



Lions Bridge Financial — News To Use

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Jayne Di Vincenzo, President

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SOCIAL SECURITY: UNDERSTAND YOUR BENEFITS

Jayne Di Vincenzo

Recently Lions Bridge Financial hosted meetings with a representative from the Social Security Administration. Not only were these meetings entertaining (*our PR rep from Social Security was quite humorous*), they were very informative. Here are a few highlights. **Please be sure to also visit www.SSA.gov to learn more about your options and benefits.**

- If you receive a pension for which you did not pay Social Security taxes (example would be federal Civil Service Retirement System or state/local pension), your benefits may

need to be recalculated and may be reduced.

- If you are divorced you will continue to receive or qualify for benefits for that spouse if you are 62 or older if you were married for 10 years or more and have not remarried.

- If you are widowed and have not remarried you will receive your former spouse's benefit, but yours (if you were receiving one) may be reduced or eliminated.

- If you work, your earnings can lower your benefits. Full retirement age is 66 for people born from

1943-1954 and gradually increases to 67 for people born in 1960 or later.

- If you are younger than full retirement age, \$1 in benefits will be deducted for each \$2 in earnings above the annual limit (\$14,160 in 2009).

- In the year you reach your full retirement age, your benefits will be reduced \$1 for every \$3 you earn over a different limit (\$37,680 in 2009) until the month you reach full retirement age. Then, you receive your full benefit payments no matter how much you earn.

WHAT THE JOBS BILL MEANS TO EMPLOYERS

John Peterson, Goodman & Company

A new law could help business owners save a lot of money to hire and retain workers. The "Hiring Incentives to Restore Employment (HIRE) Act," which was signed into law March 18, gives businesses two ways to earn tax credits.

The first tax credit allows businesses to avoid paying their share of Social Security taxes for certain new hires and re-hires. Unlike

traditional tax credits, it isn't tied to year-end profits, and businesses can claim benefits before they file year-end tax returns. Businesses can claim the second tax credit if they retain employees hired for 52 consecutive weeks. This is a traditional tax credit businesses can claim when they file income tax returns.

Because this is a new law, the IRS is still developing

guidance and forms. Here are some details:

Tax credit #1 – Exemption from employer's share of social security taxes.

Limit: 6.2% of wages up to \$106,800 per employee paid between March 19, 2010 and Dec. 31, 2010.

Conditions:

- This is for workers hired after Feb. 3, 2010, and before Jan. 1, 2011.

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ARE YOUR 401(k) EMPLOYEE CONTRIBUTIONS MADE ON TIME?

Anna Hunter, Witt Mares

Final regulations were issued by the Department of Labor (DOL) regarding the timely deposit of employee contributions to qualified retirement plans with less than 100 participants. To comply with the final "safe harbor" standard for segregating participant funds from the employer's general assets, employee contributions must now be deposited into the retirement plan no later than the **7th business day** following the day on which the amount would have been payable to a participant in cash. This safe harbor standard affects "qualified plans" such as 401(k) and 403(b) plans. SIMPLE IRA and SARSEPs still have 30 calendar days to remit employee contributions.

Previously, plan sponsors were required to deposit employee deferrals into the plan at the "earliest date on which such contributions can reasonably be segregated from the employer's assets, but not later than the 15th business day of the month following the month in which the participants' contributions are withheld from the employees' compensation" (29 CFR 2510.3102).

Many plan sponsors focused on the "15th business day" language in the regulation but the DOL has consistently taken the position that employee funds must be deposited as soon as they can reasonably be segregated from the company's general assets. Unfortunately, DOL agents applied this position in different ways, resulting in inconsistent enforcement. Plan sponsors needed guidance to determine what the DOL considered a reasonable time limit.

The Final Regulations safe harbor rule clarifies that employers sponsoring a small pension plan can be confident employee contributions will be considered deposited timely if the amounts are deposited in the plan no later than the 7th business day following the date the contributions and loan repayments were received by the employer, or the date the amounts would otherwise have been paid to the employee as compensation. The new safe harbor rule was effective January 14, 2010.



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WHAT THE JOBS BILL MEANS TO EMPLOYERS -Continued from Page 1

- Workers must have been unemployed for 60 days before being hired or worked less than 40 hours per week during that time.
- If workers were hired to fill an existing position, they must replace an employee who quit or was fired for cause.
- With few exceptions, workers who were hired or re-hired cannot be related to the employer.
- Private and not-for-profit employers can claim the credit but not public-sector employers, with the exception of colleges and universities.

This tax credit can be claimed for the first time as businesses prepare their *second* quarter payroll tax returns. Businesses can count wages paid March 19 and later. Before businesses can claim the tax credit, they must obtain a signed affidavit from the new worker confirming their status. *The IRS will issue an affidavit form soon.*

Tax credit #2 –Retained employees. Limit: As much as \$1,000 for each qualified employee.

Conditions:

- The worker must have met the initial hiring criteria detailed in Tax Credit #1.
- The worker must be employed for 52 consecutive weeks and hired between Feb. 3, 2010 and Jan. 1, 2011.
- Credits will be initially claimed on tax returns for years ending after March 28, 2010 (with few exceptions on 2011 tax returns).
- Wages during the last 26 weeks of the consecutive 52 weeks must be at least 80 percent of the first 26 weeks.
- The credits for Tax Credit #2 are subject to certain limitations based on another employment related tax credit (Federal Work Opportunity Tax Credits), potential alternative minimum tax issues and an inability to "carry-back" unused credits to the preceding year.



