

vectors & viewpoints

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VECTOR: SMALL CHANGES MAKE A BIG DIFFERENCE

Measuring Success

By Jerry Foster, CFP®

Setting goals is a valuable exercise, but with it comes a potential problem. When setting goals, we create an “ideal” which we want to achieve. Creating that ideal serves a valuable purpose; it helps us create a vision to strive for. It sets a standard by which we build our dreams and strive for excellence. However, that “ideal” is a moving target. The closer we get to it, the more likely it is to move because of new circumstances, new experiences and new standards by which we recreate that ideal. In other words, while the ideal has some positive effects in our daily living, it is an elusive target by which to gauge our success. Therefore, we have to make a critical choice as to how we measure our success.

Some people will drive and push for the absolute best; and once they arrive at a point of evaluation, they will gaze upon the ideal, which still seems so far off, and say to themselves, “I’ll never get there; there’s no way this is possible.” At this juncture in the journey, discouragement and frustration can set in, causing a person to question the validity of striving for a life of excellence. The discouragement can be severe enough that they determine the goal isn’t worth it, and they may stop pursuing their dream.



There is another option. Though the ideal has served a valuable purpose in setting the bar of excellence and has created some parameters for envisioning a preferred future, you must resist using that ideal in measuring your success. Instead, turn around and see how far you’ve come! Evaluate the good choices you have made and measure your success based on the *progress* you have made. **Success should be evaluated on progress made rather than perfection.** Once you have seen how far you have come, turn around, refocus on the ideal, make new plans and begin the process of moving even closer to those dreams you have established.

So, here’s the key: **You make a plan, work the plan and celebrate the victories.** This becomes a way of life; a new paradigm of thinking. How do you personally measure your success? Do you arrive at a point of evaluation only to beat yourself up because you still have so far to go? Or do you focus on the future, set goals, create a plan, then measure the progress you have made and celebrate that progress, using the momentum you have gained to set new goals and create new energy for pursuing a life of excellence? The choice is yours.

TAX NEWS YOU CAN USE

by Phil Kruzan, CFP®



On December 16, 2010, Congress passed the **Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010**. This legislation, negotiated by the White House and select members of the House and Senate, provides for a short-term extension of tax cuts initially made in 2001. It also addresses the Alternative Minimum Tax (AMT) and Estate, Gift and Generation-skipping transfer taxes.

For most Foster Group clients, these changes will be beneficial over the next two years in a few key areas:

Income and Payroll Tax: Extension of the existing income tax rates for two years, continuation of the 0% and 15% capital gains rates, and a 2% reduction in the Social Security payroll tax for 2011.

Estate, Gift and GST Tax: After a \$5,000,000 exemption, a 35% rate applies to transfers at death or during your lifetime, including transfers to grandchildren. Step-up basis returns and any unused exemption can be transferred to your spouse.

Charitable Giving: The return of the Charitable IRA Rollover! Clients over age 70-1/2 can accomplish both charitable intentions AND receive an income tax benefit by having your charitable gifts (up to \$100,000) satisfy all or part of your Required Minimum Distribution (RMD).

To the right is a summary of the rest of the provisions in the Act. As we go through the year, we fully expect to re-engage with many of your attorneys and accountants to discuss strategic changes that might need to take place. As always, please call with any questions.

HIGHLIGHTS

Two-year extension of all current tax rates through 2012

- Income tax rates remain 10, 25, 28, 33, and 35%
- 2-year extension of 0 or 15% rate for capital gains & dividends
- 2-year continued repeal of Personal Exemption Phase-out (PEP) & itemized deduction limitation

Temporary modification of Estate, Gift and Generation-Skipping Transfer Tax for 2010, 2011, 2012

- Reunification of estate and gift taxes
- 35% top rate and \$5 million exemption for estate, gift and GST
- Alternatively, taxpayer may choose modified carryover basis for 2010
- Unused exemption may be transferred to spouse
- Exemption amount indexed for inflation in 2012

AMT "Patch" for 2010 and 2011

- Increases the exemption amounts for 2010 to \$47,450 (\$72,450 married filing jointly) and for 2011 to \$48,450 (\$74,450 married filing jointly).

Extension of "tax extenders" for 2010 and 2011, including:

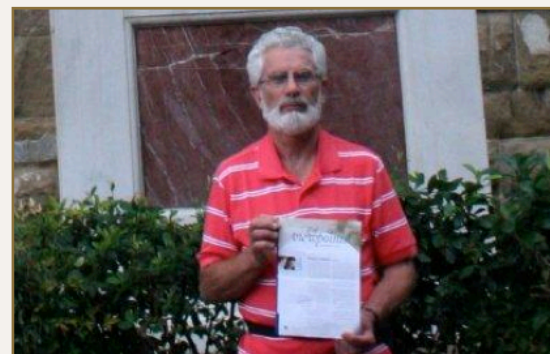
- Tax-free distributions of up to \$100,000 from individual retirement plans for charitable purposes
- Above-the-line deduction for qualified tuition and related expenses
- American Opportunity Tax Credit for tuition expenses of up to \$2,500
- Deduction of state and local general sales taxes
- 30% credit for energy-efficiency improvements to the home (IRC section 25C)
- Exclusion of qualified small business capital gains (IRC section 1202)

Temporary Employee Payroll Tax Cut

- Provides a 2% payroll tax "holiday" during 2011. Employees will pay only 4.2% on wages and self-employed individuals will pay only 10.4% on self-employment income up to \$106,800.



