

SOLUTIONS

November ♦ 2009

Professionally Speaking....

In order to provide our clients with the finest financial services, St. Clair CPA Solutions is firmly committed to continuing education and professional development. We proudly announce these recent employee achievements:

Nicholas R. Luciano was awarded the Certified Investment Management Analyst (CIMA®) designation, offered exclusively by the Investment Managers Consultants Association. Since 1988, this elite program has been offered only at The Wharton School of the University of Pennsylvania and the University of California at Berkeley. Held by only about 4,000 people nationwide, the CIMA designation represents the highest levels of credibility, integrity, and knowledge. The rigorous CIMA curriculum includes asset allocation, investment policy, manager search and selection, performance measurement and attribution, behavioral finance, risk management, derivatives, legal and regulatory environment, and ethics.

Robert B. Welch received his professional designation as a Registered Financial Consultant (RFC®). Presented by the International Association of Registered Financial Consultants, the RFC recognizes advisors who "meet and document seven stringent requirements of education, experience, examination, integrity, licensing, ethics, and a significant amount of continuing professional education." The RFC, the premier credential in the field of financial planning, is awarded to candidates who pass an examination and complete 40 hours of continuing education per year.

Madeline G. Weinrebe has earned certification as a QuickBooks ProAdvisor®. Certified ProAdvisors are specially trained QuickBooks experts who have completed the QuickBooks Certification Course and passed Intuit's Certification exam. Weinrebe has more than 25 years of small business accounting and tax experience and is one of the few area ProAdvisors who is also a Certified Public Accountant.

Contact Nick, Rob, and Madeline in our Merchantville, NJ office at 856.482.5600.

Dear Clients and Friends

Bill St. Clair Receives GNPCC Fellowship Award

William P. "Bill" St. Clair, CPA, a founding shareholder of St. Clair CPAs, P.C. and St. Clair CPA Solutions, was honored with the Greater Northeast Philadelphia Chamber of Commerce *Fellowship Award* at the 87th Accolades Ball on November 13, 2009.

Announcing the award, GNPCC president Al Taubenberger said, "The Greater Northeast Philadelphia Chamber of Commerce selected Bill St. Clair for his 22 years of service to the people of the Commonwealth, and especially for his dedication and commitment to the residents of Northeast Philadelphia. The Fellowship Award is designed to honor those who have put the public's interests ahead of their own, and Bill's distinguished record in the community makes him an outstanding choice for this award."

Please join our employees, clients, and friends in congratulating Bill on this outstanding recognition.



Bill St. Clair (center) receives the Fellowship Award from GNPCC President Al Taubenberger and Sally Danciu, chair of the Accolades Ball.

Congress Extends Tax Incentives

Two popular, but temporary, tax incentives have been granted a new lease on life under legislation that extends unemployment compensation benefits. The Worker, Homeownership, and Business Assistance Act of 2009 (H.R. 3548), signed into law by President Obama on November 6, 2009, extends those incentives and more. Following several weeks of negotiations, the new law was approved in rapid-fire succession, first by the Senate, 98-0, on November 4 and then by the House, 403-12, on November 5.

The first-time homebuyer credit and expanded five-year net operating loss (NOL) carryback, both originally scheduled to expire this year, have been extended and enhanced into 2010. Many homebuyers who are not first-timers will now be eligible for a tax credit up to \$6,500, with first-time homebuyers qualifying for a maximum \$8,000 credit through at least April 30, 2010. Similarly,

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Roth IRA Conversion Opportunity for 2010

Roth IRAs provide a nice vehicle for future tax-free earnings. Unlike traditional IRAs, Roth contributions are not tax-deductible, but when they are distributed, the distributions are generally tax-free. Starting in 2010, there are no income or filing status restrictions on Roth IRA conversions. This gives taxpayers the opportunity of converting their traditional IRA to a Roth to take advantage of tax-free distributions in the future. While a Roth conversion provides an opportunity for future tax-free earnings, it also triggers income taxes on previously tax-deferred amounts in your traditional IRA. Your current tax rate, as well as your expectations regarding future tax rates and the possibility of tax law changes, will be issues to consider as you weigh a possible conversion.

