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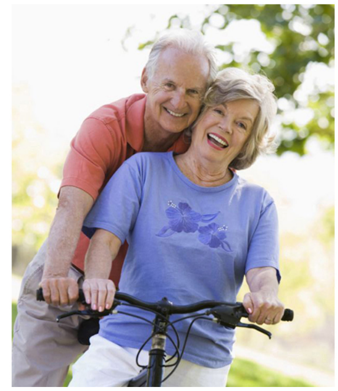
Protecting A Lifetime Of Memories

Where Your Retirement Dreams Become Reality...



JULY 2021

Are You Protected?

Some Interesting yet disturbing facts:

- This year, the S&P 500 (one of the leading indicators of the Stock Market) reached all times highs and has continued to climb. It has over doubled in the past 5 years. In June of 2016 it was at 2,037.41, now it is over 4,250.
- The median home price in May of 2016 was $246,000, in may of 2021 that number is $350,300. That is up almost 50%. Most of that came from last year alone.

Have you ever heard the phrase (probably during your school years) why do I need to know this? If this was said during history class, then you might have received the answer, “We study history in the hope that it won’t happen again.” This is very similar in scope to Albert Einstein’s definition of insanity. (Doing the same thing over and over and expecting different results).

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What Are RMD's and How Do They Affect Me?

Due to the Secure Act being passed in 2019. This article, when talking about the starting point of RMD’s, assumes you will turn 70 after July 1, 2019.

RMD's are an abbreviation that stands for 'required minimum distributions'. RMDs are the method used by the government to make sure they receive the taxes that you deferred while you were accumulating money for retirement. Simply put, RMDs are the amount of income you have to withdraw from your qualified plans each year to avoid suffering a penalty. RMD's are based upon your life expectancy which is pulled from a chart put out by the IRS called the Uniform lifetime Table. They are designed for you to spend down your qualified assets over the course of your remaining lifetime.

How does it work?
Once you turn 72 they require you to take a percentage out of your total qualified (401k, 403b, IRA etc...) money as income. That percentage changes each year based on the previously mentioned table. Note, because Roth is tax-free income it is exempt from RMDs. It is also important to remember, that while the amount is determined by the balances of all your accounts, you can choose to take the amount from any single or combination of those accounts.

Do RMDs affect Social Security?
Yes and no. It does not affect your benefit directly, but it does affect how much of your social security is taxed.

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Interesting Facts:

-The Pyramids of Giza were more ancient to the Ancient Romans, than Rome is ancient to us.

-A Stanford study found a high correlation between walking and creative thought output. Compared to sitting, those who walked demonstrated a 60% increase in creative thought output.

-The United Kingdom and Portugal hold the longest standing alliance in the world, it started in 1386.

-The month of July was named after Julius Caesar.

Are you unnecessarily paying income taxes on your social security call now for your ***FREE*** *report*
"How to Stop the Taxation of Your Social Security Income"
Call now while supplies last.

"Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like."
~Will Rogers

Disturbing Facts...

In 2018, U.S. hospital emergency rooms treated an estimated 12,000 people for fireworks-related injuries. 70 percent of these injuries occurred between June 18 to July 18. Of these:

-61 percent were to males and 39 percent were to females.

-Children under 15 years old accounted for 31 percent of the estimated injuries.

-Young Adults (Age 20-24) had the highest estimated rate of emergency department-treated, fireworks-related injuries (4.0 injuries per 100,000 people)

-There were an estimated 1,300 emergency department-treated injuries associated with firecrackers. Of these, an estimated 47 percent were associated with small firecrackers, an estimated 4 percent with illegal firecrackers, and an estimated 49 percent with firecrackers for which there was no specific information.

-An estimated 900 injuries were associated with sparklers and 400 with bottle rockets.

Please have a happy & Safe Independence Day!

Are You Protected?

Now you might be thinking, but those are both good things, what are you worried about? There are two main problems with the facts above.

1. Interest rates are artificially low, and they can't stay this low forever. When they pull out people will no longer be forced to buy into the stock market (which is part of the reason why it is artificially high)

2. Incomes have not risen to match the increase in prices across the spectrum. People can't afford these higher prices something has to break.

Essentially, the growth we are seeing cannot sustain itself. Both the housing and the stock market are due for a correction. As a client/friend of mine I am begging you to take the actions necessary to protect yourself. All of us were alive during the 2006-08 crisis. If that happens again, how much are you willing to lose? What would that mean to your retirement? Could you survive on 25-60% less income? Alternatively, can you wait the 5-6 years it will take for the market to repair itself? I don't want this to happen to you!

What if there was a better way? What if you could participate in the growth of the market, while being guaranteed that both the money you put in, and the interest you earn will never lose a dime? How much better off would you be? Contact me today to find out more!

What Are RMD's and How Do They Affect Me?

RMDs are treated as normal income in relation to the taxation of your social security. If you are low income, the RMDs can push you up over the income threshold and make up to 85% of your social security taxable.

What happens if you fail to take your RMD?
Harsh penalties! If you fail to take the RMD by April 1st of the year after you turn 72 (and years thereafter) the IRS can assess a stiff **50% penalty** on the amount you should have withdrawn. It is possible to get this penalty waived if you can prove to the IRS that the shortfall in your distribution was due to "reasonable error" and that you are taking steps to fix it.

Are there ways around RMDs?
Unfortunately, no, if you have qualified funds, there is no way around them; you will have to take RMDs once you turn 72. However, there are numerous strategies out there to reduce the impact of them. Especially if you have a combination of qualified and nonqualified funds!

If you would like help calculating your RMD. Determining which accounts are the best to withdraw from. Or if you are concerned about running out of money or would like other tax saving ideas, then please give me a call.