

2012 NEW YEAR'S NEWSLETTER

Hart & Patterson – Past, Present, and Future

April 2012 is our 20th anniversary. It is with gratitude that we look back over the last twenty years and with great excitement that we look into the future. All those years ago, it was critical to us to create a local and independent financial planning firm that consistently provided clients with the best service, top quality investment options, and the most current investment strategies. As time has marched on, we have faced many challenges, but our goals have not changed. Our most recent challenge has been to determine how to have our firm remain local and independent well into the future.

Lorraine was in the first wave of independent financial planners in this country. Cheryl began her career just as the second wave began. Historically, when financial planners reached retirement age, they have sold their firms to a bank, insurance company, or another business entity. Generally, the original firm's culture becomes nothing but a memory once the takeover or merger occurs. The other common option that many planners have taken is to "die at their desks." We don't want to take either of these routes.

We are planning for the future of the firm – working to make sure that there are financial planners and staff in place and trained to continue serving you, our clients, once Cheryl retires. In addition to Vikki Lenhart, we plan to hire another financial planner within the next two years. As you know, Lorraine has transitioned into a role that allows her to spend much more of her time on the long term vision of our firm. In addition, she continues to guide the investment selection and portfolio strategies that are critical to your financial success. She enjoys the flexibility in her schedule that allows her to pursue her many interests outside of the financial-planning world.

Our goal is to continue to position our firm as one of the elite independent financial planning firms in the country well into the future. The structure of H&P is unique. We work as a team, to assure that our investment philosophy and suggestions are consistent, whether a client talks to Cheryl or Vikki or another, future financial planner. Our firm offers over 115 years of dedicated experience working with individuals, families, foundations, and scholarship funds. Within our group, we have three CFPs, two Masters Degrees, one Law Degree, two MBAs, three Series 7 licenses, four Series 6 licenses, one Series 24 license, one Series 26 license, four insurance licenses and one CLTC

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license. We look forward to continuing to put this experience to work for you and will be adding more staff to assure that the next generation is ready to continue the work we have started.

We share this information with you hoping that you will have comfort knowing that our firm will remain local and independent and that the shared values that are important to us will continue to guide our firm for many, many years. This is not Cheryl's retirement notice; we are just putting our plan in motion so that we can all have the peace of mind that comes when a plan has been thought through and implemented.

Thank you, again, for the confidence you've placed in us for past twenty years. We are very excited about our futures together.

Tax Year 2011 Retirement Plan Contributions

Please note that we need to receive your 2011 retirement plan contribution checks by April 11, 2012 to allow time for processing before the April 17th deadline. If you are not able to make this date, you may send your checks directly to the appropriate investment company.

Tax Year 2012 Retirement Plan Contribution Amounts

IRAs

Tax year 2012 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.

TSA/403(b), 401(k)

The contribution limit for participants under age 50 has increased to \$17,000. Participants age 50 and older may make an additional "catch-up" contribution of \$5,500 for a total of \$22,500.

Simple IRA Deferral Contributions

Participants under age 50 may contribute \$11,500 in 2012. 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 2012

If you have retirement accounts through our office and you are going to have your 70th birthday during 2012, 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 2012 and are Making Systematic Investments to Retirement Accounts Through Our Office

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 2012.

2012 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.

Attained Age before the Close of 2012	Maximum Deduction
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 2011 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. We expect Ridgewood to terminate during 2012 which will mean 2012 will be the last tax reporting year for this program. We will keep you posted.

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

Our Income Tax Service

The 2011 Tax Organizers for our tax clients will be in the mail by mid-January. Tax information for 2010 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, January 16th in observance of Martin Luther King, Jr. Day
 - Monday, February 20th in observance of President's Day
 - Friday, April 6 (Good Friday)

Please note:

1. We need to receive your 2011 retirement plan contribution checks by Wednesday, April 11, 2012 to allow time for processing. If you are not able to make this date, you may send your checks directly to the investment company.
2. Taxpayers have until Tuesday, April 17, 2012 to file their 2011 federal and state tax returns.

Do you Have Piles and Piles of Files?