*Client Ed DeHaan
taking a break with
Vectors & Viewpoints
outside the Palazzo
Vecchio, the town hall
of Florence, Italy.*



Moving on Out... to Nebraska!

With a new year comes resolution for positive change. Here at Foster Group, part of our mission statement says, "We are catalysts for positive life change", especially when it comes to enhancing our services and bettering our clients' experience. With that said, we're excited to announce we'll be opening a Foster Group office in Omaha, Nebraska. We have been serving clients in Nebraska and western Iowa since 1992 and are thrilled to provide a local presence to those individuals and organizations. The addition of another corporate location allows us to more efficiently extend our comprehensive wealth management services to people throughout the region.

While we continue to grow in size, our commitment to personal relationships and helping our clients realize their goals only strengthens. Foster Group partner Reed Rinderknecht is helping facilitate the opening of our Omaha office, while advisor Ross Polking and his family have already relocated to Omaha to operate our newest location. As you think of people in the area we should meet, please let us know! Stay tuned for further details on directions to the office, as well as an open house invitation.



Omaha's inviting skyline.

FOSTER GROUP NEWS

- **Kate Juelfs** has joined the Foster Group team as a *lifeWealth*TM Advisor, working with our planning team. She was previously employed at a regional brokerage firm as an institutional sales manager, providing a full range of services to institutional and retail clients, including facilitation of asset transfer, assistance with cash management and movement, and selection and execution of investments for client portfolios.
- **Katie Lauer** is our new Client Services Specialist and will be working with Leslie and Pam to service our clients' needs. Katie has several years of experience within operations departments of investment firms, which will be an asset to both Foster Group and our clients.
- Congratulations to **Jon Evans**, the most recent Foster Group team member to pass the Certified Financial Planner[®] examination!
- Please note that our offices will be closed **Friday, April 22**, in observance of Good Friday

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We are catalysts for positive life change, providing financial solutions that reduce complexity and establish a high probability of success.



Continuing in our series regarding client generosity, we had the privilege of visiting with Ken and Gloria Van Zee from Pella. Since his retirement 5 years ago, Ken now does full-time mission work for several organizations.

Q

FG: Ken, tell us what things you are involved in.

Ken: I am on the board for a couple of mission organizations. I am also involved in prison ministry, including mentoring children of inmates and inmates after release from prison. I currently serve on the Launch Team/ Board of Directors for New Life Prison Church, which is a group of Pella area churches starting a church at the Newton Correctional Facility. We have recently hired a full-time pastor who works with inmates through an office in the chapel of the prison. This ministry is fully funded through donations and receives no state aid, but has proven to be beneficial in helping inmates turn their lives around and prepare for life after incarceration. I am probably most involved with Partners Worldwide, primarily working in Honduras. We help facilitate micro loans and small business loans to business owners.

Q

FG: How does the loan program work?

Ken: We currently have two programs, one through a Honduran Christian school which administers loans through a bank, and one through the church, which is run by deacons as a credit union. We do fundraising for the loans and then go down and teach local loan administrators how to service the loans, thus providing jobs for both loan officers and the people starting businesses. It is our ultimate goal to coach the business owners in how to run successful businesses.



A local meat locker owner with Ken and the bank officer who helped with his loan.

(continued on back cover)



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Q | **FG:** *Gloria, what is your role in this area?*

Gloria: In addition to supporting Ken's efforts, I have been involved with a small Baptist hospital in the area. I am a nurse, so we have done surgeries, delivered medicine, and gone out into some of the mountain villages to take care of needs there. We have also done some medical training to enable the people to begin to take care of themselves.

Q | **FG:** *What have you learned in the years you've been involved with these ministries?*

Ken: Relationships are vital. We do a lot of listening and have learned so much from these people—mostly that we need to slow down and spend more time doing the things that matter—spending time with others and with God. That is way more important than financial security. These experiences have greatly exceeded our initial expectations, and we have been spiritually blessed time and time again by the people there.

FG: Thank you for sharing with us. Missions work is more than money, and you have shown us the true heart and benefit of investing our lives into the lives of others.

For further information on both these organizations, go to: newlifeprisonchurch.blogspot.com and www.partnersworldwide.org.

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