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APRIL 2010

The Estate Tax Will Not Go Away

Currently, and for a brief period of time, there is not a federal estate tax. But under the current law or a likely revision to the law, the estate tax will return. The current law says that the federal estate tax will reappear in 2011 offering only a \$1 million exemption and with a 50% top tax rate. The likely revision to the current law could reinstate the death tax yet this year and would raise the exemption but still keep the tax rate at 45% or 50%. While the federal estate tax is temporarily in abeyance, the state inheritance tax is alive and operative, and that ranges from 4.5% to 15% in rates. Also during the current period of estate tax abatement, the capital gains tax applies to all appreciated assets at death because the former stepped-up cost basis exemption is repealed.

Is your mind spinning yet? It doesn't have to. Simply focus on the fact that death taxes with various provisions are likely to be a major consideration in planning how to leave your assets to the people and organizations that you care about. A lack of solid planning helps to insure that more of your assets will be



BOB FRAGASSO, CFP®
Chairman and Chief Executive Officer

taxed away and redirected to initiatives that you may not care about or agree with.

Working with your estate attorney and tax accountant, we can help fashion a plan to preserve the bulk of your estate for your heirs and for the charities that are meaningful to you. But this is neither a last minute nor one time exercise. If you are to save your hard earned assets for your loved ones, the planning can't begin at the end of your life – even if you knew when that was to be. And it must be revisited annually for continued relevance.

You may feel that you do not have a large enough estate to warrant planning. Consider that the federal government when valuing your estate includes life insurance proceeds. Yes, you were told that life insurance proceeds are exempt from death taxes. They are, but that refers only to Pennsylvania state death taxes. The federal government taxes life insurance proceeds if your estate is over the exempt amount. And life insurance helps an estate get to that taxable level quickly. So it is prudent to consider the role that your will, your living and testamentary trusts, the titling of your assets and your life insurance play in minimizing the effects of the various death taxes.

Talk to us now so we can help coordinate your thoughts, your assets, your beneficiary designations and your interaction with your attorney and accountant so as to keep your estate, inheritance, income and capital gains taxes to a minimum.

How LTC Insurance Can Help Protect Your Assets

How will you pay for long term care?

The sad fact is that most people don't know the answer to that question. But a solution is available.

As baby boomers leave their careers behind, long term care insurance will become very important in their financial strategies. The reasons to get a Long-Term Care policy after age 50 are very compelling.

Your premium payments buy you access to a large pool of money which can be used to pay for long term care costs. By paying for LTC out of that pool of money, you can preserve your retirement savings and income.

The cost of assisted living or nursing home care alone could motivate you to pay the premiums. AARP and Genworth Financial conduct an annual Cost of Care Survey to gauge the price of long term care. The 2008 survey found that

- The national average annual cost of a private room in a nursing home is \$76,460 - \$209 per day, and 17% higher than it was in 2004.
- A private one-bedroom unit in an assisted living facility averages \$36,090 annually – and that is 25% higher than it was in 2004.
- The average annual payments to a non-Medicare certified, state-licensed home health aide

are \$43,884.¹

Can you imagine spending an extra \$30-80K out of your retirement savings in a year? What if you had to do it for more than one year?

AARP notes that approximately 60% of people over age 65 will require some kind of long term care during their lifetimes.²

Why procrastinate?

The earlier you opt for LTC coverage, the cheaper the premiums. This is why many people purchase it before they retire. Those in poor health or over the age of 80 are frequently ineligible for coverage.

What it pays for.

Some people think LTC coverage just pays for nursing home care. Not true: it can pay for a wide variety of nursing, social, and rehabilitative services at home and away from home, for people with a chronic illness or disability or people who just need assistance bathing, eating or dressing.³

Choosing a DBA.

That stands for Daily Benefit Amount, which is the maximum amount your LTC plan will pay for one day's care in a nursing home facility. You can choose a Daily Benefit Amount when you pay for your LTC coverage, and

Your contact
for this article:



BRIAN ROBINETTE, AIF®, CRPS®
Vice President

you can also choose the length of time that you may receive the full DBA every day. The DBA typically ranges from a few dozen dollars to hundreds of dollars. Some of these plans offer you "inflation protection" at enrollment, meaning that every few years, you will have the chance to buy additional coverage and get compounding - so your pool of money can grow.

The Medicare misconception.

Too many people think Medicare will pick up the cost of long term care. Medicare is not long term care insurance. Medicare will only pay for the first 100 days of nursing home care, and only if 1) you are receiving skilled care and 2) you go into the nursing home right after a hospital stay of at least 3 days. Medicare also covers limited home visits for skilled care, and some hospice services for the terminally ill. That's all.²

Now, Medicaid can actually pay for long term care – if you are destitute.

