

Investment Center *NEWS*

Ron Schmidt, CFP®



I just returned from our annual conference. It was four days spent attending workshops with industry leaders, as well as networking with other advisors across the country getting new ideas and knowledge to better assist you with your financial goals. It was a great conference; however, getting to the conference was

another story. I awoke at 3:45 a.m. to get on the 5:52 flight out of Dickinson. Upon arriving at the airport, I was greeted by Stacy and her husband, Danny. They gave me the great news – the flight was delayed. I made my way to the ticket counter where they told me that not only would I have to sit in the Dickinson airport for the next two and half hours (you know our airport – lots to do while we wait) but that I would miss my connecting flight and would have a seven hour layover in Denver.

As Stacy, Danny and I sat at the Denver airport, we complained about what bad luck we were having. I was going to miss my first meeting. They were missing out on the first day of their honeymoon. After they finally got on their flight, I had a couple more hours so, I found a TV to watch some cable news and get caught up on some work. Not surprisingly, they were discussing the destruction and loss of life in Haiti and Chile (and here I was feeling sorry for myself because I had to spend a few extra hours in an airport). A lot of us, including myself focus too much time on things that we cannot control whether it be the economy or what the markets have

done the last couple of years, and miss potential opportunities that are right in front of us.

Coming back from the conference, I realized how many things we can do to make ourselves, our families and our communities better. My goal is to help you focus on what you can control and make the best decisions about you and your families' financial future with what we know today.

P.S. I had to remind myself again to only worry about what I can control when my return flight from Denver to Dickinson was cancelled two days in a row. Three other Dickinson area residents and I decided to rent a car to get back home. I now have a tale to tell and three new friends.

? NYSE Trivia ?

Wall Street gets its name from a defensive wall that was put up to protect New Amsterdam (now New York) from New Englanders.

The NYSE symbols I and M are currently unused. Reportedly they are being held in reserve in case Intel and Microsoft decide to join the NYSE.

In 1886 the NYSE had its first million share day.
In 1984 the NYSE had its first 200 million share day.
In 1997 the NYSE had its first billion share day.

In 1942 membership to the NYSE fell to \$17,000.
In 1999 membership cost a record \$2.65 million.

March 2010

Tentative Calendar of *Upcoming Events*

Good Friday (Office Closed) - April 2
Memorial Day (Office Closed) - May 31



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HOW AND WHEN TO SIGN UP FOR MEDICARE

Breaking down the enrollment periods and eligibility.

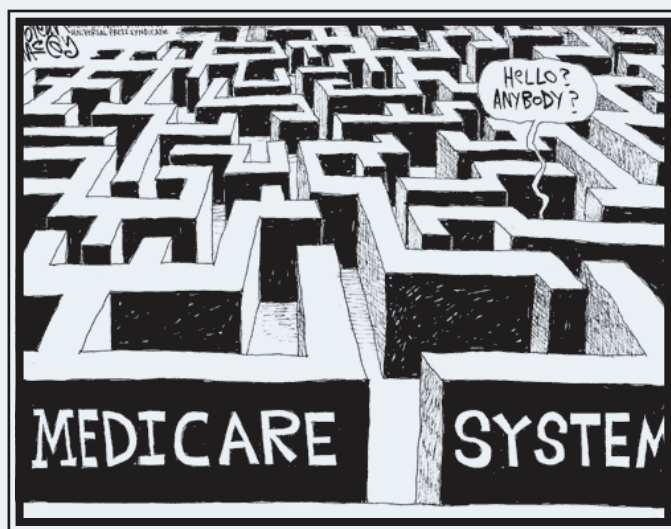
Medicare enrollment is automatic for some of us - In fact, anyone who has received a Social Security check or 24 months worth of Social Security Disability Insurance (SSDI) is automatically enrolled in Medicare Part A and Part B.¹ Part A is hospital insurance; Part B is medical insurance.

If you're getting Social Security checks and approaching age 65, you'll get a Medicare card in the mail three months before your 65th birthday. Medicare benefits begin on the first day of the month in which you turn 65. If you are getting SSDI (regardless of your age), the card will arrive coincidental with your 22nd monthly payment and you are entitled to Medicare coverage with your 25th monthly payment.^{1,2}

Oh yes, there is another important criterion: you must be a U.S. citizen or a legal resident of this country for five years or longer to be eligible for Medicare.¹

Some of us have to contact the SSA - If you're coming up on 65 and not receiving Social Security benefits, SSDI or benefits from the Railroad Retirement Board, you can still apply for Medicare coverage. You can visit your local Social Security Administration office or dial (800) 772-1213 or go to www.ssa.gov to determine your eligibility. (If you're going online, don't just type in ssa.gov; you need the www. to get to the site.)

