LET'S TALK
MONEY®
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When Tradition Matters

If you're still looking for a tax deduction on your 2019 tax return, you might find one by contributing to a traditional IRA. This action has a double benefit because you'll put money away for your future, too. Here's a look at the traditional IRA, to which you can make tax-deferred contributions for tax year 2019 up to your tax-filing deadline if you qualify by income.

How Much?

While Roth IRAs get all the headlines with their tax-free distributions, traditional IRAs still occupy a large space in the retirement savings arena. Here's why: Like potential growth in a Roth IRA, a traditional IRA's growth builds tax-deferred. Unlike a Roth IRA, its traditional cousin has taxable distributions.* And also unlike a Roth, the traditional IRA offers tax-deductible contributions for those people qualifying by income.

Tax-deductible contributions help you later, because your account should grow over time, and now, because contributions may be deductible from your taxable income in the tax year contributions are made. So, if you are in the 25% combined tax bracket (state and federal), this means a $5,000 annual contribution saves you $1,250 in taxes.

Who Qualifies?

Your income and tax filing status will determine if your contributions are tax-deductible in tax year 2019. If you are covered by a retirement plan at work and your tax filing status is single or head of household, you can make a tax-deductible contribution for 2019 of up to the limit of $6,000 if your modified adjusted gross income (MAGI) is $64,000 or less. Take a partial deduction if your MAGI is between $64,000 and $74,000.

If you file jointly or are a qualified widower, the income limit for a full deduction is $103,000 or less. For a partial deduction, it's between $103,000 and $123,000. Married taxpayers filing jointly have no income limits to qualify for tax-deductible contributions when neither has a workplace retirement plan. If your spouse has a workplace plan and you don't, take a full deduction if your MAGI is $193,000 or less and a partial deduction between $193,000 and $203,000.

** Distributions from traditional IRAs and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty.*

https://www.irs.gov/retirement-plans/2019-ira-deduction-limits-effect-of-modified-agi-on-deduction-if-you-are-covered-by-a-retirement-plan-at-work and https://www.irs.gov/retirement-plans/2019-ira-deduction-limits-effect-of-modified-agi-on-deduction-if-you-are-not-covered-by-a-retirement-plan-at-work

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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.

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7 Last-Minute Tax Breaks

If you haven't filed your 2019 federal tax return yet, the Internal Revenue Service offers some reminders that may help reduce your income taxes for the year, but don't forget to consult a tax advisor about your individual tax picture, too. Here is a sampling of tax breaks that may help you reduce your 2019 tax bill.

- There are few limits to the amount you can deduct when you itemize on your tax return, thanks to the Tax Cuts and Jobs Act.
- Limits have risen not only for income tax brackets and the standard deduction, but also for tax deductions like the Lifetime Learning Credit.
- The maximum credit allowed for adoptions is the amount of qualified adoption expenses up to $14,080, up from $13,810 the previous year.
- The Health Flexible Spending Account (FSA) saving limit rose to $2,700.
- The Health Savings Account (HSA) contribution limit increased to $7,000 for family coverage and $3,500 for single coverage. Out-of-pocket limits also increased slightly.
- If you receive alimony payments according to an agreement that was new or suitably modified in 2019, you won't owe federal income taxes on the amount.
- You may deduct amounts over 7.5% of your adjusted gross income for medical expenses.

Protect Yourself in Cyberspace

Data breaches continue to make news, putting millions of Americans' financial information at risk. How can you help safeguard your vital financial information if you do business online?

Take Precautions

Most financial institutions will send you alerts about various account activities, including withdrawals over a certain amount and unusual credit card charges. Some may offer this automatically, while most will allow you to opt in to alerts.

When dealing with financial accounts online, always make getting to your information as hard as possible for those who would do your financial reputation harm. This means using double verification, including having a code texted to your email or smartphone, and using a password manager to change the password each time you visit.

Don't forget to check your accounts regularly, monitor your credit rating for suspicious activity (including fraudulent new accounts in your name) and shred any hard copies with identifying financial information that you receive by mail — even new credit card offers.

Stolen Info?

If your credit information is stolen, report it immediately to the police. This is theft. Also report the theft to the affected financial institution and major credit monitoring agencies. You have the right to freeze your account for any reason and it's free, making this a possible option if you know hackers stole your information. Know, though, that if you seek credit, the credit agencies can't give your financial information to anyone until you unfreeze your credit information.

Money Hacks to Simplify Your Life

Life is nothing if not busy, so we often can't find the time we need to take care of financial tasks, whether big or small. Consider these ways to save time.

Modernize

Many financial institutions have smartphone apps that let you do almost everything from getting statements to making deposits. But if you don't trust the apps yet, consider checking out how today's ATM machines let you take withdrawals, make deposits and more.

Shopping is also faster online, but even major brick-and-mortar retailers are reducing checkout times with do-it-yourself checkout scanners. Also explore apps that simplify your budgeting, track your expenses and organize multiple investment accounts.

Automate

If you're like many people, you use direct deposit for your paychecks. Why not ask your employer or financial institution to automatically put a portion of them into savings? You might also automate your 401(k) contributions to increase when you receive a pay raise and rebalance your portfolio periodically. And if you don't pay your bills online yet, consider this option.

Consolidate

Most insurance companies will give you a discount if you buy multiple policies from them, such as home and auto insurance. If you have multiple credit cards, consider merging them into one low-interest rate card. While on the subject of credit cards, consider those that offer rebates and cash back (along with low interest rates). If you don't get your phone and television from one provider, consider it because most will offer a discount for a package plan.

