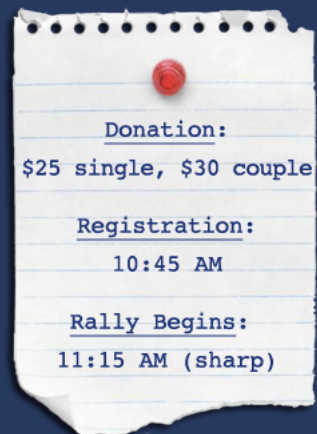




The Lora Phillips Foundation will hold its Seventh Annual Memorial Motorcycle Rally and Poker Run on **Saturday, October 2, 2010** at Woodpecker's Pub & Grub in New Kensington, Pennsylvania.



The rally celebrates the life of Lora Lee Phillips who died in an automobile crash in 1987. All proceeds aid in the funding of endowed scholarships at Penn State New Kensington and Indiana University of Pennsylvania. The scholarships are awarded to students who have distinguished themselves by extracurricular involvement and service as well as showing financial need.

Festivities following the event will feature food, beverages, and live entertainment.

For directions and to register, visit our website at www.loralee.org, or call 724-334-1950, or send an email to info@loralee.org, or visit us on Facebook.

Continued from page 1, "The Basis of Long Term Financial Health"

The best for long term growth - stocks.

Stocks have the best chance of achieving higher returns over long periods of time.

Charitable donations.

Charitable donations are also good ways to have another tax deduction.

Geographic allocation.

The virtues and risks inherent when we invest in other countries. For example: mutual funds and variable annuity subaccounts may be dedicated to investing in only one country (Japan), or investing in an entire region (Pacific).

Obviously, spreading our investment dollars and allocating between a number of choices should lower the overall risk in our portfolios.

It is important to ensure that you will not outlive your money by guaranteeing a stream of lifetime income in retirement, long before its needed. Properly planning for issues that may threaten our source of income or estate is also important. This would include life insurance, prepaying funeral expenses, long term care insurance, and disability insurance.

Focus on asset allocation more than on individual picks.

Your long term returns are impacted by how you divide your portfolio between stocks and bonds.



What is to come?

On January 1, 2011, you can expect to see new tax hikes. These new tax laws will effect everyone from families to small business owners.

Here are a few insights on what is expected to happen in 2011:

- The expiration of the 2001 and 2003 tax relief.
- Personal income tax will rise.
- The "death tax" will return.
- Health insurance will be listed as INCOME on your W2's.

These are just a few of the changes being made. See insert for more information.

In future issues we will further explore this matter to better inform you of upcoming changes in our tax laws. Also, contact us with any questions and we'll help you get a better grasp of these changes.

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- Health Reform Overview P.2
- Upcoming Events P.4



Message from the President

When preparing for the future, you must consider possibilities that may set you back financially. After all, anything is possible; unexpected illness, or death, unexpected bills, even changes in tax laws. Whatever the case may be, you should feel comfortable knowing that these issues will not take a serious toll on your financial situation. Preparing for the future, when it comes to your finances, can be time consuming, stressful, and difficult to understand. That is why we are here. We want to help lessen the burden of financial decision making. Together we will develop a plan of exactly what you would like in your financial future, address any concerns or questions, and review available choices. Together we can put together a plan to ensure the best life choices for you and your family!

Ralph



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The Basis of Long Term Financial Health

Meet with a qualified financial advisor specializing in all aspects of wealth building and wealth preservation, such as investment and retirement planning, estate planning (through advanced insurance), tax planning, budgeting, health and long term care planning, and final expense planning. The final goal should be a thorough and comprehensive review and research process, resulting in the completion and setting in place of three distinct plans:

1. A comprehensive retirement accumulation plan. (if age 50 or under)
2. A comprehensive retirement income plan. (if age 50 or higher)
3. A comprehensive retirement lifestyle plan.

The following are some, but not all aspects of, (or items), that should be addressed in one or all of the plans.

Save as much as you can as early as you can.

It's never too early to start saving, the sooner you begin, the more your money will grow. The power of compounding allows your money to gain each year and build on the prior years. This is the best way to accumulate wealth.

Set realistic goals.

You need to be honest about what you want your lifestyle to be after retirement. After knowing how you

want to live, then comes how much that lifestyle will cost. Then you must coordinate Social Security and other sources of retirement income with how much you have saved.

IRA's have huge tax breaks like a 401(k).

One of the easiest and best ways to save for retirement...401(k).

One benefit of signing up for a 401(k) is the instant tax deduction and tax-deferred growth on your savings. There also is, usually, a matching contribution from your company.

Another way to get a savings and tax-advantage a boost is an IRA. Individual Retirement Accounts have huge tax breaks like a 401(k). A Roth IRA, by contrast, does not allow for deductible contributions but offers tax free growth. A traditional IRA offers tax deferred growth.

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Performance - Any investment performance illustrated is past performance and is not indicative of nor does it guarantee future results. Investment return and principal value will fluctuate so that an investment, when redeemed, may be worth more or less than the original cost.
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Timeline for Health Reform Implementation Overview

Reform will unfold incrementally. Although some major elements of reform begin in 2010, others will be implemented over the course of several years. In 2014, the most substantial changes - including shared responsibility for coverage, expansion of Medicaid, insurance exchanges, and creation of an essential benefits package - will take effect.