In this case, if you are eligible you have the choice of accepting or rejecting Part B coverage. If you want Medicare Part A and Medicare Part B, then you should sign your Medicare card and keep it in your wallet. If you don't want Part B, you put an "X" in the refusal box on the back of the Medicare card form, and send the form to the address shown right below where your signature goes. About four weeks later, you will get a new Medicare card indicating that you only have Part A coverage.³



When can you add or drop forms of Medicare

coverage? - Medicare has enrollment periods that allow you to do this.

- The initial enrollment period is seven months long. It starts three months before the month in which you turn 65 and ends three months after that month. You can enroll in any type of Medicare coverage within this seven-month window – Part A, Part B, Part C (Medicare Advantage Plan), and Part D (prescription drug coverage). AS it happens, if you don't sign up for some of this coverage during the initial enrollment period, it may cost you more to add it later.¹

- Once you are enrolled in Medicare, you can only make changes in coverage during certain periods of time. For example, the annual enrollment period for Part D is November 15-December 31, with Part D coverage starting January 1. (You can also select a health plan for the next year or drop or change Part D coverage in this period.)^{4,5}

- Additionally, there are also open enrollment periods between January 1 and March 31. These dates frame an open enrollment period for Part D; if you enroll in Part D in this window, coverage starts on the first day of the month after the plan receives your enrollment form. There is also an open enrollment period for Part B coverage from January 1 to March 31; if you sign up for such coverage within that period, it begins in July of that year.^{1,4}

Special situations - Individuals with end-stage kidney failure who need dialysis or a transplant may qualify for Medicare regardless of age. Upon diagnosis, they can contact the SSA. Medicare coverage usually takes effect three months after a patient begins dialysis. People with Lou Gehrig's Disease (ALS) are automatically enrolled in Medicare as soon as they begin receiving SSDI payments.¹

Do you have questions about eligibility, or the eligibility of your parents? - Your first stop should be the Social Security Administration (see the contact information in the fourth paragraph above). You can also visit www.medicare.gov and www.cms.hhs.gov.

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The Jobs Bill

How effectively could it address America's unemployment rate?

How about a tax break for companies that hire? - A new jobs bill introduced by Sen. Majority Leader Harry Reid (D-NV) proposes major tax incentives for hiring businesses. If the bill becomes law, will these incentives make a dent in the unemployment rate? Or will they matter little? Not everyone is optimistic. On February 24, the \$15 billion job creation measure passed 70-28 in the Senate and headed for the House of Representatives.¹ Just what is in this Senate bill?

The big perk: the "Hire Now" tax cut - If the bill becomes law, a business that hires someone who has worked less than 40 hours in the previous 60 days could skip paying its share of the new hire's Social Security tax for the rest of 2010. That's 6.25% of the employee's salary. Companies could realize a payroll tax savings of up to \$6,622 per new hire. (In case you are wondering, the federal government would reimburse the SSA for the lost taxes.)^{2,3,4} If the new employee lasted 52 weeks on the job, the business would get a \$1,000 tax credit on its 2011 federal return.³

The other perks - The Section 179 deduction limit for small business capital purchases was raised to \$250,000 for 2009, and this bill would keep the limit at \$250,000 for the 2010 tax year. The "Build America" bond program would be extended and expanded - that's the program created to help state and local governments raise funds for infrastructure projects. The current federal subsidy for state highway spending would also be extended.^{1,2}

The fine print - Any private-sector employer, any non-profit organization and any public-sector college or university would qualify for the "Hire Now" tax break. While a business that owes no tax could not get the \$1,000 new-hire tax credit for 2011, it would be allowed to carry that credit forward to the future. There would be no limit on the amount of new employees a business could hire en route to claiming the credit.

Is this really going to make a difference? - Well, Sen. Reid believes that the bill could create and save as many as 1 million jobs. Analysts feel that may be stretching it. Economic Policy Institute economist Heidi Shierholz thinks the measure could result in "tens of thousands of jobs, but it is absolutely nowhere near big enough" to reduce the unemployment rate.³

Under the bill, a "new" hire does not have to be an additional employee. It can also be a worker replacing someone who quit or was fired.³ So service sector businesses with high turnover might get some major tax breaks. There might be a lot of hiring among such companies, but not a lot of net job creation.

