

Googins & Anton

Investment Advisors

Newsletter - December 16, 2010 - "Year End"

Greetings!

2010 marches to an end and while we are in the business of helping people make good investment and financial decisions, tax planning enters the category of "speculating" this year. Should you/we assume tax rates and brackets will become less favorable in 2011 and pull income, if possible, into 2010? How about accelerating income deductions into 2010 because "high income earners" do not prorate their expenses this year? The right moves can save you significant income taxes, but "Congress" can't decide what the rules are.

Should you convert regular IRA's to Roth IRA's? An advantage in 2010 is that you can convert this year but delay paying the income tax until 2011 and 2012. But that is a risk also as tax rates may be higher in upcoming years. You use tax rates for the year income is deferred to, not the rates in effect this year. If you have read articles identifying unintended consequences possible when converting to Roth IRA's, you realize the decision is complicated. You just might pay more taxes in some other area due to the Roth conversion.

Tax on capital gains is also confusing. If your tax bracket is 15%, your dividends and capital gains will not be taxed in 2010. Next year they might be taxed at 20%. If your tax bracket is higher, you do pay taxes on capital gains this year, and those taxes could also be higher next year.

The media has taken up the issue of bond portfolios. While we are reducing bonds in some portfolios, selling bonds is not quite the linear decision the financial writers imply. Bonds were either bought for appreciation **or** overall stability and income.

We believe the economy will continue to improve slowly. We like slow and steady; we have had enough of "fast and foolish". The country is in "the long grind of de-leveraging" and that should allow the United States to experience continued and sustained growth in upcoming years.

The stock and bond markets suffered severe shocks in 2008 and 2009, but they have rebounded significantly. Many of your portfolios are close to the peak reached in October of 2007. That was a one time high that will lose its significance as we continue to grow as a country and reach new highs.

Gross domestic product is positive and the recession officially ended in June of 2009. History is no guarantee but it is one of the best teachers we have and it does show that progress continues after severe downturns.

Things to Consider: (1) If you would like to convert an IRA to a Roth IRA before year end, just call us for the correct forms. The task needs to be accomplished a few days before year end. (2) You must take a required minimum distribution in 2010 if you are over 70 and ½. If you have not taken yours this year, please give us a call ASAP. (3) You can now access your accounts held at Saxony/Pershing by going to www.Googins.com and clicking on Client Access if you previously registered and setup passwords.

As the year comes to an end we reflect on the good that has been experienced and thank you for your patronage. We are always happy to be referred to “new clients” who are just like our “old clients.”

Sincerely yours,

Louise, Tracey, Brenda, Michael