

# ROSS WEALTH ADVISORS

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## THE ROSS REPORT

### Greetings!

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Welcome to "The Ross Report", a monthly newsletter designed to provide you with tips and updates so that you can "Live Well" during your retirement years.

**Please feel free to forward this FREE newsletter to any of your friends and relatives who you believe might find the information within helpful.**



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And if for some reason, you would no longer like to receive this newsletter, it's really easy to take your name off the list at the bottom.

Enjoy reading!

Don Ross

## Opening Thoughts

Here's Judith just before competing in her first horse show....later on this morning (Saturday June 18) she went on to win 1st place in her age category....where was Dad? I was the loud guy cheering in the stands.  
I love my Judith and am so proud of her.

Don



Judith in first horse show.

## In This Issue

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## Good News

Everywhere you look, you see nothing but doom and gloom in the headlines. So let's see if we can find any good news out there...

Here's a few bits that I found reported on Yahoo! Finance over the past week:



- Corn Products International, a U.S. corn refiner and maker of sweeteners, agreed to buy Akzo Nobel's National Starch unit for \$1.3 billion.
- Biovail and Valeant Pharmaceuticals International will form a new company under the Valeant name.
- Ralcorp will buy American Italian Pasta Co. for about \$1.2 billion.
- The Treasury Department reported that about 436,000 borrowers have dropped out of the \$75 billion mortgage aid plan as of last month.
- The median price of existing homes sold in May was \$179,600, up 2.7% from a year earlier.
- Apple reported that it has sold 3 million iPads in 80 days.
- A vintage sign that marked an intersection near the New York Stock Exchange sold for \$116,500 at auction.
- A Business Roundtable survey shows 39% of CEOs expect to boost payrolls in the second half of 2010, 17% say jobs will drop and 43% expect no change at all.
- The number of high net worth individuals with assets of \$1 million or more surged by 17.1% in 2009 to 10 million.
- Best Buy raised its quarterly cash dividend by 7%.
- GE committed to spend an additional \$10 billion on energy efficient and environmentally

oriented projects by 2015.

- Discover Financial Services quarterly profit rose 14% to \$258 million.

## Planning Tips

# Are You Leaving Your Surviving Spouse A Tax Nightmare?

## Odds are she (of he) will end up with less income and more tax...



Are you leaving your surviving spouse a tax nightmare? Odds are that you are and you aren't even aware of it.

Let's look at a typical situation where you have a husband and wife. While they are both alive, from a tax perspective, they are filing jointly. This means that they have two (2) standard deductions and two (2) personal exemptions.

If they can keep their taxable income (AGI minus deductions and personal exemptions) below \$68,000, they will stay in the 15% tax bracket.

But, what happens when one of them dies? Suddenly, the surviving spouse only gets one standard deduction, not two. And they only get one personal exemption, not two.

Plus they can only have taxable income of \$34,000 or less to stay in the 15% bracket.

The end result is that very often, a surviving spouse finds themselves with less income, yet they end up in the 25% tax bracket paying more income tax!

### Here's the killer

Think about where you have most of your money. If you are like most people, you have most of your money in your IRA or a similar retirement account. Every dollar withdrawn from these accounts is taxed at your highest tax rate.

When you are alive, that is probably 15%. But for a surviving spouse, it's probably 25%.

Think about what you are doing leaving an IRA to a surviving spouse. They will probably want to take distributions to make up for lost income due to your death. But those very same distributions will be taxed at a much higher rate.

### Wouldn't it be far better?

Wouldn't it be far better to leave your surviving spouse a tax-free account instead? Instead of leaving them \$500,000 in a taxable IRA, wouldn't it be better to leave them \$500,000 tax-free?

So how do you do that?

If you don't need to take distributions for income from your IRA now, why not think about withdrawing a small percentage each year, pay the tax while you are both alive while you are still at a lower rate, and use the after-tax balance towards buying life insurance?

Life insurance has become very cheap these days. A typical 70 year old in standard health can get a \$500,000 for around \$17,000 per year of premiums. That's a guaranteed lifetime benefit for 30 TIMES the rate of the premium.

Obviously, life insurance requires you to be insurable, and rates will vary based on your age and health status.

But it's 100% free to find out what you could qualify for. Why not consider using some of today's earnings to fund a tax-free account for your surviving spouse? It will significantly benefit them and make life easier after you are gone.

If you would like to talk to me about anything discussed above, please feel free to call our office at (614) 545-0277. Linda will be happy to schedule either a phone call or in-office visit!

## Summer Recipe

### Orzo Salad with Feta, Olives and Bell Peppers

16 oz. orzo  
2 T. plus 1/3 cup olive oil  
6-8 oz. crumbled seasoned feta cheese (such as basil and tomato)  
3/4 C chopped red bell pepper  
3/4 C chopped yellow bell pepper  
3/4 cup pitted and sliced Kalamata olives (Greek olives in brine- can use less)  
3-4 green onions, chopped  
3 T. fresh lemon juice  
1 T. white wine vinegar  
1 T. minced garlic  
1 1/2 t. dried oregano  
1 t. Dijon mustard  
1/4 t. ground cumin  
3 T. slivered almonds, toasted

Cook orzo in large pot of boiling salted water until tender but still firm to bite. Drain. Rinse with cold water, drain well. Transfer to large bowl. Toss with 2 T olive oil. Add crumbled feta cheese, chopped bell peppers, Kalamata olives, almonds, and green onions. Combine lemon juice, vinegar, garlic, oregano, mustard and cumin in small bowl. **Gradually** whisk in remaining 1/3 C. olive oil. Season dressing with salt and pepper. Add dressing to orzo mixture and toss to blend. Can be made 6 hours or so ahead. Cover and refrigerate.



### About Don Ross

Don Ross is an experienced financial advisor, assisting clients with retirement and estate planning needs since 1987. An Upper Arlington, Ohio native, Don is a devoted father and active member of his church and community. He recently retired from the military after many years of service as a pilot in the Ohio National Guard.

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