Is another bill just ahead? - According to The Atlantic, Sen. Reid plans to introduce a second jobs bill with much greater scope. This proposed (and almost certainly more expensive) legislation would extend jobless benefits and COBRA for millions, as well as numerous tax credits and programs scheduled to sunset. State Medicaid funding would be extended and Medicare physician payments would be updated through this bill as well. While The Atlantic says it has copies of the bill, Sen. Reid's office has not yet confirmed its contents. The Senator has mentioned rolling out multiple bills in the next few weeks to address the country's unemployment problem.⁵

Citations

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Bailey's Irish Cream Cake

An Irish recipe for St. Patrick's Day,
March 17, 2010

Ingredients:

1 package Yellow Cake Mix
1 package Instant Chocolate
pudding
 $\frac{3}{4}$ cup vegetable oil
 $\frac{1}{8}$ cup water
 $\frac{1}{4}$ cup vodka
 $\frac{3}{8}$ cup Bailey's Irish Cream
Liquer
4 eggs

Additional Bailey's and powdered sugar for glaze.

Preheat oven to 350° F. Grease and flour a 10-inch bundt pan.

Combine cake mix, pudding mix, oil, water, vodka, liquor, and eggs in bowl. Beat until smooth. Pour into prepared pan and bak for 40 to 50 minutes.

Remove from pan and cool completely on a wire rack.

Mix a glaze of additional Bailey's and powered sugar until it reaches a thick consistency.

Drizzle over cake.



ATTENTION COOKS!

If you have a favorite recipe that you would like featured in our newsletter, please mail, email (dani.kelly@investmentcenters.com), or drop it off at the office.



RULES CHANGE FOR IN-SERVICE 401(k) ROLLOVERS

401(k)-to-Roth rollovers are now possible before age 59½.

A new possibility - Sometimes employees want to pull money out of a 401(k) before they retire. It isn't always because of an emergency. Some workers want to make an in-service non-hardship withdrawal just to roll their 401(k) assets into an IRA. Why? They see lower account fees and greater investment choices ahead.

As a result of the Tax Increase Prevention Reconciliation Act (TIPRA), tax laws now permit in-service non-hardship withdrawals from 401(k), 403(b) and 457 plans to traditional IRAs and Roth IRAs before age 59½. Of course, the employee must be eligible to take a distribution from the plan, and the funds have to be eligible for a direct IRA rollover.¹

Tax laws now permit in-service, non-hardship withdrawals

This option may be very interesting to highly compensated employees who want the tax benefits of a Roth IRA. The income limits that prevented them from having a Roth IRA have been repealed, and they may have sizable 401(k) account balances.

Does the plan allow the withdrawal? - Good question. If a company's 401(k) plan has been customized, it may allow an in-service withdrawal for an IRA rollover. If the plan is pretty boilerplate, it may not.

The five-year/two-year rule also has to be satisfied. IRS Revenue Ruling 68-24 says that for an in-service withdrawal from a qualified retirement plan to take place, an employee has to have been a plan participant for five years or the funds have to have been in the plan for two years.²

401(k) plan administrators may need to amend their document - Does the Summary Plan Description (SPD) on your company's 401(k) plan allow non-hardship withdrawals? If it doesn't, it may need to be customized to do so. This year, plan administrators nationwide are fielding employee questions about rollovers to Roth IRAs.

401(k) plan participants need to make sure the plan permits this - An employee should request a copy of the SPD. If you ask and no one seems to know where it is, then call the toll-free number on your monthly 401(k) statement and ask a live person if in-service, non-hardship withdrawal distributions are an option. In some 401(k)s, an in-service non-hardship withdrawal will prevent you from further participation; be sure to check on that.

If this is permissible and you want to make the move, you better make an IRA rollover with the assets withdrawn. If you don't, that distribution out of your qualified retirement plan will be slapped with a 20% federal withholding tax and federal and state income taxes. Oh yes, you will also incur the 10% early withdrawal penalty if you are younger than age 59½. Additionally, if you have taken a loan from your 401(k), any in-service withdrawal might cause it to be characterized as a taxable distribution in the eyes of the IRS.³

Obviously, this IRA rollover possibility is not a big hit with the national and regional retirement plan providers, who would like to see you keep participating in their 401(k) programs rather than partly or fully bail out. But many employees would like a broader and more diverse range of investment options - and some would like the chance to direct their money into vehicles designed to produce future income streams.

