LET'S TALK MONEY®
September/October 2018

Boost Your Savings

If you're approaching your 50th birthday or have passed this milestone, now is the time to supercharge your retirement savings efforts. Here are some things you can do today to potentially plump up your retirement income.

Max Out Your 401(k)

If you have a company-sponsored 401(k), contribute up to $18,500 or up to plan limits, if lower. If your employer matches a portion of your contributions, make sure to contribute at least the amount your company will match. If you find you don't have enough dollars to contribute the maximum allowed, look for debt to cut, starting with credit cards sporting the highest interest rates. Reducing debt should be a twin goal with saving more, because both actions will help to increase your retirement income.

Explore IRAs

Another way to potentially increase your retirement income is by contributing to a traditional or Roth IRA. If you qualify by income, contributions to a traditional IRA are tax-deferred along with potential growth.

While anyone can open a traditional IRA, eligibility to contribute to a Roth IRA depends on your income. The income phase-out range for single taxpayers and heads of households making contributions to a Roth is $120,000 to $135,000, while the income phase-out range is $189,000 to $199,000 for those who are married and file their taxes jointly. Contributions to all IRAs you own are limited to $5,500 annually.

To Your Health

If your company offers a Health Savings Account (HSA), contribute as much as allowed. Contributions, potential growth and qualified distributions are all tax-free. At age 65, you may take distributions without penalty for any reason, paying ordinary income tax on the amount of unqualified distributions.

Age Pays

You can contribute even more to these retirement vehicles if you're at least age 50. Contribute an extra $6,000 to a 401(k), $1,000 to an IRA and, if you're over 55, $1,000 to an HSA.

Nearing the final lap of your retirement savings efforts? Talk to a financial professional to learn how you can make the most of your final contribution push.

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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Retirement Version

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Three Ways to Curb Overspending

If you regularly spend more money than you make, you have company. According to the Federal Reserve Bank of New York's Center for Microeconomic Data, Americans' total household debt rose $193 billion to a record $13.15 trillion at the end of 2017. Among the contributors: credit card balances shot up 3.2% for the year.

Start with a Budget

If you are in debt, overspending is likely one of the causes. Make a few small- to medium-sized purchases here and there without a plan and it's easy to see how debt accumulates. To stop this trend, start with a budget. Chronicle every penny that goes out for one month and compare it to what comes in — your income. Use this information to establish a budget, cutting enough expenses to make what goes out match what comes in.

Become Credit-Smart

Next, develop a plan to tame your credit card spending. If you don't carry your cards, you can't use them when entering a store or restaurant. Is online spending your problem? No problem, if you put your cards in a safe place that is out of reach when the impulse-spending urge strikes.

If credit cards are the main culprit of your overspending and you carry large balances, paying down these cards can pay off in the form of lower interest rates as your credit score improves.

In an Emergency

Unexpected and expensive vehicle repairs happen. So do home repairs, healthcare bills and even unemployment. To help defray most or all of your unexpected expenses, create an emergency fund, preferably one that covers six to 12 months of everyday expenses. But even a smaller fund is better than none. Put something away and don't forget to budget for it, contributing to the fund at least as often as you would pay a monthly utility bill.

FAFSA Filing Start Date Coming Soon

If you had a child graduate college at least two years ago and you have another who will enter college in September 2019, you may not be aware of the new FAFSA submission date.

The first day you can file the federal government's Free Application for Federal Student Aid (FAFSA) for the 2019–2020 school year is October 1, 2018, which is earlier than in the past. Filing early may give you access to aid that might not be available later, but you have until June 30, 2019 to file for the same school year.

Tips for Success

Applying for the FAFSA isn't a picnic, but you can get the most from this annual rite of passage for college students and their parents by avoiding common mistakes like not signing the application and leaving fields blank.

Also consider using the online IRS data retrieval tool, which you'll find at fafsa.ed.gov, to transfer information from your federal tax return to the FAFSA. Filing your FAFSA online not only gives you access to this tool, but to online application checks that can help you file accurately.

Student financial aid is usually available on a first-come, first-serve basis, so file early and accurately.

Five Truths about Life Insurance

September is Life Insurance Awareness Month, a time like any other when we can come up with several excuses to either not own life insurance or not own enough. Here's to setting the record straight:

Excuse: *I have plenty of time to buy it.*

Truth: Perhaps you do, but what if the unthinkable happens before you buy it? You aren't immortal. Or what happens if you develop a medical condition that either makes you uninsurable or makes life insurance unaffordable?

