



THE BARROWS SOLLENBERGER GROUP, PC

Helping our clients acquire, grow & preserve family wealth in a tax efficient manner.



Our Mission

Help our clients make and keep their money.

Ensure our clients achieve their financial goals.

Serve our clients in an efficient and timely manner.

Exceed our client's expectations daily.

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A Message from the Partners -

The recession has prompted a new consciousness for people to become more educated about their financial security.

Below are a few insights of financial wisdom that we would like to share with you. We hope it helps you to become more educated about YOUR financial security.

- ◆ **Invest in yourself**-Your own earning power is rooted in your education and job skills. This is the most valuable asset you'll ever own, and it can't be wiped out in a market crash. Keep your earning power growing through continuous education, training, and personal development.
- ◆ **Protect yourself and your loved ones**-Before you acquire any financial assets, make sure you have enough insurance against life's big risks: serious illness, disability, and early death. Most people, young families in particular, are woefully underinsured, especially for disability.
- ◆ **Borrow sparingly**-Use credit only to purchase things of lasting value: a home, education, or maybe a car. Pay cash for everything else. Take advantage of the credit card company's free 30-day loan by charging responsibly and paying off the bill in full every month.
- ◆ **Pay yourself first**-If you feel you never have any money "left over" for investing after you pay all your bills, try reversing the bill-paying process. Make the first check you write each month a deposit to your mutual fund, money market, or brokerage account. Then pay all your regular monthly bills, finishing up with the credit card bill. If you're having trouble paying that last bill, trim your discretionary spending, but keep paying yourself first.
- ◆ **Don't always try to hit a homerun**-In investing, as with baseball, those who swing for the fences do hit the occasional home run. But they strike out often too, and their lifetime batting average (average annual total return) suffers accordingly. So shy away from highly volatile stocks, IPO's, buying on margin, and commodity trading. *Don't try to time the markets, because no one does it consistently well.* Use dollar-cost averaging to invest regularly in markets good, bad and lackluster. Have the patience to wait out the occasional (and inevitable) bear markets.
- ◆ **Diversify, diversify, diversify**-Successful investors have always known that any one class of assets (stocks, real estate, bonds, cash) will have its day in the

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You can't build a reputation on what you are going to do.— Henry Ford

Did you know.....

There are 133 million people in the US living with a chronic health condition. That number is expected to increase by more than 1% a year to 150 million by 2030. 75% of people with chronic health conditions are younger than 65.

People with disabilities constitute the nation's largest minority group, *and the only group any of us can become a member of at any time.*

Your most important asset is not your home, car, jewelry or other possessions. It is your ability to earn a living. Think about it: All of your plans for the future, from buying a home, to putting your kids through college, to building a retirement nest egg are based on the assumption you will continue to earn a paycheck *until you retire*. But what would happen if those paychecks stopped? That's where disability insurance comes in. It provides an income to you and your family if you are unable to work because of illness or injury.

Find out about enrolling through your employer. If your employer does not offer disability insurance or if you would like to purchase additional insurance, **call Denise Barrows at 717-267-3572**, to calculate the correct amount of insurance you need to protect your current standard of living.

Look who's helping the IRS in its fight over misclassified workers!

PA is the most recent to enact legislation for misclassification of Independent Contractors in the Construction Industry.

Independent contractor arrangements have come under fire lately from both state and federal governments. Pennsylvania recently went a step further, enacting legislation governing independent contractor arrangements in the construction industry. On October 13, 2010, the Construction Workplace Misclassification Act was signed into law. The Act provides criteria for classifying independent contractors within the construction industry and imposes a variety of penalties for misclassifying employees as independent contractors.

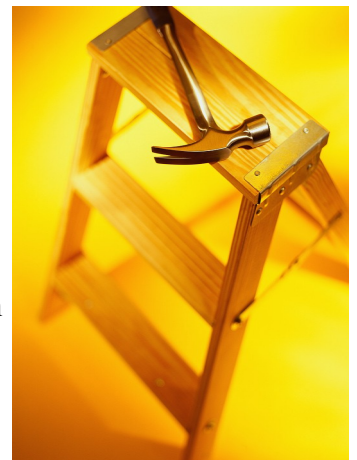
To be properly classified as an independent contractor under the Act, and also for purposes of Workers' Comp. and Unemployment Comp., an individual must:

1. Have a written contract to perform services in the construction industry for compensation.
2. Be free from control or direction over the performance of such services.
3. Be engaged in an independently established trade, occupation, profession or business with respect to such services.

Further, in order to meet the third part of the requirement above, *the individual must:*

- ◆ Possess the essential tools, equipment and other assets necessary to perform the services.
- ◆ Be able to sustain a profit or a loss as a result of performing the services.
- ◆ Perform the services through a business in which he or she has a proprietary interest.
- ◆ Maintain a business location separate from the location of the person for whom he or she is performing the services.
- ◆ Maintain liability insurance during the term of the contract of at least \$50,000.