Are you willing to wait until you are broke for a way to fund long term care? Of course not. LTC insurance provides a way to do it.

Why not look into this?

You may have heard that LTC insurance is expensive compared with some other forms of policies. But the annual premiums (about as much as you'd spend on a used car from the mid-1990s) are nothing compared to real-world LTC costs.⁴ Ask your insurance advisor or financial professional about some of the LTC choices you can explore – while many Americans have life, health and disability insurance, that's not the same thing as long term care coverage.

Citations.

1
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2
aarp.org/families/caregiving/caring_help/what_does_long_term_care_cost.html [11/11/08]

3 pbs.org/nbr/site/features/special/article/long-term-care-insurance_SP/ [11/11/08]

4
aarp.org/research/health/privinsurance/fs7r_ltc.html [6/07]

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Privacy Policy

Our Commitment to You

LPL Financial Corporation ("LPL Financial") and its family of affiliated companies are committed to maintaining the trust and confidence of our customers. We want you to understand how we protect your privacy when we collect and use your nonpublic personal information ("personal information") in the course of business, as well as the measures we take to safeguard your personal information. Keeping personal information secure and private is a priority at LPL Financial.

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While providing service to you, we collect personal information from the following sources:

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Your transactions with LPL Financial and its affiliated companies, including those that work closely with LPL Financial to provide you with diverse financial products and services. Examples of information collected include your account balance, payment history, parties to transactions, types and amounts of investments, transactions, and credit card usage.

Consumer reporting agencies, including information concerning your credit worthiness and credit history. Information obtained from third parties when verifying applications or other

forms. This may be obtained from your current or past employers or from other institutions with which you conduct financial transactions.

Keeping your information secure is one of our most important responsibilities. We restrict access to your personal information to those employees and agents who assist us in providing products or services to you. We maintain physical, electronic and procedural safeguards that comply with applicable law to protect your personal information. We train our employees in the proper handling of personal information. When we use other companies to help provide our services to you, we require them to protect the confidentiality of personal information they receive.

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We may occasionally use a "cookie" in order to provide better service to you, to facilitate your use of our website, to track usage of the website, and to address security issues. (A cookie is a small piece of information that a website stores on a personal computer and can be retrieved later.) We may use cookies for administrative purposes, such as to store your preference for certain kinds of information. None will contain information that will enable anyone to contact you via telephone, email, or any other means. If you are uncomfortable with the use of cookie technology, you can set your computer's browser to decline cookies. However, if you refuse cookies, you may be unable to utilize certain features of our website, and you may experience performance issues with our website.

Privacy Policy

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Our Involvement Continues

A key value of our firm is to give back to the community. Over the years our employees have devoted hundreds of hours of their own time in activities that benefit the community making it an even better place to live, work and raise a family. This past year has been no exception. During this time we have read to children, donated food, collected books, mentored high school students, helped animal causes and walked with 30,000 others in the fight against breast cancer.

In July we wrote about our employees reading to students at the Weil School in the Hill District. That involvement continues during this school year and 11 of our employees are participating in the **Beginning with Books** program.

We also told you about our participation in the National Foundation for Teaching Entrepreneurship (NFTE) at Carrick High School and again this school year 8 of our employees will be mentoring students as they develop a plan for their business. The program operates under a new name this year **EntrepreneurYouth™**, but the focus remains the same and the two folks who ran NFTE, Jerry Cozewith and Cathy Blanchard, have transitioned over to the new organization and are busy establishing this new entity.

Over the holidays we collected food for the **Greater Pittsburgh Food Bank**

and are pleased to announce that our employees donated nearly 300 hundred pounds of food during the four weeks of the drive. Also during this time we collected books for the troops serving in Iraq. This project was established by the Young Lawyers Division of the Allegheny County Bar Association. Wendy Duchene of Michael F. Fives and Associates coordinated this book drive with our firm. Four very full boxes of books were collected.

In March 2009 and again on March 27, 2010 the firm's employees participated in the **Animal Friends Telethon** raising money for the many great programs and services offered for the animals and people in our community. Employees of the firm answered phones, took pledges, and assisted in other ways, as needed.

On Mothers' Day 2009 a group of our employees participated in **The Race for the Cure** to eradicate breast cancer. We are participating again this year.

Meet the Fragasso Team: Kevin Daeschner



Kevin is a Vice President and Financial Advisor. He joined the firm in 2000. He was born in Erie, Pennsylvania and attended Cathedral

Prep High School and Mercyhurst College where he majored in finance. He has a younger brother and sister and all three reside in Pittsburgh. Kevin's parents still live in Erie and are both teachers in the Erie Diocese School system.

