



News You Can Use

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How New Tax Breaks Could Benefit Annuities

On Sept. 27, 2010, the Small Business Jobs Act of 2010 was signed into law. It affects more taxpayers than its name suggests - including annuity holders.

Under the new law, investors who hold annuities outside of retirement plans have more flexibility. That's because the law permits just a portion of an annuity to be annuitized, provided that the annuitization period is 10 years or more or is for the life of the annuity holder. In other words, an annuity holder can now draw income off part of an annuity while allowing the rest of the annuity to continue growing.

Imagine that an investor, aged 65, has invested \$100,000 in a deferred annuity with a total current value of \$150,000. He would like to draw a reliable income stream from \$75,000 of that annuity.

This hypothetical investor could easily segregate \$75,000 of his total current annuity value into a separate portion that has a term of 10 years or longer. He could then draw income from that portion of the annuity only.

There are potential tax benefits to this. In this hypothetical example, any taxes owed are due only on the \$75,000 that was separated. The remaining \$75,000 in the original annuity can accumulate income on a tax-deferred basis.

The tax information in this article is merely a summary of our understanding and interpretation of some of the current laws and regulations and is not exhaustive. Investors should consult their tax counsel for advice and information concerning their particular circumstances.

We Build TAX FREE RETIREMENTS

401k's, IRA's, SEP's, Keogh's – All Tax deferred plans that you may have and at some point **Uncle Sam** is going to come knocking!

We can show you how to avoid all of that with virtually **NO RISK!**

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What's New? What's Fun? What's Hot?

Following are some useful links from the web that are sure to provide you with some interesting ways to save money and entertain yourself:

Think Ahead for Cheap or Free In-Flight Wi-Fi
from Unplgd.com

This site has some terrific tips on how to save money and stay connected when away from home.

More: <http://tinyurl.com/2e48dox>

Kid-Approved
from Make

Sooner or later we all need a few fresh ideas of what to do with the kids. It doesn't matter whether you are a parent, grandparent or simply a family friend, these super-fun ideas are sure to make the time fly while everyone enjoys the fun. Learn how to make everything from ultra-cool rooms complete with chalkboard walls using chalkboard paint that you make yourself to LED dice and Storm Trooper helmets, all with the help of Makezine. These are so fun you might just want to try them out on your very own.

More: <http://tinyurl.com/6atzoc>

Top 10 Fast-Food Recipes You Can Make at Home
from Lifehacker

This could very well be one of the most delicious recipe sites on the web. Discover the secret ingredients that make movie popcorn taste so good and learn why McDonald's fries are a family favorite. You can find out how to re-create some of the most beloved fast foods in the nation right in your own kitchen.

More: <http://tinyurl.com/2b5uzjk>

NEWS YOU CAN USE

Harel Alkalai
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Options for Handling Estate Taxes

Estate planning is about to get easier for taxpayers and better for heirs, thanks to a deal by President Barack Obama and top Senate Republicans.

Under the deal, the top rate on estate taxes is 35% and the exemption is \$5 million per individual.

Those changes drastically reduce the number of people affected by the estate tax.

Economist Robertson Williams of the nonpartisan Tax Policy Center estimates the new law could cut by the number of taxable estates by 50% over the 2009 law.

The deal is only for 2011 and 2012, after which the top rate would again be 55% and the exemption \$1 million per individual.

Estate Planning Options

Thus, regardless of when, or where, the estate tax ends up, you may want to consider estate planning options.

One of those options may include

something called a Grantor Retained Annuity Trust (GRAT).

A GRAT is technically an irrevocable trust.

You place assets, such as cash, stocks, bonds, mutual funds or real estate, into the trust. But you, the grantor, retain the right to an annuity from the trust for a fixed time period you specify when you set up the trust.

At the end of that time period, the assets you've placed into the GRAT pass to the beneficiary you named.

GRAT Advantages

GRATs have significant estate tax benefits.

If you survive the term of the GRAT, the value of the property in the GRAT at that time is removed from your estate.

You could save a significant amount of money.

Contact us if you would like more information about GRATs or traditional annuities.

Are You at Risk from 'Insurance Gaps?'

Do you have enough insurance to meet your – and your family's – needs now, and in the future? If you don't, you are putting yourself at risk of serious financial trouble if something goes wrong with your health, your home, your job or your finances.

That's why I am offering you a free, no-obligation "Insurance Check-up" to make sure your insurance needs are adequately covered. I won't try to push you into buying insurance. I'll just give you the honest facts about your current insurance status.

Just give my office a call at **612-217-0157** to arrange an appointment for a no-fuss, professional consultation.

Tax Free Retirement

If you have been told it is not possible to have a Tax Free Retirement...

You have been misled!

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