

## 2011 NEW YEAR'S NEWSLETTER

### THE HARTFORD PRESENTATION

Cheryl, Lorraine, and Vikki attended The Hartford Mutual Funds Portfolio Managers meeting on Thursday, December 9. We heard presentations from managing directors of The Hartford's fixed-income funds, as well as an overview of current market opportunities by Lindsay Seward from Wellington Management Company. The general consensus from these speakers is that the economy is gaining traction and opportunities exist for the long-term investor in both fixed-income (bond markets) and equities (stock markets). Individual securities must be selected within these markets with a keen eye towards investing in quality.

2010 brought further market recovery. The Dow Jones Industrial\* is up 78% and the S&P 500 is up 85% from their March 9, 2009 lows. 2010 certainly wasn't a smooth ride. The markets in the second quarter gave back all of the first quarter's gain and more. It wasn't until the third quarter that the markets began to steadily rise. While we are still not back to the market highs of 2007, we continue to remind clients that the pendulum has been swinging in a more favorable direction these past 21 months, and that we're here to guide you through these continuing volatile times.

*\*All indices are unmanaged and investors cannot actually invest directly into an index. Past performance is not indicative of future results. The NASDAQ Composite Index measures all NASDAQ domestic and non U.S. based common stocks listed on the NASDAQ Stock Market. The Dow Jones Industrial Average is a price weighted average of 30 actively traded blue chip stocks. The S&P 500 Index is a broad-based measurement of changes in stock market conditions based on the average performance of 500 widely held common stocks.*

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## **WEBSITE UPDATE**

Cheryl and Lorraine travelled to Boston on December 21 to tape a private session with Ms. Kathryn Jordan Capage, Director of Retirement Research for Invesco Advisers, Inc, for Hart & Patterson clients. Ms. Capage based her discussion of law and policy changes impacting retirement plans and social security on her extensive Capitol Hill experience. The resultant webinar, "What's New on Capitol Hill" is slated to be available on our website ([www.hartpatterson.com](http://www.hartpatterson.com)) under the News and Webinars tab by the end of the month. At this time there is a video problem with the presentation that we hope to have resolved in the next two weeks. If we are unable to resolve the issue we will have the audio of the interview available on the website. **If anyone would rather view this session in our Amherst office, please contact Barbara to set up a time.**

## **TAX YEAR 2010 RETIREMENT PLAN CONTRIBUTIONS**

Please note that we need to receive your 2010 retirement plan contribution checks by April 11, 2011 to allow time for processing. If you are not able to make this date, you may send your checks directly to the appropriate investment company.

## **TAX YEAR 2011 RETIREMENT PLAN CONTRIBUTION AMOUNTS**

### **IRAs**

Tax year 2011 IRA contribution limits remain unchanged. Individuals under age 50 may contribute \$5,000 and individuals age 50 and older may make an additional "catch-up" contribution of \$1,000 for a total of \$6,000.

Clients who have not yet contributed for tax year 2010 have until April 15th of 2011 to make their annual contribution.

### **TSA/403(b), 401(k)**

The contribution limit for participants under age 50 is \$16,500. Participants age 50 and older may make an additional "catch-up" contribution of \$5,500 for a total of \$22,000.

### **Simple IRA Deferral Contributions**

Participants under age 50 may contribute \$11,500 in 2011. The "catch-up" contribution provision available for participants age 50 and older allows for an additional \$2,500 for a total of \$14,000.

### **Profit-Sharing Plan Contribution/Deduction Limits**

The employer deduction limit for profit-sharing plans remains at 25%. This continues to allow substantially increased annual contributions for employers who use or allow multiple contribution options, such as profit-sharing, matching, and after-tax contributions.

### **RMDs (Required Minimum Distributions) FROM RETIREMENT PLANS FOR INDIVIDUALS TURNING 70 ½ in 2011**

If you have retirement accounts through our office and you are going to have your 70<sup>th</sup> birthday during 2011, we will contact you to discuss your RMD options. As always, please feel free to contact us if you have any questions.

