

# the navigator

SPRING  
2011

a newsletter for **MANAGING WEALTH. SERVING GENERATIONS.**

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## Identity Theft Seminar April 14th, 2011

Stephen B. Russell, Southwest Florida State Attorney, to Speak

You and a friend are invited to attend our Identity Theft seminar on April 14th from 11:30 a.m. to 1:30 p.m. Stephen B. Russell, Southwest Florida State Attorney, will tell us how we can reduce our chances of being identity theft victims. Please RSVP to (239) 936-6300 by April 11th.

Identity theft is on the rise. Here are some statistics on the magnitude—and impact—of identity theft:

- There were 10 million victims of identity theft in 2008 in the U.S. (Javelin Strategy and Research, 2009).
- 1 in every 10 U.S. consumers has already been victimized by identity theft (Javelin Strategy and Research, 2009).
- Households with incomes higher than \$70,000 were twice as likely to experience identity theft than those with salaries under \$50,000 (U.S. Department of Justice, 2005).
- The average identity theft victim spends 330 hours repairing the damage (ITRC Aftermath Study, 2004). ■



## Health Insurance Reform: What You Should Know



Significant changes to our health care delivery system will occur as a result of the Patient Protection and Affordable Care Act (PPACA) of 2010. Here is a summary of the changes that will take place in 2011.

### Medicare

Medicare Part D participants will receive a 50% discount on brand-name prescriptions filled in the coverage gap (i.e., the donut hole) from pharmaceutical manufacturers, and federal subsidies for generic prescriptions filled in the coverage gap will start to be phased in.

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## CURRENT EVENTS

Scott delivered the second seminar in a series this year for the Lee Memorial Health System Foundation on February 23rd. Scott presented "Financial Planning for Surviving Spouses."

To raise money for the Fort Myers Rotary Club, Scott will volunteer again this year in March parking cars for the Boston Red Sox at City of Palms Park. Scott is treasurer of the Rotary Club. The club's members are volunteers who work to combat hunger, improve health and sanitation, provide education and job training, promote peace, and eradicate polio.

Peter Newell from the Virtus Foreign Opportunities Fund spoke to our clients in February in Fort Myers as part of our Professionals Speak luncheon.

Scott presented "Financial Planning for Surviving Spouses" at a seminar for Heritage Cove residents on February 26th.

As past president of the Financial Planning Association Southwest Florida Chapter, Scott will participate in the *News-Press* Financial Planning Hotline in the spring. The hotline offers financial planning guidance to community members free of charge.

Dotty St. Amand, executive director of the Alvin A. Dubin Alzheimer's Resource Center, presented a seminar for our clients on February 3rd. "Alzheimer's Disease: What You Need to Know" contained information on normal aging, managing your memory, healthy lifestyle choices, and resources for persons living with memory loss and their caregivers.

## Farewell to Mina Lee Abshire



*After 9 years with Scott White Advisors, Mina retired at the end of 2010. Mina is a Philadelphia native who moved to the Sunshine State ten years ago. Her extensive customer service and office management experience enhanced our client communications. Mina handled bank receipts and recording, report generation, seminar reservations and hospitality. She is celebrating her retirement with an extended trip. Best wishes, Mina. We will miss you. ■*

## Highlights from Our Social Networking Seminar

Sarah Owen and Judy Chiappini of Lee County CCMI shared social networking tips with us on December 2nd. We learned about Facebook, Twitter and Skype.

**Facebook** – Facebook brings family and friends together. You can stay informed about what's going on with your friends and family anywhere in the world, view recent photos, and chat online. You control privacy settings and share only what you want to share.

**Skype** – An easy way to make phone calls, and see people while you talk to them. U.S. calls are free.

**Twitter** – Great for community services and businesses, Twitter followers get brief updates from the firms they follow.

## "LIKE" SCOTT WHITE ADVISORS ON FACEBOOK!



Top - Sarah Owen, Scott White and Judy Chiappini  
Middle - Sarah with Judy running computer in background  
Bottom - guests setting up laptops

## Charitable Giving through QCDs: Tax-Free IRA Transfers

by A. Scott White, CFP®, ChFC, CLU

The Pension Protection Act signed into law in 2006 included a temporary charitable-giving incentive to help individuals older than 70 ½ give up to \$100,000 tax free to their favorite charities. The legislation allowed tax-free transfers of money directly to charities from traditional or Roth Individual Retirement Account (IRA) assets, without first counting it as income and paying income tax.