Early retirees: A temporary reinsurance program will help offset the costs of expensive premiums for employers providing retiree health benefits.

Access to care: Funding will be increased by \$11 billion over five years for community health centers and the National Health Services Corps to serve more low-income and uninsured people.

Small business tax credits: Small businesses (25 or fewer employees and average wages under \$50,000) that offer health care benefits will be eligible for tax credits of up to 35 percent of their premium costs for two years.

Coverage for young adults: Parents will be able to keep their children on their health policies until they turn 26.

“Doughnut hole” rebates: Medicare will provide \$250 rebates to beneficiaries who hit the Part D prescription drug coverage gap known as the “doughnut hole.”-

Benefit disclosure: Employers will be required to disclose the value of benefits provided for each employee’s health insurance coverage on the employee’s W-2 forms.

New payment and delivery approaches: A new Center for Medicare and Medicaid Innovation will test reforms that reward providers for quality of care rather than volume of services. Medicare will increase payment for primary care physicians by 10 percent for primary care services.

CLASS Act: A national, voluntary insurance program for purchasing community living assistance services and support (CLASS) will be established. All working adults will be automatically enrolled - unless they opt out - through payroll deductions that, after five years, will qualify them for monthly payments toward services to help them stay at home should they become disabled.

Medicare value-based purchasing: Medicare will reward hospitals that provide higher quality or better patient outcomes.

Administrative simplification: Health insurers must follow administrative simplification standards for electronic exchange of health information to reduce paperwork and administrative costs.

Shared responsibility for coverage: Individuals will be required to carry health insurance, and employers with 50 or more workers will be required to offer health benefits or be subject to a fine of \$2,000 per employee (not counting the first 30 employees) if any worker receives governmental assistance with premiums through the insurance exchanges.

Insurance industry fee: Insurers will pay an annual fee, based on market share, to help pay for reform.

New rules for insurers: Insurers will be banned from restricting coverage or basing premiums on health status. Annual, in addition to lifetime, limits on benefits are banned.

Premium subsidies: Premium and cost-sharing assistance on a sliding scale will make coverage affordable for families with annual incomes between \$30,000 and \$88,000 that buy plans through the exchanges.

Medicare managed care plans: Four- and five-star Medicare private plans will receive 5% bonuses as a reward for providing better clinical quality and patient experiences.

High-cost insurance plans: Insurers will face a 40 percent excise tax on policies with premiums over \$10,200 for individuals or \$27,500 for family coverage.

2010

2011

2012

2013

2014

2018

High-risk pool: People with preexisting conditions who have been uninsured for at least six months will have access to affordable insurance through a temporary, subsidized high-risk pool. Premiums will be based on the average health status of a standard population. Annual out-of-pocket costs will be capped at \$5,950 for individuals and \$11,900 for families.

Protection for children: Insurers can no longer deny health coverage to children with preexisting conditions or exclude their conditions from coverage.

Preventive care: All new group and individual health plans will be required to provide free preventive care for proven preventive services. In 2011, Medicare also will provide free preventive care.

Annual review of premium increases: Health insurers will be required to submit justification for unreasonable premium increases to the federal and relevant state governments before they take effect, and to report the share of premiums spent on nonmedical costs.

New insurance rules: Insurance companies will be banned from rescinding people’s coverage when they get sick, and from imposing lifetime caps on coverage. Restrictions will be placed on annual limits.

Pharmaceutical manufacturer fee: An annual, nondeductible fee will be imposed on pharmaceuticals and importers’ branded drugs, based on market share.

OTC drug reimbursement restrictions: Over-the-counter drugs not prescribed by a doctor will no longer be reimbursable through flexible spending accounts or health reimbursement arrangements, or on a tax-free basis in health savings accounts.

Physician quality reporting: Medicare will launch a Physician Compare Web site where beneficiaries can compare measures of physician quality and patient experience.

“Doughnut hole” discounts: Medicare beneficiaries in the Part D prescription drug coverage “doughnut hole” will receive 50% discounts on all brand-name drugs. By 2020, the “doughnut hole” coverage gap will be closed.

Premium share spending: Health plans in the large-group market that spend less than 85% of their premiums on medical care, and plans in the small-group and individual markets that spend less than 80% on medical care, will be required to offer rebates to enrollees.

Flexible spending limits: Contributions to flexible spending accounts (FSAs) will be limited to \$2,500 a year, indexed to the Consumer Price Index (CPI).

Insurance exchanges: New state-based marketplaces will offer small businesses and people without employer coverage a choice of affordable health plans that meet new essential benefit standards.

Essential benefits package: The Department of Health and Human Services will establish an essential standard benefits package for policies sold in the exchanges and individual and small-group markets with a choice among tiers of plans (bronze, silver, gold, and platinum) that have different levels of cost-sharing.

Independent payment advisory board: A new independent payment advisory board within the executive branch will work to identify areas of waste and federal budget savings in Medicare. The board’s recommendations must not ration care, raise taxes, or change Medicare benefits, eligibility, or cost-sharing.

Medicaid expansion: Medicaid eligibility will be expanded to all legal residents with incomes up to 133 percent of the federal poverty level. Currently, states have different - and in many cases very low - eligibility thresholds, and most states do not cover adults without children.

Source: Jeanne Lee . “The Sky is Not Falling”, July 2010: pages 61-63. Financial Planning.