



1370 Washington Pike,
Suite 403
Bridgeville, PA 15017

Phone: 412.838.0200
Fax: 412.838.0204
www.HenryWealth.com

Inside this issue:

Briefing; Convert from IRA to Roth	1
Roth Conversion Example	2
HWM Thoughts as of Q2, 2010	3
Guest Columnist: Ed Burns- Jobs and the Recession: Obstacle or Opportunity?	4

Convert your IRA to a Roth IRA in 2010?



Attention IRA owners: The balance of 2010 is a critical time to consider converting some or all of your **IRA (Traditional, SEP or SIMPLE) to a Roth IRA**. In-active 401k participants who have account balances remaining with former employers are also eligible.

At HWM, we urge you to carefully review this summary and consult your tax advisor. We will collaborate with your advisor if desired.

BACKGROUND: IRA Contributions: Tax-deductible
Growth: Tax-deferred
Distributions: Taxable
Dist. Mandate: Start by 70 1/2

ROTH IRA's: Key Differences Contributions: *Not deductible*
Growth: Tax-deferred (same)
Distributions: *Tax-Free*
Dist. Mandate: *None*

CONVERTING IRA to ROTH: Any amount converted from an IRA to a Roth **is taxable**. The good trade-off is that the Roth will grow tax-free AND any income received in retirement will be tax-free. **Two relaxed rules** are making a conversion from IRA's to Roth's enticing:

Modified Adjusted Gross

Income: Prior to 2010, if MAGI was more than \$100,000, a conversion was ineligible. As of 2010, **anyone** may convert regardless of income.

Special Tax Incentive in 2010:

Conversions completed in 2010 may be reported as income in 2010. Alternatively, 1/2 of the converted amount may be reported in 2011 and the balance in 2012.

Spouses who both convert can spread their tax bill over three years. How? By reporting one conversion in 2010 and splitting the other into 2011-2012.

KEY SUMMARY POINTS:

Under the following scenarios, a conversion from an IRA to a Roth might make sense, if:

- 1. You believe your tax bracket is lower now than you expect in retirement.**
- 2. You believe you will not need income from your IRA after age 70 1/2 (Roth feature no mandatory dist.)**
- 3. You have cash available apart from your IRA to pay conversion taxes.**
- 4. Your IRA account value has decreased. The lower the value, the lesser the tax bill upon conversion.**

DO-OVER PROVISION

What if you convert your IRA to a Roth and then realize it was a mistake. How so?

Maybe cash earmarked to pay conversion taxes has since evaporated? Maybe your Roth IRA value plummeted right after a conversion? There are rules regarding re-conversion (*Roth back to IRA*) that are outside the scope of this summary.. Just know that they exist.



CONVERSION EXAMPLE:

- You are 50 with an IRA worth \$100,000 and assumed growth rate is 7%.**
- You are in a 28% tax bracket but assume a 25% bracket in retirement.**
- You plan to delay IRA distributions until age 70.**
- You have cash available to pay Roth conversion taxes.**

Should you convert? What is the estimated long-term benefit?

See page 2 for results, which yields a slight edge to a Roth conversion. Our website contains a helpful **Roth IRA Conversion** calculator.

ROTH Conversion Example

The following example is abbreviated from our Roth IRA Conversion Calculator. To review your own assumptions:

www.HenryWealth.com - Learning Center - Calculators - Taxes & IRA- Roth IRA Conversion

Input Assumptions

1. Current age?	<input type="text" value="50"/>
2. Current IRA balance?	<input type="text" value="100,000"/>
3. Expected return on IRA during pre-retirement years?	<input type="text" value="7"/> %
4. Expected marginal tax bracket during pre-retirement years?	<input type="text" value="28%"/> ▼
5. Expect to begin withdraws from IRA at age?	<input type="text" value="70"/>
6. Expected return on IRA once withdrawals begin?	<input type="text" value="7"/> %
7. Expected marginal tax bracket during retirement years?	<input type="text" value="25%"/> ▼

Results

1. Taxes owed if convert traditional IRA to a Roth IRA (\$100,000 @ 28%):	\$ 28,000
2. Current IRA balance:	\$ 100,000
3. Projected IRA balance (IRA or Roth) when withdrawals begin (age 70):	\$ 386,968
4. Taxes upon withdrawal from IRA (\$386,968 @ 25%):	\$ 96,742
5. Taxes upon withdrawal from Roth IRA:	\$ 0
6. After-tax value of IRA (line 3 minus 4):	\$ 290,226
7. After-tax value of Roth IRA:	\$ 386,968
8. Future value of assets used to pay taxes upon conversion, net of taxes (i.e. what \$28,000 paid out in taxes could have grown to):	\$ 85,853
9. Total after-tax value of IRA (including future value of assets used for taxes- line 6 plus 8):	\$ 376,079
10. Total after-tax value of Roth IRA:	\$ 386,968
11. Total Advantage to Roth Conversion (line 10 minus 9):	\$ 10,889