Don't forget to talk to the professionals - Retirement plan administrators and participants should talk to the financial consultant that has helped them with their 401(k) program before making a move. This article is simply an overview, and there will be different details to attend to with each employee. So be sure to touch base with the financial professional you trust.

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IT'S TIME TO REVIEW YOUR INSURANCE

When was the last time you looked at your life insurance coverage? - Why not do it now? The non-profit Life and Health Insurance Foundation for Education (LIFE) wants to awaken Americans to the need for life insurance, and its remarkable utility as an estate planning and tax-saving tool.

What? You don't have insurance? - You're not alone. According to LIFE, 68 million adult Americans have no life insurance coverage. (That means about 30% of us.) In September 2008, a LIFE poll found that 27% of adult Americans would be willing to cancel their life insurance coverage to save money in hard times.^{1,2}

Watch a life insurance commercial, and you're likely to see a young or maturing family. However, this is hardly the only context in which life insurance matters.

- It can be a vital part of a financial strategy for empty-nesters who want to retire to a comfortable lifestyle.

- A buy-sell agreement funded with life insurance allows a surviving business owner to buy the company interest of a deceased owner at a previously established price. Key-person insurance can aid a business if a core employee passes away. (It is possible for a business to fund a buy-sell agreement and key-person insurance with pre-tax dollars, making these moves truly tax-efficient.)

Your only way to send money to the future on a tax-free basis - Some people buy a life insurance policy and name a son or daughter as a beneficiary. This thoughtful decision has one little downside. If you own the policy, the death benefit is included in your taxable estate.³

You have an alternative here. You don't have to own your life insurance policy. Your children (or other beneficiaries) can own it. If they do, they will receive a large payout free from federal estate and income taxes when you pass away.³

You can make gifts to your kids to acquire the insurance, and your kids can pool their money and buy policies on Mom and Dad. The more kids you have, the less the premium burden. Not only that, some policies can build up cash value (tax-free growth within the policy).

Here's another way to remove life insurance proceeds from your taxable estate: an irrevocable life insurance trust. You can have the trust own the policy, and you can periodically fund the policy through gifts made to the trust. The trust will get the proceeds from your policy when you die, and those proceeds can be distributed according to your wishes – they can go to your loved ones or charity, they can be used to pay estate taxes.³

A way to help you as you plan to build wealth - There are cash-rich life insurance policies with tax-advantaged savings features that offer you the potential to earn interest. These policies can be useful when it comes to business continuation and employee benefits, retirement planning, education planning and estate planning.

Insuring yourself may be cheaper than you think - Let's say you just want term life, just basic life insurance without the capability to accumulate cash value. Well, good news: the Insurance Information Institute found that premiums for standard-risk term life insurance fell 50% between 1994 and 2007, corresponding to reduced mortality rates.⁴ Not only that, the Institute says term insurance premiums have fallen by more than 4% per year since 2000. (For the record, premiums on cash value policies are about 5% lower today compared to a decade ago.)⁵

Are you adequately insured? Are you using life insurance smartly? - Life insurance is like the Swiss Army knife of estate planning: there are so many ways you can use it as you plan to pursue your goals. Whether you simply need to insure yourself or need to protect your estate through sophisticated planning, This is the month to think about life insurance – and all the ways it can potentially help you financially.

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"If I could wish for my life to be perfect, it would be tempting but I would have to decline, for life would no longer teach me anything."

- Allyson Jones (writer)

MARKET COMMENTARY

During February, both the Federal Reserve and the equity markets appeared to be focusing on the positive progress, with the former taking a step that seems to affirm the recovery's direction and the latter with a rally in stock prices.

The Fed's strategy for exiting the massive stimulus implemented during the Credit Crisis is dependent on the progress of economic recovery. A near-zero interest rate policy for short-term interest rates is a key component of the stimulus efforts. On February 18 though, for the first time in over a year, the Fed increased one of the target rates they control, the Discount Rate.