Excuse: *Life Insurance is too expensive.*

Truth: The younger you are, the cheaper individual coverage is. You might also afford a term insurance policy, especially one that allows you to convert to permanent insurance down the line. And don't forget about employer-sponsored life insurance, which is group coverage that is typically less expensive than if you bought it on your own. Group life insurance typically ends when you leave the job.

Excuse: *I have enough insurance through my employer.*

Truth: Maybe not, unless you supplement that amount with individual life insurance coverage. You may want enough insurance to cover three to seven years of lost income and living expenses, plus any extras such as replacing lost college savings.

Excuse: *I'm a stay-at-home spouse, so I don't have income to replace.*

Truth: When a stay-at-home spouse becomes widowed, childcare for young children may become a financial issue. If you don't have young children, your income still may not be adequate to pay others to perform the tasks you did, affecting the family's standard of living. Life insurance can help fill this gap.

Excuse: *I don't want to buy something I don't understand.*

Truth: That's a legitimate concern, but you have control over it. Ask questions. If you can't get answers that are easy to understand, talk to a financial professional who can provide them.

Defending Against Cyber Criminals

October is National Cyber Security Awareness Month, a good time to make sure to protect your loved ones, your business and yourself from a host of increasing cyber threats. Here is a sampling of advice from the U.S. Department of Homeland Security to help protect you online:

- In the digital age, keeping your children safe requires vigilance. Review security settings and privacy policies to make sure the websites your children frequently visit are age-appropriate;
- Watch changes in behavior. Children who suddenly avoid the computer or smartphone could indicate they are victims of online bullying;
- Use two-factor authentication, such as one-time PINs texted to your smartphone, with your passwords;
- Make your passwords stronger, using upper and lowercase letters with numbers and characters;
- Use up-to-date software that keeps you safe from viruses and malware;
- Don't get caught in a phishing attack. Even when an email looks like it is from your bank or credit card company, call them or access their website directly instead of clicking on the email link.

The Facts of Life (Insurance)

The following 2017 Insurance Barometer Study is conducted by LIMRA, the financial services industry organization that measures such attitudes and trends, and the nonprofit Life Happens.

Four in **10** Americans wish their spouse had more life insurance.

Some **60 million** Americans have an average life insurance needs gap — the difference between their actual coverage and their needs — of **$200,000**.

About seven in **10** husbands own life insurance, while only **63%** of wives can make the same claim.

While **85%** of Americans believe households should have life insurance, only **59%** have it.

Four in **ten** households without life insurance would struggle to pay living expenses if their primary wage earner died.

Americans' average life insurance coverage would replace **three** years of income, down from **3.5** years in 2010.

Annuities Offer Certainty

As Baby Boomers near retirement, they may feel uneasy about the lack of guarantees offered by the investments in their employer-sponsored 401(k) plan. Increasingly, some plan sponsors are addressing this concern by offering plan participants an opportunity to annuitize all or a part of their plan balance.

If an annuity* appeals to you and your company retirement plan doesn't offer this feature, you may consider taking a portion of your plan balance and annuitizing on your own to preserve some plan gains and, ultimately, for financial confidence in your future. Here's what you need to know:

The Basics

An annuity is a contract between you and an insurance company for which you pay one lump sum or periodic premiums in return for regular income. Immediate annuities begin providing income immediately; deferred annuities begin at a later date. Income you receive may be for a predetermined period of years, called "period certain." Or you can opt for lifetime income, which usually costs more.

Fixed Annuities

While there are different types of annuities, most don't offer the certainty of a fixed annuity. Typically, this type of annuity offers a monthly stream of income with a guaranteed rate of interest and guaranteed principal backed by the issuing insurance company. For risk-adverse consumers, certainty is usually a fixed annuity's biggest selling point.

Questions to Ask

To find out if a fixed annuity is right for you, you'll need to get answers to a few questions and compare annuities. Learn the financial strength of the insurance carrier issuing the policy. Determine whether or not there are penalties for early withdrawals from your 401(k). Compare fees and other charges, including surrender charges. A financial professional can help you with this process.

** An annuity may impose charges, including but not limited to surrender charges, mortality and expense risk charges, administrative fees and underlying fund expenses. You will have to pay federal income tax on any earnings you withdraw from the annuity. Payments and guarantees are subject to the claims-paying ability of the issuing insurance company.*

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Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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REVIEW LETTER

1. 2018 LTM Sept/Oct Retirement
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   5 Pages

The material submitted appears consistent with applicable standards.

Reviewed by,

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