### **PLEASE CONTACT US IF YOU RETIRED LAST YEAR OR ARE PLANNING TO RETIRE IN 2011 AND ARE MAKING SYSTEMATIC INVESTMENTS THROUGH OUR OFFICE TO RETIREMENT ACCOUNTS**

If you are no longer working we will need to terminate any automatic/systematic investments that you may have had established for your various retirement accounts (i.e. IRAs, Simple IRAs, SEPs) so that contributions are not made in 2011.

### **2011 LIMITS FOR TAX DEDUCTIBILITY OF LONG-TERM CARE INSURANCE PREMIUMS (for "qualified" policies)**

Premiums up to the limits below are considered unreimbursed medical expenses and are deductible to the extent that they, along with other unreimbursed medical expenses, exceed 7.5% of your adjusted gross income.

Amounts above the limits specified here are not considered to be a deductible medical expense.

<b>Attained Age before the Close of 2011</b>	<b>Maximum Deduction</b>
40 or less	\$340
more than 40, but not more than 50	\$640
more than 50, but not more than 60	\$1,270
more than 60, but not more than 70	\$3,390
more than 70	\$4,240

## **RIDGEWOOD CLIENTS**

K-1 Reminder: All clients owning units of Ridgewood during 2010 should wait until the receipt of K-1(s) from those investments before completing income tax returns. K-1s are generally mailed to you at the very end of March.

**Just a reminder – revised 1099's are always a possibility from investment companies.**

## **OUR INCOME TAX SERVICE**

The 2010 Tax Organizers for our tax clients will be in the mail by mid-January. Tax information for 2009 will be included in the Organizer for those of you who were tax clients last year. If we have not prepared your income tax returns in the past and you would like us to do so this year, please call our office as soon as possible.\*\*

*\*\*Representatives of Cambridge do not offer tax advice. Penny Manners is not affiliated with Cambridge Investment Research, Inc.*

## **TAX SEASON INFO: HOURS and DEADLINES**

### **Hours**

- Our office will be open Monday through Thursday from 8am – 4pm.
- Our office will be closed on:
  - Monday, February 21<sup>st</sup> in observance of President's Day
  - Friday, April 15

### **Please note:**

- 1) Massachusetts residents have until Tuesday, April 19, 2011 to file their 2010 federal and state tax returns due to the timing of Patriot's Day.
- 2) Other New England residents have until Tuesday, April 19<sup>th</sup>, to file their federal tax return, but only until Monday, April 18, 2011 to file their 2010 state tax returns.
- 3) Any federal tax return efiled by Hart and Patterson Financial Services will be due by Tuesday, April 19<sup>th</sup>.
- 4) Non-New England residents have until Monday, April 18<sup>th</sup> to file federal and state tax returns.
- 5) We need to receive your 2010 retirement plan contribution checks by April 11, 2011 to allow time for processing. If you are not able to make this date, you may send your checks directly to the investment company.

## **ADV ANNUAL OFFER (fee based clients only)**

Each year the SEC requires that we offer our Fee Based asset management clients (i.e. SEI) the opportunity to request a copy of Cambridge Investment Research, Inc.'s ADV filing. If you are interested in receiving this ADV filing, please call our office and we will forward a copy to you.

## **QUESTIONS/CONCERNS**

As always, please contact our office whenever you have questions or concerns.

## **MISCELLANEOUS**

Please let Barbara know if you would like to receive our newsletters via email. Please email her at [Barbara@HartPatterson.com](mailto:Barbara@HartPatterson.com).

With tax season coming, we'd like to remind you not to transmit anything to us with social security numbers or account numbers via fax or email. Please black out the social security numbers or account numbers before faxing or emailing.

One last reminder -- Please do not email any investment instructions to us. Industry regulations do not allow us to accept or act upon any investment instructions received via email. However, please feel free to email us with any questions or concerns that you may have. Everyone's email address in our office is their first name followed by @HartPatterson.com.

## **THANK YOU**

With the start of the new year, we once again want to thank you for your loyalty. We sincerely appreciate it and will continue to work our hardest to earn it.

*The Hart & Patterson team wishes you a joyous and healthy 2011!*

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