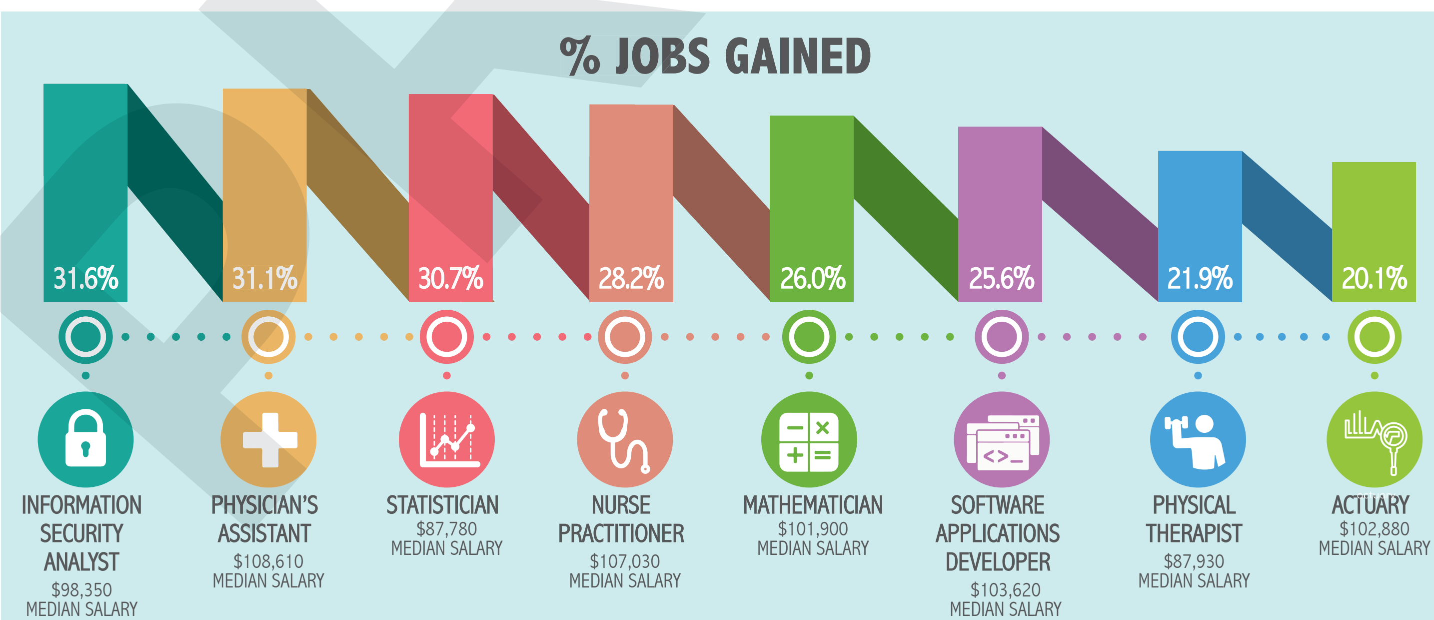
5 Ways to Cut College Costs

If you have a child who is a junior in high school, you may have road trips to explore colleges on your schedule in a few months. Before deciding on a school, explore ways you can cut increasingly expensive college costs.

1. **Stay home.** Some state colleges and universities offer scholarships to keep top-performing in-state students at home.
2. **Commute.** If your child attends a college close by, commuting could save a bundle on room and board costs.
3. **Look at Community Colleges.** Community college is a cost-effective way to gain the general credits most colleges require. Really ambitious high school students can also get community college credits at night and during the summer while in high school.
4. **Take AP Courses.** If students take advanced placement (AP) courses in high school and pass a standardized AP exam for the subjects taken, they can gain credits most colleges will accept.
5. **Shorten College.** An aggressive schedule combined with credits gained from community college and AP courses can help some students get a bachelor's degree in three years, reducing expenses by about a quarter.

Fastest-Growing Occupations

Another way to make college cost-effective is to explore whether your student is working toward a degree in a growing or shrinking industry. Take a look at the projected growth to 2028 salaries and the 2018 median income, for these jobs:



https://www.bls.gov/emp/tables/fastest-growing-occupations.htm

Reviving Your Retirement Strategy

Few people would argue about the wisdom of putting money away for retirement, yet many of us either don't start, take time out from contributing or abandon this strategy altogether when financial obstacles hit. But most people can revive their retirement savings strategy at almost any age by making a few changes in how they deal with money.

That's Life

It's easy to fall behind when saving for retirement, if only because it may seem so far away. We may know that time and compounding make a powerful combination, but we let other financial obstacles get in the way of saving. We buy first homes, have children, pay for their education, deal with parents' long-term care and more, so we put saving for retirement on the back burner. So, let's say you let some time slip by. While it's difficult to catch up, every little bit helps.

For starters, consolidate your retirement plan assets if you have contributed to 401(k) plans from many jobs. Ask your current employer if that's doable, and benefit from the ease of having all your retirement assets in one place with potentially lower overall fees. Also take advantage of any automatic tools your plan offers, including automatic contributions, rebalancing and escalation. The latter feature increases your contribution when you earn a pay increase.

More Money

If you have a 401(k) plan, know that IRS contribution limits are generous. If your plan allows, you can contribute up to $19,000 annually for 2019, plus another $6,000 in catch-up contributions if you're at least age 50. You might also consider opening a traditional IRA (see p. 1), which may help you put away a little more tax-deferred money for the future.

Looking for extra money to put toward retirement? Find more money to invest by cutting back on expenses, such as dining out. Consider gigging, where you can earn extra money in addition to your main income. And think about delaying retirement, because even a couple of years of extra contributions and potential growth can make a difference.

Most important, talk to your financial professional to learn about these and other ways to help get your retirement savings back on track.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

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1. 2020 Lets Talk Money March/April Retirement
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The communication submitted appears consistent with applicable standards.

Reviewed by,

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Manager

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