

The Business Bank BRIEF

1st Quarter 2010
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SPRING IS HERE!

Message from the President

At long last it seems Winter is loosening its grip on the Washington, DC area. While the season is changing, one thing that isn't changing is our 5-Star Superior Rating. We are delighted to once again receive this prestigious accolade from the largest independent bank rating agency in the United States, Bauer Financial Inc.

As Spring ushers in the IRA season, please think of us when making your investment decisions. We have a number of financial alternatives to offer you. We encourage you to contact your Business Bank Banker who will work with you to develop effective financial solutions to suit your ever changing business and personal needs.

And last but not least, with the onset of the warm weather comes our annual charity golf tournament which will be held on May 17th at the Westwood Country Club. In 2009 we renamed the tournament "The Lori Davis Golf Classic" in honor of the late Lori Lynn Davis, who worked so tirelessly to make this tournament a success. A portion of the proceeds will benefit "The Lori Davis Trust Fund" for her two children, who were her biggest inspirations. The balance of the proceeds will benefit The Business Bank Community Fund at the Northern Virginia Community Foundation. Please join us on May 17th for this worthy cause that promises to be both fun and memorable.

*Harold C. Rauner
President/CEO*



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Is a Roth IRA Conversion in Your Future?

Up until now, retirement investors who wanted to convert monies in a traditional IRA to a Roth IRA could only do so if their modified adjusted gross income was \$100,000 or less. Beginning in 2010, this restriction will be removed, permitting retirement investors at any income level to move assets in a traditional IRA over to a Roth IRA.

As an additional incentive, the IRS is allowing those who convert in 2010 to spread the federal income tax owed on the converted sum over two years, a provision designed to lessen the immediate tax bite.

To Convert or Not to Convert?

The answer to this question will differ for every investor, depending on a number of factors including the amount of time you plan to leave the money invested, your estate planning objectives and your willingness to pay the federal income tax bill that a conversion will trigger.

Potential Benefits of Converting ...

- *A larger sum to bequeath to heirs.* Since required minimum distributions (RMDs) do not apply for Roth IRAs as they do for traditional IRAs, investors who do not need the money may leave it invested as long as they choose, which may result in a larger balance for heirs. After an account owner's death, beneficiaries are required to take distributions, although different rules apply for spouses as opposed to children and other non-spousal beneficiaries.

- *Tax-free withdrawals on qualified distributions.* Withdrawals from a Roth IRA are tax-free for those who have had the money invested for five years or more and have reached the age of 59½ or have attained another qualifying event.¹

¹IRA account holders (traditional and Roth) may make qualified withdrawals before age 59½ only if they meet specific criteria established by the IRS (disability, qualified 1st-time home buyer, etc.). Visit www.irs.gov for additional information.

And the Drawbacks...

- *The tax bite.* Investors who convert assets from a traditional IRA to a Roth IRA are required to pay taxes on the amount that is rolled over. The full amount of the conversion is usually taxable at ordinary income tax rates. If you have a nondeductible traditional IRA (i.e., your contributions did not qualify for a tax deduction because your income was not within the parameters established by the IRS), investment earnings will be taxed but the amount of your contributions will not. The conversion will not trigger the 10% penalty for early withdrawals.

Which Is Right for You?

If you have a traditional IRA and are considering converting to a Roth IRA, here are a few factors to consider:

- A conversion may be more attractive the further you are from retirement. The longer your earnings can grow, the more time you have to compensate for the associated tax bill.

- Your current and future tax brackets will affect which IRA is best for you. If you expect to be in a lower tax bracket during retirement, sticking with a traditional IRA could be the best option because your RMDs during retirement will be taxed at a correspondingly lower rate than amounts converted today. On the other hand, if you anticipate being in a higher tax bracket, the ability to take tax-free distributions from a Roth IRA could be an attractive benefit.

So, Should You Convert?

There is no easy answer. As with any major financial consideration, careful consultation with a professional is a good idea before making your choice.

This article was prepared by Standard & Poor's Financial Communications and is not intended to provide specific investment advice or recommendations for any individual. Consult your financial advisor if you have any questions.

The Inaugural Lori Davis Golf Classic

Last September, we lost Lori Davis, our dear friend and family member of The Business Bank, to her three year struggle with breast cancer. She touched each of us with her compassion, strength and determination. She was surrounded by her loving family, husband Gale, and their children, Tyler and Hope, and countless friends and clients that admired her.

Lori had a tremendous impact on the success of our Bank as well as on our annual golf tournament. When Lori took over the tournament five years ago, she increased revenues by nearly 250%. Lori never saw failure as an option. She spent countless hours working on gathering sponsors and foursomes, gaining numerous fans and friends along the way. Last year, we renamed our annual golf tournament *The Lori Davis Golf Classic* to acknowledge and honor Lori for her hard work and dedication.



Lori Lynn Davis
12.20.62 - 9.25.09
Her Memory and Spirit Lives On

Among Lori's numerous accomplishments, the role model she became for us is perhaps her greatest. She set the bar high and was a fighter to the end, never a quitter. Lori's faith and dedication to her family and church never wavered during this fight for her life. Although we miss her dearly, her spirit and example will forever be ingrained in our minds.

A portion of the proceeds from this year's tournament will benefit her two children through *The Lori Davis Trust Fund*.

2010 Lori Davis Golf Classic

Sponsored by

Valcourt Building Services

to Benefit *The Business Bank Community Fund*
at the Northern Virginia Community Foundation



For registration
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opportunities,

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Sissi Herbas ext. 4430

Bonnie Blanchetti ext. 4432

or visit

www.businessbankva.com

NEW AND IMPROVED TBB WEBSITE

The Business Bank is excited about the April 2010 launch of our updated website. More information and tools to make managing your money and staying up-to-date on your top rated bank is just a "click" away. We hope you will take the time to surf our new website and let us know what you think.

www.businessbankva.com

TOP SAFETY RATING

The Business Bank stands strong in the current environment while many financial institutions are faltering. You don't have to take our word for it though.



BauerFinancial Inc., the nation's leading independent bank rating and research firm, has once again awarded The Business Bank its **5-Star Superior** rating in March 2010, indicating that we are one of the strongest banks in the nation. We received the 5-Star Superior rating because we maintain a solid capital base, excellent loan and investment quality, and strong liquidity.

"In a climate where it is increasingly difficult to shine, The Business Bank proves it can be done," remarked Karen Dorway, President of the research firm (www.bauerfinancial.com). "In fact, local residents should be proud that their community bank is one of the elite financial institutions in the nation. They can rest assured that their deposits are well-placed in this 5-Star bank."

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