The Discount Rate is the interest rate charged to banks that need very short-term loans, generally overnight, that they obtain from the Federal Reserve for operational or reserve requirement purposes. Historically the Discount Rate is about 1% higher than the other target rate the Fed controls, the Federal Funds Rate. (The Federal Funds Rate is the interest rate at which banks borrow from each other.) By increasing the Discount Rate to 0.75%, the Fed is acknowledging progress in the credit markets, comfortable moving toward a more normal historical relationship between the two Fed-controlled rates. Since banks seldom utilize the Fed's Discount Window for loans, the increase is largely symbolic, having little if any impact on overall interest rates in general.

While having little impact, the Fed's move serves to confirm that there has been substantial economic progress, enough to test the market's reaction to an uptick in interest rates. The market was able to digest the move in stride, perhaps acknowledging the muted influence of the Discount Rate or comfortable that the Fed will be true to its mantra for an "extended period of very low interest rates" that actually can affect economic activity.

The S&P 500 recorded a solid 3.1% gain in February with similar rallies in the other broad indexes. With two months in the book, the market is just off the year-end levels with most indexes within a percent of each other. With longer-term interest rates ending the month about the same as the beginning, principal values for bonds were little changed, with coupon payments pushing total returns fractionally positive. Year-to-date returns amongst the bond sectors are more evenly dispersed compared to last year when there was tremendous enthusiasm for the riskier bonds.

Since the beginning of the year, the U.S. dollar has been particularly strong as the Euro succumbs to the debt challenges of Greece and other European Union members. The upward action is reminiscent of the Credit Crisis when the dollar displayed its attraction as the world's reserve currency in time of turmoil.

The outcome for Greece and others remains uncertain with promises for improved fiscal measures and the European Central Bank hinting at some supportive rescue efforts. Aside from the meaningful risks for holders of Grecian debt and the potential for contagions akin to the credit crisis, US-based investors were penalized with negative currency translations in their international securities year-to-date.

"Patience" may be the word to watch for investors in the coming months as the pace of economic improvements and the growth in the equity markets seem to be in transition, decelerating to a more subdued phase of recovery.

The required catalysts for further positive progress include improvements in employment levels, further stabilization and eventual growth in the housing market, resumption of bank lending, and corporate earnings that achieve current growth expectations.

Market data courtesy of Bloomberg. The indices mentioned are unmanaged and not available for direct investment. Past performance is no guarantee of future results.

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Congratulations to...

Mark and Lyn Hendry
Andrew and Mary Voigt

Winners of \$100 value from
Omaha Steaks from the drawing
for the 2010 client survey!!



Ron Schmidt Named One of ICA's Top 3 Representatives of the Year



Pictured above (left to right): Greg Gunderson - ICA President, Ron Schmidt - Investment Representative, Lori Gangl, Amy Binstock, and Barb Becker - Regional Vice President

Not Pictured: Stacy Braun and Dani Kelly

Investment Centers of America, Inc. recently recognized Ron Schmidt as one of ICA's top ten representatives at the company's national conference in Fort Lauderdale, FL. The annual event, held at the Sandpearl Resort from March 3 - 7, provided an opportunity for attendees to share strategies for developing effective solutions to help clients reach their financial goals.

The conference, entitled, "Retirement Redesigned," was tailored to give attendees the tools they need to identify the emerging needs of investors, and to help them understand the "new normal" they face in retirement planning. Reps were also

challenged to take a proactive approach to reassessing client accounts and making recommendations based on the unique needs and goals of each client.

NEW TEAM MEMBER AT ICA MARKETING ASSOCIATE



Dani Kelly is our new Marketing Associate. She was raised in Mandan, ND. She attended the University of Mary in Bismarck, ND and graduated with a Bachelor of Arts degree in Business Administration and minors in Business Communications and Theology. As Marketing Associate for Investment

Centers of America, she will be the first person you hear when calling the office and the first you see when entering the office. Dani's primary job duties are setting up workshops and client appreciation events. She will also design our newsletters, website, and advertising literature.

"In the middle of difficulty lies opportunity." - Albert Einstein

Your ICA Team



Back Row, (L to R): Stacy Braun, Amy Binstock, Ron Schmidt, CFP® - Financial Advisor, DeAnn Schmidt

Front Row, (L to R): Lori Gangl, Dani Kelly

Don't Forget...
Mother's Day - May 9
Memorial Day - May 31
Father's Day - June 20



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*Happy Easter from Investment
Centers of America*