HWM Current Views

What a difference a week makes:

It's amazing what one week can do! Here are market stats for the as of July 2, aka **Pre-fireworks week**:

Data as of 07/02/2010	1-Week	Y-T-D	1-Year	5-Year	10-Year
Standard & Poor's 500	-5.03	-8.30	14.0	-2.87	-2.97
Dow	-4.51	-7.11	16.9	-1.19	-0.73
NASDAQ	-5.92	-7.82	16.4	0.33	-4.72
MSCI EAFE	-2.50	-14.8	4.03	-1.69	-2.17
10-year Treasury Note (Yield Only)	3.04	N/A	3.50	4.32	3.86

And here are results for the period as of July 9, **Post-fireworks week**:

Data as of 07/09/2010	1-Week	Y-T-D	1-Year	5-Year	10-Year
Standard & Poor's 500	5.42	-3.33	22.1	-2.21	-2.71
Dow	5.28	-2.21	24.6	-0.48	-0.41
NASDAQ	5.00	-3.20	25.3	0.79	-4.54
MSCI EAFE	6.31	-10.5	12.2	-0.64	-1.78
10-year Treasury Note (Yield Only)	2.98	N/A	3.41	4.11	6.00

Notice the numbers are nearly opposites for the week-to-week look, but not much different over a 5 or 10 yr. span.

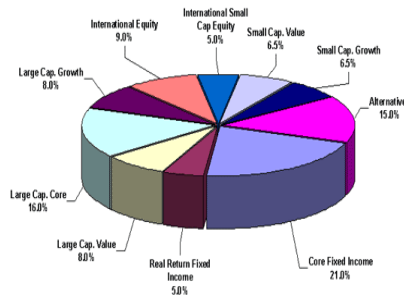
What can we expect ahead:

BEAR'S Say: The S&P 500 ended Q2 down more than 15% from the highs of late April. Going back to World War II, a decline of 15% off the highs has frequently turned a correction into a bear market.

BULL'S Say: Many analysts expect 2010 earnings to rise significantly as compared to 2009. That factored with historically low P/E ratios makes a strong case for stock investing.

Does this impact HWM Clients:

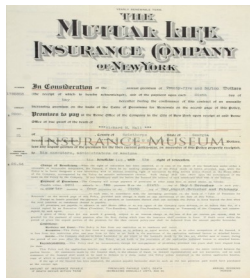
It doesn't! We **allocate assets** based on your goals, time frames and risk tolerance preferences. Once set, we rebalance allocations annually. We do alter asset allocations to accommodate a change of goals, but not for *emotional* reasons solely or in an ill-advised attempt to *time the markets*.



Life and Disability Insurance Audits:

You surely recall that Dan Henry is a CLU (Chartered Life Underwriter). As such, he possesses the expertise to:

- Audit your existing coverage
- Consider carrier stability
- Help ensure competitive pricing
- Recommend proper amount
- Discuss indiv. vs. trust ownership



Disability Insurance also protects what may be your most important asset, your **ability to earn an income**.

At best, most employers offer coverage that would replace 66% of income. *Could you live on a 34% pay cut?* Even if doable, would you still be able to save for future events, such as college educations and retirement? Talk to Dan!

Roth Conversion:

Per our lead article, the balance of 2010 represents an important time-frame to consider a conversion from a traditional pre-tax IRA to an after-tax Roth IRA.

Do you have excess cash on hand, so that if a conversion from RA to a Roth made tax-sense, you would have the means to pay the taxes due? If so, let's discuss and collaborate with your accountant.

Required Minimum Distributions:

Are you the owner of one of these types of pre-tax retirement accounts?

- Traditional IRAs
- Rollover IRAs
- SIMPLE IRAs
- SEP-IRAs
- 401k, 403b

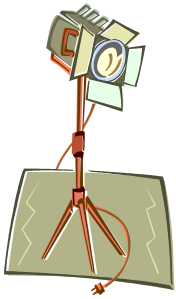


Will you turn age 70 1/2 during 2010?

If so, you need to ensure that a Required Minimum Distribution (RMD) is taken from your account. Why? So the IRS can tax it!

Generally, the RMD amount is determined by dividing your prior year-end value from pre-tax retirement accounts by an applicable life expectancy factor. Sound complicated? Ask us for help or visit a easy to complete calculator located at our website:

- www.HenryWealth.com
- Learning Center
- Calculators
- Retirement and Inflation
- Required Minimum Distributions



Guest Columnist

Guest Columnist



The following is an Guest Column submitted by **Ed Burns**, Career Coach and owner of The Provision Group and a friend of Henry Wealth Management. The Provision Group goes beyond traditional résumé writers, assisting clients with an assessment of likes and strengths and a customized job search with actionable items. If you wish to learn more, contact Ed at 724-757-9214 or via email at TheProvisionGroup@comcast.net. Website: www.TheProvisionGroup.net.