The law, originally expiring in 2007 and extended through 2009, has now been extended through 2011. The law allows a tax-free rollover of funds for charitable donations known as “QCDs,” or Qualifying Charitable Distributions. The only restriction is that the donations be made directly to qualified public charities as defined by the Internal Revenue Service. Donations to private foundations and donor-advised funds are not covered.

In the past, individuals who wanted to donate IRA funds weren’t able to completely deduct the gift for federal income-tax purposes because of the 50 percent of adjusted gross income (AGI) limit. Also, in the past, income tax had to be paid on IRA withdrawals, so the value of those gifts was reduced. Under the extended law, the donated funds are transferred directly to charities and are not included in the IRA owner’s income, so they are not taxed.

Taxpayers over age 70 ½ can exclude up to \$100,000 of QCDs from gross income in 2011. When filing a joint return, both spouses can exclude \$100,000 of QCDs. The donated amounts can be counted toward required minimum distributions (RMDs) from an IRA in 2011 that would otherwise have been received.

QCDs can be an efficient way of contributing to your favorite charities. You must be age 70 1/2 on the day you transfer the money to charity and the maximum amount you can transfer without incurring income tax is \$100,000 per individual. The QCD amount will satisfy your RMD, if your RMD is less than \$100,000, not count as income and there will be no tax deduction.

As always, I’m happy to answer your questions on this or any other estate or financial planning matter. ■



*A. Scott White*

COMMENTARY



## Health Insurance Reform *continued...*



Certain preventive services covered by Medicare are no longer subject to cost-sharing (co-payments); the deductible is waived for Medicare-covered colorectal cancer screening tests; and Medicare now covers personalized prevention plans including a comprehensive health risk assessment.

High income (\$85,000 for individuals, \$170,000 for married filing jointly) enrollees in Medicare Part B and Part D coverage will likely see their premiums increase. The income thresholds used to determine Medicare Part B and Part D premiums for higher income individuals is frozen at 2010 income rates through 2019 and will not be adjusted for inflation. Also, the federal subsidy for high income Part D participants is reduced, resulting in increased premiums based on income levels that exceed the applicable threshold.

Medicare Advantage (MA) plans can no longer impose higher cost-sharing for some Medicare-covered benefits than would be imposed by traditional Medicare Parts A or B insurance. Also, Medicare Advantage plans cannot exceed a mandatory maximum out-of-pocket amount for Medicare Parts A and B services. The maximum amount in 2011 is \$6,700, but MA plans can voluntarily offer lower out-of-pocket amounts. Also, the annual enrollment period for MA plans is changed to October 15 to December 7 each year beginning in 2011 for plan year 2012.

### Insurance Plans

Individual and group health insurance plans are required to extend dependent coverage for adult children up to age 26. While this requirement was effective November 2010 for active employees, enrollment elections made during the 2011 open enrollment period will be effective on January 1, 2011.

Health plans that do not spend at least a minimum percentage of premiums (85% for plans in the large group market and 80% for plans in the individual or small group markets) on health care services must provide a rebate to consumers.

### Other Provisions

The cost of over-the-counter drugs not prescribed by a doctor can no longer be reimbursed through a Health Reimbursement Account or a health Flexible Spending account, nor can these costs be reimbursed on a tax-free basis through a Health Savings Account or Archer Medical Savings Account. Also, the additional tax on distributions from health savings accounts or Archer MSAs that are not used for qualified medical expenses increases to 20%.

Community Living Assistance Services and Supports Program (CLASS) is to be established to provide national long-term care insurance funded by voluntary participant premiums that can be paid through payroll deductions.



The disclosure of the nutritional content of standard menu items offered through chain restaurants and vending machines is required.

The requirement that employers report the total value of employer-sponsored health benefits on employees' W-2s was to begin in 2011. However, the IRS has deferred this requirement for 2011 so employers will not be subject to penalties for failure to meet this requirement. ■

Source: Forefield

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