Kevin met his wife Christine in their freshman year, and they have been married for twelve years. They have three children Brendan (10), Emma (6) and Alyssa (4).

Kevin spends most of his free time doing things with his family and getting involved in the Mount Lebanon community. He has been the coach to his children's sports teams and activities like Indian Princesses with his daughter. Kevin and Christine are very active in their community including their church and both work on various committees and outreach programs.

When asked to elaborate on what is really important in his life Kevin replied "Everything my wife and I do is for our family. We are fortunate to have family close to us, not just close geographically but also close to our hearts."

But, I Don't Need Estate Planning... Do I?

Your contact
for this article:

Do you have an estate?

It doesn't matter how limited (or unlimited) your means may be, and it doesn't matter if you own a mansion or a motor home. Rich or poor, when you die, you leave behind an estate. For some, this can mean real property, cash, an investment portfolio and more. For others, it could be as straightforward as the \$10 bill in their wallet and the clothes on their back. Either way, what you leave behind when you die is considered to be your "estate".

If the estate is small, should you still plan?

Well, even if you're just leaving behind the \$10 bill in your wallet, who will inherit it? Do you have a spouse? Children? Is it theirs? Should it go to just one of them, or be split between them? If you don't decide, you could potentially be leaving behind a legacy of legal headaches to your survivors. This, quite simply, is what estate planning is all about – deciding how what you have now (money and assets) will be distributed after your lifetime.

Do you HAVE to create an estate plan?

While it is absolutely possible to die without planning your estate, I wouldn't say it is advisable. If you die without an estate plan, your family could face major legal issues and (possibly) bitter disputes. So in my opinion, everyone should do some form of estate planning. Your estate plan could include wills and trusts, life insurance, disability insurance, a living will, a pre- or post-nuptial agreement, long-term care insurance, power of attorney and more.

Why not just a will?

Did you know that your heirs could encounter legal hassles ... even if you have a will? Basically, a will tells the world what you'd like to have happen, but proper estate planning is what provides the tools to make those things happen. While your will may state who your beneficiaries are, those beneficiaries may still have to seek a court order to have assets transfer from your name to theirs, and in such a case, those assets won't lawfully belong to them until the court



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President and Chief Operating Officer

procedure (known as probate) concludes. Estate planning can include items like properly prepared and funded trusts, which could help your heirs to avoid probate.

Where do you begin?

I would advise you to speak with a qualified legal or financial professional – one with experience in estate planning. A financial consultant can refer you to a good estate planning attorney and a qualified tax professional, and lead a team effort to assist you in drafting your legal documents. Call us today to get the process started!

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Baby News!

We are pleased to announce the newest addition to the Fragasso Financial Advisors family. Jemma Elizabeth Danko was born on January 20, 2010. Jemma weighed in at 7lbs and measured at 19 1/2 inches.

Congratulations to Jim and Melissa Danko on the birth of their baby girl! We wish the entire Danko family a lifetime of happiness together.

Read Your Favorite Newsletter Articles Online!

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We do not sell, share or disclose your personal information to non-affiliated third-party marketing companies, except personal information we share with other financial institutions pursuant to joint marketing agreements we enter into with them. For example, when banks and credit unions offer investment program services through LPL Financial or its affiliates, those program services may be conducted under joint marketing agreements between us and the banks or credit unions.

We may disclose all of the information we collect, as described above in the section captioned "How We Collect Your Personal Information," to companies that perform marketing or other services on our behalf and to other financial institutions with which we have joint marketing agreements. All of these companies are contractually obligated to keep the information that we provide confidential and use the information only to provide the services as allowed by applicable law or regulation. They are not permitted to share or use the information for any other purpose. We may also disclose all of the information we collect to our affiliates, as described above in the section captioned "How We Collect Your Personal Information." To the extent that applicable state laws grant you greater protections in connection with our sharing of your personal information, we will comply with those laws.

We may also disclose your personal information as permitted or required

by law. These disclosures may include, for example, information to process transactions on your behalf, to conduct our operations, to follow your instructions as you authorize, or to protect the security of your financial records.

For Clients of Independent Advisors

If your financial advisor terminates his or her relationship with us and moves to another brokerage or investment advisory firm ("New Firm"), we or your financial advisor may disclose your personal information to the New Firm, unless you instruct us not to. If you do not want us or your financial advisor to disclose your personal information to the New Firm, and if you do not want your financial advisor to retain copies of your personal information when your financial advisor terminates his or her relationship with us, you may request that we and/or your financial advisor limit the information that is shared with the New Firm by filling out the Privacy Choices Notice, which you can request from your advisor, and mailing it to: Privacy Management; c/o Compliance Department, LPL Financial, 9785 Towne Centre Drive, San Diego, CA 92121 1968. If your primary address is in a state that requires your affirmative consent to share your personal information with the New Firm (such as California or Vermont), then you must give your written consent before we will allow your financial advisor to take any of your personal information to that New Firm. You can withdraw your consent at any time by contacting us in writing at the address provided above.

