Retirement Risk Index? Well, few have. This index, calculated by the Center for Retirement Research at Boston College, shows that 51 percent of US households are now considered at risk for not having enough money to sustain their standard of living in retirement. (In 2004, it was 43 percent and in 2007 it was 44 percent.) This is even the case if they work until age 65, take out a reverse mortgage on their home, and use all their assets, including their mortgage proceeds. This is primarily due to recent stock market losses, decreased home valuations, low interest rates and people living longer.

Time, and POI (predictability of income), are two of the most important allies you can have. If you have five to ten years before retirement, you can place some of your assets into accounts that just go up and don't go down. Sound simple? Well, it is. It is the old-fashioned way of saving by following those two rules. Rule # 1 - Just don't lose the money and Rule #2 - Don't forget Rule #1. There are predictable growth accounts you can use for guaranteed lifetime income and for heirs.

It is never too late to get started. Come in for a free, no-obligation consultation to see if your funds will last for the rest of your life.

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WHAT'S HAPPENING

RICH

The holidays were a bit different for us in 2009. We all felt the absence of Winnie's father who passed away in January of 2009, but we also reveled in the excitement of Christmas through the eyes of our grandson, Wesley. Winnie's mom, Vinnie, has moved to an independent living unit in Brookline that is within walking distance of our home. My mother, Connie is doing well at age 94. We look forward to our visits with her. Our son, Ryan, started a new job in August after graduating from business school. Our daughter and son-in-law, Jamie and Jesse, are still looking for a new home (with a yard). And last, but not least, Winnie and I enjoy our grandson. Of course, he is the smartest child we know.



Wes at Christmas

INSIDE THIS ISSUE

- Asset Protection Guide for the Single Person
- Annuity Proceeds May Be Tax-Free for Long-Term Care
- Income for Life That Increases With Inflation
- Pros & Cons of a Roth IRA Switch
- IRA For Growth and IRA for Income
- Half of Americans At Risk For Not Having Enough In Retirement Assets
- Asset Protection Strategy - The Bullet-Proof Box

SAM

Having a big family with lots of kids makes holiday time very joyous for us. Our family also celebrated my father's 97th birthday. Since that dinner, he has been in and out of the hospital, but he is doing fine overall, thank God. My kids are busy, as always! Devin (15) takes drum lessons. Samantha (13) is in the school play, and my little ones, Ethan (10) and Harrison (9) asked for gerbils from Santa. We were against it, but eventually gave in, making our current count at four kids, two dogs and two gerbils! I hope 2010 is a happy and healthy year for all.



My parents celebrating my father's 97th birthday in November of 2009.

FEBRUARY 2010 SEMINARS

Tuesday, February 2nd - Cafe Escadrille, Burlington

Wednesday, February 3rd - Lombardo's, Randolph

Seminars begin at 10:00 AM

Please call 1-877-630-8787 to make your reservation!

Rubino & Liang is a referral-based company.

Refer a prospect to us and put yourself in our drawing for a restaurant gift certificate!

Best Wishes!

Richard Rubino and Sam Liang

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ASSET PROTECTION GUIDE FOR THE SINGLE PERSON

Single individuals who want to protect assets must take a unique approach. Single people are taxed at a higher rate, have only one tax credit for gifting and estate taxes, and their assets are more at risk if a nursing home is needed. For instance, if a single person goes into a nursing home, their house can be attached immediately and they can only keep \$2,000 in money. A married couple with a stay-at-home spouse and one spouse in the nursing home can keep their home and \$100,000 in money. In addition, single people who do not have children do not have a support person - they are in the rowboat alone, have provided for themselves through their lifetime and will continue to provide for themselves through retirement with only one social security income. It is important to have a plan for the long term.

Retirement income can only be derived from either a balanced account or from a financial product that will guarantee income forever. An immediate annuity is one product available for the single individual. An immediate annuity gives income for the rest of your life, no matter how long you live. The problem with an immediate annuity is that you cannot turn it off. You've given a lump sum in order to get income forever. There are combo products that allow an individual to turn on an income stream that will last the rest of their lives without giving up their principal. So, you can turn on the income stream or turn it off and back into principal. Some of these combo products provide long-term care benefits. In addition to financial planning, it is important for single individuals to put their houses in life estate trusts earlier than married individuals because, again, the law protects married couples if a nursing home is needed. Ask for our article on Life Estate Trusts.

It is also important for single individuals with no children to have a Revocable Trust. A Revocable Trust avoids probate and makes sure that your assets pass on to your beneficiaries without any problems. Otherwise, if your assets are in a Will, they would go through probate and your Will could be challenged.

Call our office at 1-877-630-8787 for articles on Life Estates and Trusts.