One big benefit to converting in 2010 is that the income from a 2010 conversion will not be taxed in 2010, but rather will be taxed over the next two years: one half

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Strategic Planning for Collecting Social Security

Some people work into old age because they need the income. Others work because they want to. Whatever the reason, extending your working years even a little can make a big difference. Besides receiving current income, working longer avoids the actuarial reduction in Social Security (SS) benefits, allows you to contribute more to your retirement plan, and reduces the retirement period.

Researchers at the Center for Retirement Research at Boston College have found that most married men claim SS benefits at age 62 or 63, well short of the age that maximizes the expected present value (EPV) of the average household's benefits. When men collect SS benefits too early, surviving spouses receive much lower benefits, leaving widows with low incomes. But when married men delay claiming SS benefits, retirement income security significantly improves.

SS benefits may be claimed at any age between 62 and 70. Women typically claim spousal and survivor benefits because they usually live longer and earn less. Generally, the longer you delay claiming benefits, the higher your monthly benefit will be when you start receiving benefits, but factoring special spousal and survivor benefits provided by Social Security for married couples makes calculating expected benefits a complicated task, and can yield unexpected results. For example, while her husband is alive, a wife will receive the greatest EPV benefit when claimed at age 62, because the increase gained by claiming at a later age is too low to compensate for men's shorter life expectancy.

In their 2007 report, Boston College's Sass, Sun, and Webb, say, "The length of time wives can expect to receive the survivor benefit, by contrast, is independent of the age at which she or her husband claims. But her husband's monthly benefit, which generally becomes her survivor benefit, rises about 7-8% each year that he postpones claiming up to the Full Retirement Age (FRA) – currently age 66 – and up to that amount thereafter until age 70.5. Since the resulting rise in the monthly survivor benefit is not offset by a reduction in the duration of benefit receipt, a husband's later claiming age has a large positive effect on the EPV of his wife's survivor benefit."

In our next issue we'll discuss how the "claim and suspend" strategy can boost the claiming options for single-earner couples. To discuss your strategic plan for collecting social security benefits, please contact your adviser directly or email info@cpa-solutionsllc.net.

Congress Extends Tax Incentives, cont.

nearly all businesses will be able to take advantage of expanded NOL carryback treatment for either 2008 or 2009 NOLs. The new law also excludes from income qualified military base closure payments.

In Our Community

When **John M. Duffy, CPA**, a staff accountant with St. Clair CPAs, P.C., learned that the nonprofit **Philadelphia Fight Rugby League Club** needed accounting assistance, he volunteered to help. "The club is only a few years old and doesn't have a lot of revenue, so they were seeking an accounting sponsor," says John. Now we are proud to provide annual tax returns and business consulting for the Club, which is a member of the American National Rugby League (AMNRL). To learn more about the Rugby League and follow the team's competitions, visit www.fightrugby.com.

Our **Community Service Committee** helps St. Clair CPA Solutions give back to its community by coordinating company-wide service projects. St. Clair employees generously donate their time year-round, and particularly at the holiday season, when we annually support Philabundance (www.philabundance.org), Adopt-A-Family (www.philacares.com), and CityTeam Ministries (www.cityteam.org/philadelphia/) by collecting and sorting food and donating gifts for children. If you're looking for an easy way to help those less fortunate this holiday season, simply bring a donation of canned food or a new, unwrapped toy to either our Conshohocken or Merchantville office and we'll deliver it to our charitable partner organizations. Or visit these organizations online to learn more about their activities and/or make a financial contribution. Happy Holidays!

Roth IRA Conversion Opportunity for 2010, cont.

in each of 2011 and 2012. You may also elect to report all the income from the conversion on your 2010 return. There may also be opportunities to convert amounts being held in employer plans in order to take advantage of future tax-free earnings. Call us to discuss the many opportunities available and the pros and cons of a Roth conversion as they relate to your specific situation.

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Please contact us if you have any questions or would like more information about these topics.