If you have any questions about these guidelines, **please feel free to contact Lynne Smith at 717-267-3572.**



Are you wondering IF, and when, you can afford to retire?

If you went into spend-down mode, living only on savings, Social Security, and incidental income, what would your future be? There are various paths to consider, depending on your age, health, savings, pensions, legacy goals, family circumstances, risk tolerance and market conditions. If you spend too much early on, your money might not last.

If ever there were a time to consult a financial planner, this is it—When you are wondering if, and when, you can afford to retire. You need someone to run the numbers, under various saving and investment scenarios, to help you match your future spending to your available income.

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The magic number is 4 percent. You should plan on withdrawing no more than 4 percent of your total savings in the first year. Four percent isn't a lot of money out of \$100,000. That might be enough if you have a pension as well as Social Security. If not, the sooner you figure that out, the better. While you're still working, you can focus on "retirement prep"—increasing savings, cutting spending, and reducing debt.

What if you realize that your money won't last? **Call Denise Barrows at 717-267-3572** to review your portfolio and ensure that you're on target to meet your goals. There are other options - working longer, returning to work, or maybe a reverse mortgage.

IRS Reduces Penalties if Tax Cheats Come Clean!

The IRS is offering people with undisclosed income from offshore accounts an opportunity to participate in a new voluntary disclosure initiative in order to get current on their tax returns. The 2011 Offshore Voluntary Disclosure Initiative will be available only through August 31, 2011.

The 2011 initiative has a higher penalty rate than the IRS's previous disclosure program, which ended on October 15, 2009, but offers clear benefits to encourage taxpayers to disclose foreign accounts now rather than risk IRS detection and possible criminal prosecution. Under the new program, tax evaders must pay back taxes, interest and delinquency penalties for the past eight years, if accounts have been held that long. In addition, they will have to pay a penalty of up to 25 percent of the highest annual amount in the overseas account from 2003 through 2010.

The 2009 program provided the IRS with many leads on the bankers and financial advisers who help Americans hide assets. The IRS is now investigating a number of other banks and is tracking the flow of illicit money.

The IRS expects enforcement efforts to increase after new reporting requirements for foreign financial institutions takes effect in 2013. The IRS is getting better at detecting offshore accounts. *Therefore, the risk of being caught is increasing.*

Leaving A Legacy Plan

We will all leave this world sometime. Why leave unanswered questions with those we love?

Two things are certain: death and taxes. Some of us grasp that reality early, we create wills, living trusts and estate plans. Other deny this reality and leave their heirs with perplexing questions, added stress and even anger when they pass away.

The truly farsighted among us opt for a full-fledged legacy plan.

How does a legacy plan differ from an estate plan? An estate plan determines a destiny for your assets. A legacy plan does that and more: it communicates your values, wishes, memories, and financial directions.

If you ask someone about the “why” of estate planning - that is, why should you have an estate plan in the first place - the instant response is “to avoid estate tax”. That is certainly a good reason to create an estate plan - **but it may not be the best one.**

A legacy plan can convey your values and wishes when it comes to the following matters:

- ◆ **The distribution of the estate** - selecting a steward, showing that person how these assets are to be managed according to your values and outlook.
- ◆ **The future of a family business** - you can share the knowledge only the owner and founder has, you can establish who will own it after you, who will manage it and who will benefit financially from it.
- ◆ **Protecting your business (and your estate) from “predators and creditors”** - taking steps to insulate the business (your heirs) against lawsuits, outstanding debts, and intrusions of relatives or past associates.

A legacy plan imparts wisdom that your successor may use to guide inherited assets in the future, so that these assets might endure for more than a generation. In other words, it gives your heirs and your business some answers to the question “what do we do now” and “what would he/she have wanted us to do”.

A good legacy plan transmits values, instruction, and guidance to ease a family’s burden when it comes to settling financial and business issues at a time of grief. **Call Denise for guidance on how your legacy can last long after you are gone.**

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doghouse and its day in the sun. *That is why you’ve got to own all of them*, in a mix that is right for your age, income, family responsibilities and tolerance for risk.

- ◆ **Live simply today for a more comfortable tomorrow**-Deferred gratification is no fun, but it’s the only way we know to fund your long-term goals; college for your kids or grandkids, vacation home you’ve always wanted, or early retirement. Take a close look at your current lifestyle, and if you see a lot of spending that is dispensable, consider it found money for the bigger dreams in your life.

"If you can find a path with no obstacles, it probably doesn't lead anywhere."

– Frank A. Clark

- ◆ **Give generously to create a better world**-When you share your good fortune by donating your money, your time and talent to charity, you help create a stronger economy and a healthier, safer world. Consider contributing to education, church, social service agencies, the arts, medical research, or whatever you value most.