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If Your Relationship With Us Ends

If your relationship with us ends, we will continue to treat personal information in accordance with this Privacy Notice. That means that we may continue to share your personal information with our lending partners and affiliates as described above or permitted by law. However, if you notify us of your election not to have us share your personal information with others before or after your relationship with us ends, we will honor that request.

Changes to Our Privacy Policy Notices

We reserve the right to amend (that is, to add to, delete from, or change) the terms of this Privacy Notice from time to time. Our Privacy Notice, as in effect from time to time, is continually posted on our website. By electing to become one of our customers or by receiving our products and related services, you agree to receive copies of our Privacy Notice and any amendments to it from our website, unless you notify us otherwise in writing. You may view our Privacy Notice online at www.lpl.com (click on Privacy/Security). Notwithstanding the foregoing, we will provide you with a written copy of our Privacy Notice at least annually.

Additional State Opt-Out Information

The information-sharing practices described above are in accordance with Federal law. In states where additional notification is required before you can provide an effective opt-out, we will contact you separately regarding your opt-out choices.

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Contact and Right to Access and Correct Information

You may write to us at the address below with any questions you may have about your personal information. You may see and copy the personal information that we have about you in person. If you prefer, we will copy and send it to you. If you think the personal information that we have in our files is incomplete or incorrect, you may

request that we complete or correct the disputed personal information. We will review your request. We will either make the change or explain why we did not do so. If we do not make the change, you may file a written statement of dispute with us. We will include the written dispute in future disclosures of that personal information. We will send the written dispute to anyone you ask who received your personal information from us in the past two years. To exercise these rights, please send us a written request. Please include your name, address, account number, daytime phone number, and the personal information that you would like access to or that you believe needs correction. We may charge a small fee to collect and send the personal information to you. To protect your personal information, we may ask you to verify your identity and to provide other details to respond to your request.

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Questions related to the protection of your Social Security number or your other personally identifiable information may be sent to security@lpl.com.

Fragasso Financial Advisors Recognized #6 in PA on Barron's Top 1000 Financial Advisors

Fragasso Financial Advisors was recently named one of the "Top 1000 Financial Advisors in America" by Barron's magazine, a leading financial magazine. Fragasso was ranked #6 in the Pennsylvania State-by-State list.

Only a select group of financial advisors were recipients of this prestigious recognition, which highlights the most prominent men and women in the financial service industry. According to Barron's, the ranking was based on data provided by over 4,000 financial advisors across the United States and considered advisors' assets under management and revenues as well as the quality of their practice and involvement in charitable and philanthropic endeavors.



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Awards and Upcoming Events



Fragasso Financial Advisors receives the Gold honor for Financial Planner in the Tribune Review's Reader's Choice Poll 2010

Every year The Pittsburgh Tribune Review polls Pittsburghers for their Reader's Choice. Readers are asked to vote on the region's best services in each category. This year Fragasso Financial Advisors is proud to receive the Gold recognition for Financial Planner. The highest honor in that category! Fragasso was ranked in the March 25th edition of the Trib PM which also included a special write-up about the firm. Thank you to all of our faithful and appreciative clients for voting for

us! We strive to make your financial success personal!

Fragasso team honored as 2010 Five Star Wealth Manager!

Several Financial Advisors from our firm have been awarded the FIVE STAR Wealth Manager award for 2010 from Pittsburgh Magazine.

These Advisors were selected by more than 33,600 consumers in the Pittsburgh area. These respondents know the advisors through personal experience and evaluated them based on customer service, integrity, expertise, communication, value for fee charged, and overall satisfaction.

Congratulations to the Fragasso Financial Advisors selected; Kevin Daeschner, Gregg Daily, Michael Fertig, Robert Fragasso, Deborah Graver, Liliann Moser, and Christine Robinette.

Look for the article in the July issue of Pittsburgh Magazine!

The Picnic Returns!

After taking a year off we are once again planning The Fragasso Family Picnic. All clients are invited to join us at the Mayernik Center, Avonworth Community Park on June 19. We are planning a great day of fun and hope we will see many of you at this event. Look for more information to follow in the next few months.

Feel free to pass this newsletter along to any friends and family members who might find it useful and contact us with any questions.