Jobs and the Recession: Obstacle or Opportunity?

As the US economy emerges from recession, Americans continue to suffer through the worst labor market in a generation. While the pink slips are slowing as the economy rebounds, the lack of jobs remains the most visible reminder that we are not out of the woods yet. Is this job market as bad as analysts are painting it, or is it your chance to make a move? Thomas Edison once said: *“Opportunity is missed by most people because it is dressed in overalls and looks like work.”* The bottom line is that jobs are still out there, but it is going to take some work and creativity to find them. What are the keys to a successful job transition or career upgrade?

Always have an updated résumé on-hand. You never know when an opportunity may appear. Be ready.

Sell results, not skills. Employers today buy *results* and are less impressed with candidates promoting a long laundry list of *skills*. Define the many ways that your past results will be an asset to your next employer.

Network, network, network! Don't rely solely on the internet to find your next job! According to a recent survey, only 8% of people find a job through local newspaper ads and fewer than 1% land a job from Internet ads! Begin telling friends and colleagues that you are looking for a job. Most positions are filled internally or through internal recommendations.

Be flexible. As the business world changes, the full-time 9 to 5 jobs are being replaced by temporary or contract positions. Don't rule out any opportunity. The more flexible you are with your expectations the more success you will have in this market.

Treat your job search as if it were your job. If you've been on the job market for any length of time, you've probably heard the quote, *“Looking for a job is a job.”* Take your search seriously. Devise a daily written plan for making phone calls and meeting with people and companies that will accept your résumé. Remember most jobs are filled internally, so it is in your best interest to find those opportunities before others. Don't let all the hype about the recession spook you into a state of panic. If you plan according, think outside of the box, and are willing to work very diligently, you greatly increase your odds to get hired in today's economy.

1370 Washington Pike,
Suite 403
Bridgeville, PA 15017

Phone: 412.838.0200
Fax: 412.838.0204
www.HenryWealth.com

Philip C. Henry,
ChFC, CFS, President
Phil@HenryWealth.com

Daniel L. Henry,
CLU, Vice President
Dan@HenryWealth.com

Lauri Henry
Admin. Assistant
Admin@HenryWealth.com

Beth Henry
Events Coordinator
Beth@HenryWealth.com



HENRY

WEALTH MANAGEMENT, LLC

Disclosures:

Asset allocation and/or diversification do not protect against loss of principal. Rebalancing assets can have tax consequences. If you sell assets in a taxable account you may have to pay tax on any gain resulting from the sale. Please consult your tax advisor.

Sector rotation may involve greater than average risk and are often more volatile than holding a diversified portfolio of stocks in many industries.

International investing involves special risks such as currency fluctuation, lower liquidity, political and economic uncertainties, and differences in accounting standards. Risks of foreign investing are generally intensified for investments in emerging markets.

The S&P 500 Index is an unmanaged group of securities considered to be representative of the stock market in general.

The Dow Jones Industrial Average is a popular indicator of the stock market based on the average closing prices of 30 active U.S. stocks representative of the overall economy. Indices are unmanaged and cannot be directly invested into.

The NASDAQ Composite Index measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market.

The MSCI EAFE is a stock market index designed to measure the equity market performance of developed markets (Europe, Australia– Asia, Far East), excluding the US & Canada.

10 Year Treasury Note is one form of United States Treasury security issued by the Dept. of the Treasury. Treasury securities are debt financing instruments of the United States Federal government.

Major Index Performance Charts supplied by Case Slattery Wealth Partners Weekly Updates. Past performance is no guarantee of future results.

Price/earnings (P/E) ratio is the most common measure of how expensive a stock is. The P/E ratio is equal to a stock's market capitalization divided by its after-tax earnings over a 12-month period, usually the trailing period but occasionally the current or forward period.

NFP Securities, Inc. is not affiliated with any other persons or entities referenced in this newsletter, such as guest columnists. Web site links referenced are provided strictly as a courtesy. Neither Henry Wealth Management, LLC or NFP Securities, Inc. are liable for any direct or indirect technical or system issues or any consequences arising out of your access to or your use of the link provided.

The opinions expressed in the guest commentary are those of the author and may not necessarily reflect those held by NFP Securities, Inc. This is for general information only and is not intended to provide specific investment advice or recommendations for any individual. It is suggested that you consult your financial professional, attorney, or tax advisor with regard to your individual situation. Comments concerning the past performance are not intended to be forward looking and should not be viewed as an indication of future results.

Securities and Investment Advisory Services offered through NFP Securities, Inc., Member FINRA/SIPC. NFP Securities, Inc. is not affiliated with Henry Wealth Management, LLC. Philip C. Henry, ChFC, CFS is the President of Henry Wealth Management, LLC, an independent financial services firm located at 1370 Washington Pike, Bridgeville, PA. He may be reached at 412-838-0200 or through email at Phil@HenryWealth.com. The firm's website is www.HenryWealth.com.