



December 2010 Issue

Welcome to our December edition of Directions.

What's new at our practice...

Happy Holidays from our Staff —

- Jason, Sonia, Susan, Carlyn, Darlene, Randy, & Joyce would like to wish all of our clients a very Happy Holiday Season!

*Tax Organizers & Annual Newsletter to hit the mail
January 3rd —*

- All tax clients, please watch for your organizer package in the mail very soon. Included will be our annual newsletter with important dates for the upcoming tax season. Be sure to make your appointment early.
- If you signed up for our e-Organizer, you will be receiving an email with these details around the same time.
- If you have not already signed up for, but would like to be included for an e-Organizer, please email darlene@jvituccifinancial.com to let us know.

Food for Thought

8 Critical Wealth Issues –

- A healthy and successful financial life is dependent on addressing a variety of financial issues in concert. We have identified 8 critical wealth issues that need prioritization and attention by most people at some point in their financial life. These include:
Investments, Risk Management/Insurance,

Liabilities/Fiscal Fitness, Retirement, Tax Efficiency, Estate/Legacy, Executive Compensation, and Business & Succession Issues.

Fiscal Fitness: Twin Demons of Inflation and Taxes –

- There is little doubt that these two key opponents to client financial success will rear their heads at some point in your financial life. Two blog entries by Jason address these foes individually.
- **Inflation:** Given the recent surge in commodity prices, is it reasonable to think that current measures of inflation are correct?
(<http://exileeconomy.blogspot.com/2010/12/inflation-what-inflation.html>)
- **Taxes:** How far can we kick the can down the road?
(<http://exileeconomy.blogspot.com/2010/11/elections-taxes-qe2.html>)

529 Plan vs. Coverdell Educational IRA –

- When it comes to education tuition planning, the 529 plan has been wildly popular for its tax-free growth and withdrawals for qualified college education expenses. But for those taxpayers who qualify, do not forget about the Coverdell Educational Savings Account. These also allow withdrawals for private high school tuition. Be sure to talk to Jason about some other key differences.

Featured Wealth Management Thought

What You Don't Know About Life Insurance

Many of us are conditioned to believe that a family only needs to own life insurance on a primary breadwinner.

The common perception is that life insurance is primarily needed to help protect young families in the event that a major wage earner dies before the children are grown. The reality is that far more people either need or could benefit from owning the appropriate life insurance policy. Here are some uses for life insurance that you may never have

considered.

To help replace both the income and the nonfinancial resources provided by a household member other than the primary breadwinner. Many households overlook the need to protect against the loss of a family member whose primary contribution to the household may not necessarily be money but unpaid work that helps support the primary breadwinner's ability to earn money. For example, consider a family in which one spouse works and the other spouse cares for small children and oversees other household responsibilities. If something were to happen to the stay-at-home spouse, the surviving earner might find it difficult to keep working and provide care for the children. The cost of child care or an in-home worker to help take care of the kids could be substantial, and if the surviving spouse is unable to meet them, he or she could be forced into working less, saving less for retirement and college, and/or adopting a lower standard of living.

To cover a mortgage, final expenses, taxes, and debts. People who have no dependents or a spouse often believe that they don't need life insurance. But one of the primary reasons to own life insurance is to pay bills and other expenses that would otherwise be borne by someone else, such as parents, other family members, or any heirs. Life insurance can help pay debts, medical bills, funeral and burial expenses, and probate costs, as well as help increase the size of the decedent's legacy.

To leave a legacy. A life insurance policy can help turn a modest financial gift into a large legacy. In some cases it may make more sense to use money that was earmarked for a charity, family member, or friend and instead use it to buy a life insurance policy with the charity or heir named as beneficiary. As long as the donor can keep the policy in force, the amount of the death benefit may be far greater than the cost of the premiums.

To help generate income. Policyholders may borrow against the accumulated cash value of a permanent life insurance policy for a number of uses, such as supplementing retirement income, paying off a mortgage, or sending family members to college. Access to cash value is

through withdrawals or loans. Policy loans do not have to be repaid, but they reduce the cash value and death benefit by the amount of any outstanding loan balance plus interest. One additional benefit: withdrawals and loans are not subject to income taxes.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure that you are insurable. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

There are other ways that life insurance can help benefit you and your beneficiaries. We can help you evaluate the role that life insurance could play in your overall financial situation.

Happy Holidays,

Jason Vitucci, CFP®

The information in the above article should not be construed as investment advice or a recommendation. Neither the named Representative nor Broker/Dealer gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. If expert assistance is needed in these areas, the reader is advised to engage the services of a competent professional. Please consult your Financial Advisor prior to making any investment decisions.

CA Insurance License # 0F59894

Securities and advisory services offered through First Allied Securities, Inc., A
Registered Broker/Dealer, Member: [FINRA/SIPC](#).