John Peterson, CPA, Goodman & Company

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EVERYONE HAS A LONG TERM CARE PLAN— WHAT'S YOURS?

Bart Barton, Esquire, Mulkey, Reid & Barton, P.C.

At some time we or a family member may need to spend extended time receiving non-hospital care while recovering from an accident or as the result of aging. The expense for long term care is stressful on most budgets and can extinguish a life-time of savings quickly if not properly planned for. A personal long-term care plan will help ensure your family is ready if and when care is needed and could achieve the best use of personal assets and available public sponsored programs.

What is long-term care?

Modern LTC is not your grandmother's "nursing home." While that term is still in common use, today our care system has expanded to a multi-layered approach. LTC can be in-home, day care or in-facility providing a spectrum of required services from companion to assisted living, skilled nursing and cognitive issues. An additional consideration is the mix of care provided by family members and friends and those purchased from professional providers and the cost can range from several thousand dollars per month for in-home assisted living to over three times that amount for a skilled nursing facility. Care provided by family members can be less costly, but it is not without expense consequences such as loss of work, not to mention the personal stress that can result from caring for someone.

What should you include in a plan?

While not the only element of a LTC plan, the cost can be significant and should be a primary consideration. Current average monthly cost for a skilled nursing facility in most of Virginia is \$6,000-\$7,000. There are multiple sources of funding for long-term care but not all are universally available. The main sources are payment from personal savings, government/public benefits and veterans' benefits.

Most patients start LTC by paying out-of-pocket. For planning purposes, a three to five year in-facility stay can cost from \$200,000-\$360,000. One way to help offset the cost of LTC is to purchase long term care insurance. The average LTC policy provides up to \$150 per day or \$4,500 per month. Most LTC policies can be used to pay for assisted living and skilled nursing expenses but many have some limitation on the number of months for payment. Lions Bridge Financial has several long term care products and plans that may meet your coverage needs and help protect your assets.

Medicaid may be available as a public benefit for some care recipients. Medicaid benefits are provided under federal law but administered by states. Medicaid is primarily available for those with low incomes and few investment assets (typically \$2,000 is the maximum you can have) and depends on available public funds. In Virginia, the Department of Medical Assistance Services (DMAS) is responsible for administering this benefit. Learn more at (www.dmas.virginia.gov).

Eligible veterans have another avenue for LTC needs. The Veterans Administration (VA) provides an array of support (www.va.gov) on behalf of veterans. One program is the "Improved Pension." Under this program, tax-free income can be available for the veteran and living or widowed spouse under "Aid & Attendance." In 2010, this benefit will pay up to \$1,949 for a qualified applicant and spouse. Additionally, the VA and the Virginia Department of Veterans' Services (www.dvs.virginia.gov) operate LTC facilities within the Commonwealth.



So what's your plan? The financial stress that accompanies the need for LTC can be alleviated with help from a well thought out plan. See your financial advisor or an Elder Law attorney for more information and advice on including long-term care in your Life Planning. *Harold H. Barton, Jr., Esq., Mulkey, Reid and Barton, P.C. is not affiliated with, nor endorsed by LPL Financial or Lions Bridge Financial, and is a separate entity.*

RECIPE CORNER—BLACK BEANS & RICE SPRING SALAD

After a long day working in the garden, it's nice to be able to have a light refreshing meal that the whole family will love. Be sure to let us know how your Spring Salad turns out, and send us YOUR favorite recipes!

Black Beans & Rice Spring Salad

Ingredients:

- 2 cups cooked white rice, cooled to room temperature
- 1 cup cooked black beans (substitute 1 can of black beans rinsed and drained)
- 1 medium tomato chopped
- 1/2 cup shredded cheddar cheese
- 1 tablespoon fresh snipped parsley
- 1/4 cup prepared Good Seasons Italian Dressing
- 1 Tablespoon lime juice
- Lettuce leaves

Combine cooked rice, beans, tomatoes, cheese and parsley in large bowl. Pour dressing and lime juice over rice mixture. Toss lightly. Chill and serve on top of large lettuce leaves with sprig of parsley garnish.





CAPITAL GAINS TAX RATES

Assets held longer than one year	0% for taxpayers in the 10% or 15% bracket and 15% for taxpayers in higher brackets
Unrecaptured Sec. 1250 gains	25%
Collectibles	28%

EDUCATION CREDITS AND DEDUCTIONS

Credit/Deduction/Account	Maximum credit/ deduction	Income phase outs begin at AGI of:
American Opportunity Tax Credit (replaces the Hope Credit in 2010)	\$2,500 credit	\$160,000 Joint \$80,000 Single
Lifetime learning credit	\$2,000 credit	\$100,000 Joint \$50,000 Single
Savings bond interest tax-free if used for education	Deduction - limited to amount of qualified expenses	\$105,100 Joint \$70,100 Single
Coverdell	\$2,000 maximum contribution; not deductible	\$190,000 Joint \$95,000 Single



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