Record Retention by Attorney Penny A. Manners** – Penny, who prepares income tax returns for many of our clients, concentrates her legal practice on all aspects of estate planning and administration.

How long should you keep household, personal, and financial records? Keeping everything forever is the safest answer, but is impractical and unnecessary. The length

of time each type of record should be retained varies according to its use. Please note that all records should be shredded when their useful life has been exhausted. Below are some general guidelines for various types of documents. Please note you should contact your lawyer or accountant if you have any specific questions regarding specific documents.

Record Type:	Retention Time:
Bank Deposit Slips	Until reconciled with the bank's statement
Tax Returns as Filed	Minimum of 7 years
Tax-Related Income and Deduction Documentation	7 years
Documents affecting the basis of asset	Life of the asset
Receipts (major purchases)	Life of the asset
Warranties	Duration of the Warranty or until Asset disposed of
Investment purchase confirmations and 1099s	As long as investment is owned and then retain with other tax documentation for 7 years.
Pay Stubs	Until reconciled with W-2
Brokerage and retirement statements	Hold monthly and quarterly statements until the next statement is received; hold annual statements until investments are sold
-Birth and Death Certificates -Marriage licenses and Divorce decrees -Military Discharge Papers - Social Security Cards	Forever
Vehicle Titles	Until the vehicle is sold
Life-insurance policies	Forever (unless a term policy, then when policy's term is reached)
Retirement and Pension Plan information	Forever

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ADV Annual Offer (fee based clients only)

Each year the Securities and Exchange Commission (SEC) requires that we offer our Fee Based asset management clients (i.e. SEI, Curian) 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.

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.

Lorraine's Famous Recipe Section

Molten Chocolate Cakes With Raspberry Coulis

Serves 6.

Preheat oven to 450 degrees

5 oz bittersweet chocolate, chopped

1 1/4 sticks unsalted butter

3 eggs

3 egg yolks

1 1/2 cups powdered sugar

1/2 cup all purpose flour

Butter six 3/4 cup ramekins. Stir chocolate and butter in heavy saucepan over low heat till melted. Cool slightly. Whisk eggs and yolks in large bowl to blend. Whisk in sugar, then chocolate mixture and flour. Pour batter into ramekins. Bake cakes till sides are set but center remains soft and runny, about 9-11 minutes. Run small knife around cake to loosen. Immediately turn cakes onto plates. Spoon raspberry sauce around cakes.

Raspberry Coulis - makes 1 cup

1 ten ounce bag frozen raspberries

2 tablespoons confectioners sugar

1 teaspoon fresh lemon juice

Puree all in blender. Pour mixture through fine mesh sieve into bowl. Keeps 3 days covered and chilled.

Arugula and Quinoa Salad in Citrus Vinaigrette

Enough arugula and other lettuce to make 4 servings

1/4 cup cooked quinoa

1/2 cup chopped nuts like pecans, walnuts or hazelnuts

1/4 cup golden raisins

16 chopped dried figs

6 clementines, skin and pith removed and sections separated with white skin removed,
OR small can mandarins oranges

Feta cheese

1. Cook quinoa according to package directions. Reserve 1/4 cup and let cool.
2. Combine lettuce and arugula in a large bowl.
3. Prepare clementines, add to lettuce.
4. Add nuts, chopped figs and raisins and quinoa and toss to combine.
5. Add salt and pepper to taste and enough of vinaigrette to coat ingredients. Crumble feta cheese on top and serve.

Citrus vinaigrette: Cut a fresh lemon in half and squeeze out 1/2 of lemon into a bowl, removing seeds. Add enough extra virgin olive oil so that the ratio of lemon juice to olive oil is 1/3 lemon juice, 2/3 olive oil. Add 1/2 teaspoon of Grey Poupon mustard and a pinch of salt and pepper. Put all in a jar and shake until mixed. Add enough vinaigrette to coat the salad, to taste. Reserve rest for another use. Crumble feta into salad and serve.

Thank You

We send a heartfelt thank you to you all for giving us the opportunity to work with you. We sincerely appreciate the trust you have placed in us and will continue to work our hardest to earn it.

The Hart & Patterson team wishes you a joyous and healthy 2012!

Lorraine A. Hart
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