ANNUITY PROCEEDS MAY BE TAX-FREE FOR LONG-TERM CARE

More good news for Seniors! Proceeds from certain annuities will be tax-free if they are used for long-term care needs, according to *The Wall Street Journal*. This starts January 1, 2010 as a provision in the Pension Protection Act of 2006. This legislation is seen as a further recognition of the value of annuities for retirement and long-term care needs. As a result of the passage of the Pension Protection Act of 2006, which takes effect in 2010, annuity companies have included long-term care provisions inside newer versions of annuities. Some of the newer versions provide guaranteed lifetime income at a substantially increased rate of withdrawal if the owner loses two out of six Activities of Daily Living (ADLs). There are no medical qualifications required to get this type of coverage. If you have an annuity that was issued prior to 2006, it will not have the long-term care provision described above. There are tax-free transfers available so those with pre-2006 annuities can switch to the newer versions. This is a benefit that required a public and private partnership. Our business is all about asset protection, so we are very much up-to-date on all products currently available. Call us at 1-877-630-8787 for more information.

INCOME FOR LIFE THAT INCREASES WITH INFLATION

Lifetime income annuities are attractive because they promise a guaranteed level of income for life, no matter what happens to the stock market or interest rates. But your fixed payout will buy less when the cost of living rises. To combat that concern, several companies are starting to offer lifetime income annuities that increase the payout to keep up with inflation. Some raise payouts automatically by 3%. The payouts start lower than they do with the fixed version. The importance of inflation protection also depends on your age and how much your regular expenses will grow, whether you have other sources of inflation-adjusted income, such as a pension, and how much money you have invested elsewhere. It is important for asset protection purposes to be able to turn off the lifetime income stream. The ability to turn off the income stream and restore your principal can be of great use when planning to protect assets if a nursing home is needed. A lump sum can, in many instances, be protected but a lifetime income stream that cannot be stopped follows you wherever you go. If you wind up in a nursing home, the income goes with you to pay the bill. So, be careful. If you want flexibility, do not get into a lifetime payout annuity without the ability to turn off the income. There are several good companies that offer this product. Call Sam at 1-877-630-8787 for the list.

PROS & CONS OF A ROTH IRA SWITCH

Does converting to a Roth IRA make sense, or is it nonsense? That question will become increasingly important in 2010 when those with income of more than \$100,000 will be allowed to convert. Until then, only IRA owners with income of \$100,000 or less can convert.

One of the most important factors is also the most unknowable: what tax rates will be in the future. If rates rise over time, paying taxes sooner rather than later could prove to be a brilliant move. However, if rates fall, or slip into a lower bracket, then the conversion could backfire.

If your tax rate stays steady, it makes no difference. Say you have a \$100,000 IRA and you're subject to the 25% tax rate. If you convert to a Roth IRA, you'll owe \$25,000 in tax, leaving \$75,000 in the account. Assuming it doubles in value before you tap the Roth, you'd have \$150,000 of tax-free money. If you left the IRA alone, the \$100,000 would double to \$200,000, and when you pay tax on the full amount in the 25% bracket, you have \$150,000. (There are guaranteed accounts that will double in 10 years).

Trivia, Anyone?

Which singer/movie star would have turned 75 years old on January 8, 2010?

- A. Frank Sinatra
- B. Dean Martin
- C. Elvis Presley

Those who call with the correct answer are placed in a drawing for a prize of two movie passes to AMC Theatres. Take your best guess and give us a call at 1-877-630-8787

Even if tax rates stay the same, the conversion can pay off as long as you pay the tax bill with money from a taxable account rather than raiding the IRA to pay the IRS. Money left in an IRA will grow faster than in the taxable account because compounding won't be diminished by the taxation of interest, dividends and capital gains.

Remember that money you convert is reported as taxable income, and that could bump you into a higher tax bracket. Take a couple whose taxable income is \$45,000 and falls in the 15% tax bracket. A \$100,000 conversion would put them into the 28% tax bracket. This tax bracket roulette means people at the peak of their earning power should probably postpone the Roth conversion until they leave the workforce.

Unlike the traditional IRA, the Roth does not require minimum distributions at age 70 ½, nor does a surviving spouse who inherits a Roth ever have to take distributions. If you don't need to tap into your IRA, you or your spouse could let the account grow for years. Beneficiaries who inherit a Roth will enjoy tax-free withdrawals, while those who inherit a traditional IRA owe tax on every dime.

Those who convert won't have to report any of the income on their 2010 returns. Instead, the converted amount can be reported evenly on 2011 and 2012 returns, so you can pay the bill in installments. But there's a twist. Tax rates are set to rise after 2010. If that happens, it will be better for some people to not spread the income, but instead to report it all in 2010.

If you are willing to pay taxes on your IRA and your intent is to protect the asset for family, a better strategy is to take the after-tax funds and transfer the funds to a "bullet-proof box." The bullet-proof box is a specially-designed trust that protects all funds from all risk - taxes, nursing homes, divorces, bankruptcies, etc. The decision to convert or not is very important. Be sure you explore all the angles before pulling the trigger.

**DON'T FORGET TO LISTEN TO PROTECTING YOUR WEALTH
WRKO 680AM Sundays 9am-10am
WBZ 1030AM Sundays 8pm - 9pm**