
THE NEILL NETWORK NEWS

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*"We help our
clients find ways
to save taxes
and plan
for the future."*



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of
G. Wayne Neill,
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Financial Market Update

We have finally begun to see some stabilization in the financial markets this quarter. It has been nice to open my statements and see my investment values going up again!

The 1980's and 1990's were a time of unprecedented growth in the financial markets, but in terms of historical perspectives that growth could not continue forever. What we have experienced in this first decade of the 2000's is a reversion to the norm. It is easy to focus on the negative of the last few years and forget that growth we experienced for almost 20 years.

As bleak as the performance of the financial markets in the 2000's has been, history again shows that this will not last forever. Eventually, the financial markets will improve (we are beginning to see some signs of this now).

As one mutual fund company says, "***It is time, not timing, that makes money in the stock market.***" Unfortunately, some people do not heed this advice and make decisions based on fear. If you have gotten completely out of the market, read on.

Remember, most people have a much longer-term investment horizon than they realize. Sure, we all know that someone in their 30's has a long time to recover from a down market. But, consider that more people in their 60's will live to age 90 and beyond. Even this person has more time to recover from a down market than they may first think.

So if you have stuck with your investment plan like I have through this difficult recent market, congratulations! I believe you will be rewarded over time for your patience.

On the other hand, if you have gotten out of the market and are sitting on cash, let's get together and talk about how to move forward!



Wayne's Favorite Baseball Movies:

1. *Field of Dreams*
2. *Bull Durham*
3. *The Natural*
4. *The Rookie*
5. *Major League*



Favorite Lines from *Field of Dreams*:

Shoeless Joe Jackson:
'Is this Heaven?'

Ray Kinsella:
'No, It's Iowa.'



\$250,000 Bank Deposit Account Insurance Limit Extended

On May 20, 2009, President Obama signed the Helping Families Save Their Homes Act of 2009. Included in the legislation was a provision that postpones until January 1, 2014 the expiration of the \$250,000 limit on Federal Deposit Insurance Corp. (FDIC) insurance for bank deposit accounts. The limit was raised in 2008 from \$100,000 per depositor at a given institution, and had been scheduled to revert to the previous \$100,000 limit on December 31, 2009.

The legislation covers all account categories other than: (1) IRAs and certain other retirement accounts, which will continue to be covered up to \$250,000 per owner after January 1, 2014, and (2) non-interest bearing transaction deposit accounts, which temporarily have unlimited coverage and are insured under the Transaction Account Guarantee Program, which is still scheduled to expire after December 31, 2009.

The Act also extended to January 1, 2014 the National Credit Union Share Insurance Fund's \$250,000 share insurance coverage of accounts at credit unions.

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Higher Taxes are Coming!

A number of important tax provisions sunset at the end of this year. When Congress reconvenes in the fall, it is almost certain that major tax legislation will be coming.

It is no secret that the Government has "invested" several trillion dollars into the struggling economy. Where has all this money come from? Additional Government borrowing, of course!

My guess is that Congress is not going to wait forever to start paying off some of this debt. Unfortunately, most of the repayment will probably come in the form of higher taxes.

I would not be surprised to see a major revision of the estate tax this next year, which may require some of you to take a look at your estate plan.

Also, I would not be surprised if tax rates start creeping up soon, especially for anyone earning more than \$100,000 a year. This will make it important to revisit your tax plan and make sure you are taking advantage of strategies that can reduce your tax bill.

We will provide our clients with a summary of any important tax provisions as soon as they are passed by Congress and signed into law by the President.



2009 401k and IRA Contribution Limits:

401k plans

\$16,500

Additional
contribution of
\$5,500 allowed if
over age 50

Traditional and Roth IRA Contributions

\$5,000

Additional
contribution of
\$1,000 allowed if
over age 50

**Check with your tax
advisor to decide if
you can contribute
to a Traditional or
Roth IRA.**



KEEPING UP WITH THE DOW JONESES



Market/Index	2008 Close	Prior Week	As of 6/26/09	Week Change	YTD Change
DJIA	8,776.39	8,539.73	8,438.39	-1.19%	-3.85%
NASDAQ	1,577.03	1,827.47	1838.22	+0.59%	+16.56%
S&P 500	903.25	921.23	918.9	-0.25%	+1.73%
Russell 2000	499.45	512.72	513.22	+0.1%	+2.76%
Fed. Funds	.25%	.25%	.25%	0 bps	0 bps
10-yr Treasuries	2.24%	3.79%	3.51%	-28 bps	+127 bps

(As found June 29, 2009 at Forefield.com)

*Note: These are market indexes that you cannot invest in directly. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy.

Roth IRA Conversion

Under present law, you must have Adjusted Gross Income of under \$100,000 a year to convert part or all of your Traditional IRA to a Roth IRA.

This \$100,000 income limitation is set to expire at the end of 2009. Since the government will be looking to raise additional tax revenues, my guess is that this will not be affected by any new legislation (no guarantees, of course!)

Does converting to a Roth IRA make sense? The answer is – it depends. This is really something that needs to be reviewed on a case-by-case basis.

One general rule of thumb. If you do not have money outside of your Traditional IRA to pay the income taxes due on conversion, it does not make sense to convert.

If you would like to come in and discuss converting to a Roth IRA from your Traditional IRA, please call me for an appointment.

Did you know?

That I can help you with your life insurance needs?

We work with a number of top companies—so If you have a need in this area don't forget to give us a chance to earn your business.



Retirement Planning Tip:

Are you a couple who is close to or has already retired? Have your retirement plan assets taken a hit in the last 2 years?

Maybe it makes sense to purchase life insurance to provide some income producing assets for the surviving spouse.

Give me a call if you would like to discuss this idea.

The 10 Most Important, Practical Rules for Spending Down Your Retirement

1. It is up to you to educate yourself and have a realistic plan to pay for your retirement years.
2. Start your planning with the realistic assumption that you must spend dramatically less once you retire. Costs probably will be higher, and your disposable income likely will decrease due to inflation.
3. For best results, think in terms of saving for and creating a monthly "retirement paycheck" for yourself.
4. Get advice from a qualified financial planner on how best to use your retirement assets, including your pension, 401(k), and the value of your home.
5. Working longer and delaying Social Security up to age 70 will dramatically improve your quality of life by giving you the "Retirement Triple Play":
 - You will receive a much larger overall monthly benefit, and all Social Security retirement benefits are adjusted for inflation.
 - You will keep adding to your retirement nest egg instead of depleting it too quickly.
 - You may keep your healthcare benefits longer.
6. Aim to work until you're at least 66, but save and plan your spending as if you were going to retire at 60.
7. You do not know whether your retirement will last less than 10 years or more than 40 years. To be prepared for reaching advanced age, continue saving and making wise investments even during your retirement.
8. Have a plan for healthcare coverage and out-of-pocket medical and healthcare expenses.
9. If at all possible, pay off your mortgage and otherwise reduce your housing costs before retiring. Likewise, don't retire if you still have credit card and other consumer debt.
10. Never forget that your retirement money is being targeted by sophisticated con artists, Internet fraud, and financial scams. Make no decisions too quickly, and never without double-checking the facts. Live by the rule that if it sounds too good to be true, it almost always is.