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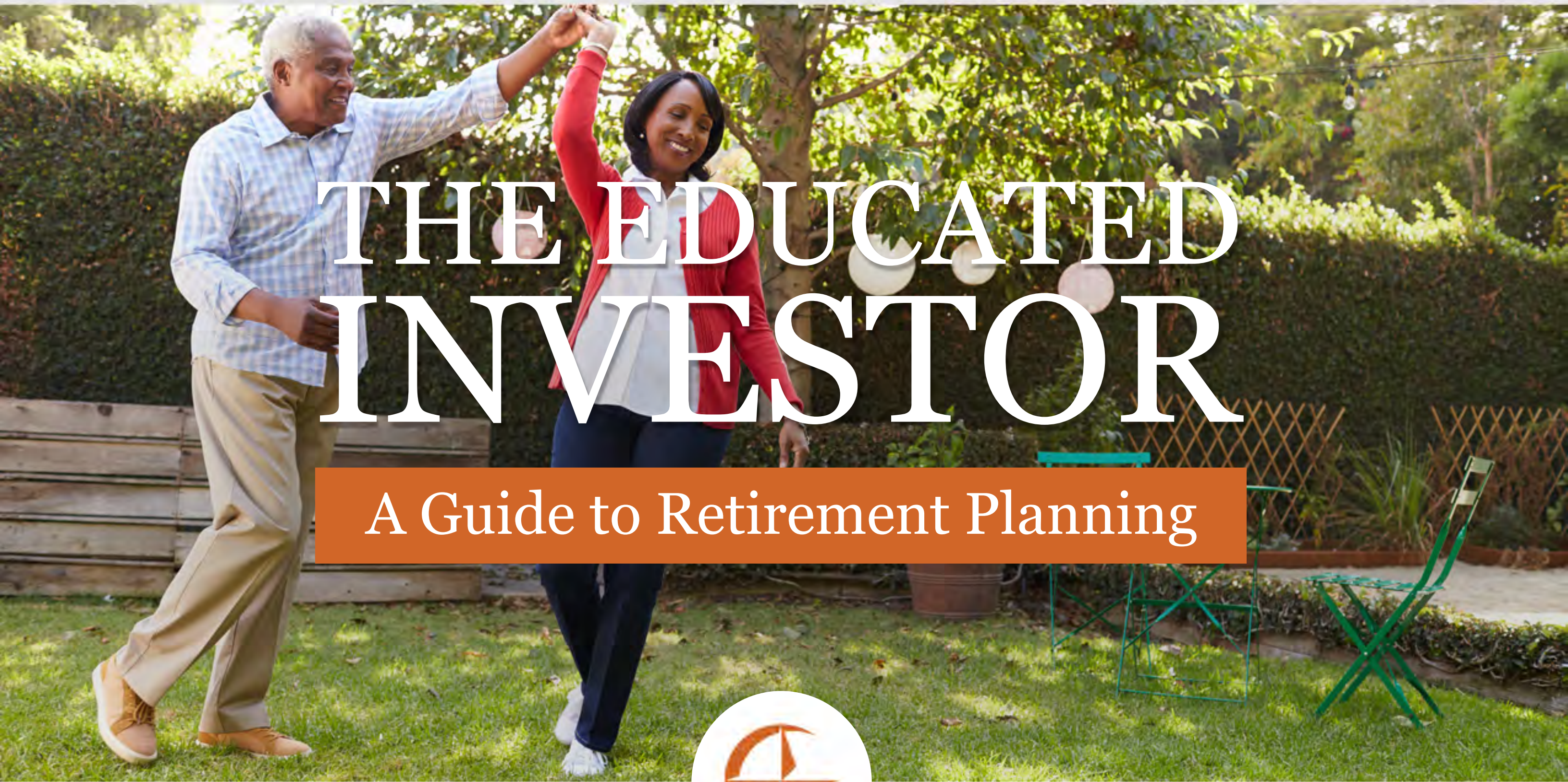

THE EDUCATED INVESTOR

A Guide to Retirement Planning

FEATURED ARTICLE

Calculating Taxes on Mutual Funds

When planning for tax season, don't forget about the taxes that you may owe on any mutual funds you own. Your tax planner or financial advisor can help you organize your paperwork and assess the particulars of your situation.

As a shareholder, you must pay taxes on dividends or capital gains passed on to you in the year they were received, even if they were automatically reinvested to buy additional fund shares.

For mutual fund investors, earnings come from two sources: fund distributions -- dividends or capital gains -- and the sale of fund shares.1 Income from these sources may be taxable. Fund companies typically send year-end statements to shareholders that summarize the information used to report investment gains or losses to the IRS. Here's a look at how taxes on your mutual funds are calculated.

Taxable Distributions: Dividends and Capital Gains

As a shareholder, you must pay taxes on dividends or capital gains passed on to you in the year they were received, even if they were automatically reinvested to buy additional fund shares. In general, dividends and capital gains attributable to a fund's underlying investments are taxed as follows:

Long-term capital gains and qualified dividends are taxed at 0% for taxpayers in the 10% and 15% tax brackets, 15% for taxpayers filing singly with incomes less than $413,200 ($464,850 for those who are married filing joint tax returns), and are subject to a top rate of 20% for single taxpayers with income in excess of $413,200 and joint filers with income in excess of $464,850. In addition, net investment income for taxpayers with AGIs in excess of $200,000 (single filers) or $250,000 (married filing jointly) may be subject to the 3.8% Medicare surcharge.

Regular interest income and short-term capital gains on securities held in a fund for less than 12 months are taxed at your ordinary federal income tax rate. Keep in mind that funds with higher turnover (i.e., funds that buy and sell securities often) can result in higher tax liabilities.

Capital Gains From the Sale of Fund Shares

Gains can also be realized when you sell fund shares that have appreciated in value since purchase. Before you can calculate the tax owed on the sale, you have to know your cost basis -- or how much money you paid for the shares, including shares purchased with distributions.

If you sell all of your shares, your cost basis is your total investment (all purchases and reinvested distributions). If, however, you sell some of your shares, determining your cost basis is somewhat complicated. The next section outlines the IRS-approved accounting methods for conducting this calculation.

Calculating Your Cost Basis

- Specific shares: You identify which shares to sell. This method gives you the most control over the amount of gain or loss you report.
- First-in, First-out: This method assumes the first shares purchased are the first to be sold. If you do not indicate otherwise, the IRS assumes you use this method.
- Average cost, single method: With this method you calculate your gain or loss based on the average price you paid for all shares, regardless of how long you have held them. This is the method most mutual fund companies use to provide information to you.
- Average cost, double method: This is the same calculation as above, except shares are divided into short-term and long-term categories and a separate average cost is computed for each.

Keep in mind that net losses incurred from fund investments may be deductible from your income taxes, and that investments in tax-deferred retirement plans, such as a 401(k)s, traditional IRAs, or variable annuities, allow you to defer taxes on all investment earnings until the funds are withdrawn.2

Because federal tax laws are complex and fast changing, consult a tax advisor to determine how they apply to your situation. This information is general in nature and should not be construed as tax advice. Always consult a qualified specialist regarding tax affairs.

Source/Disclaimer:
1 Investing in mutual funds involves risk, including loss of principal. Mutual funds are offered and sold by prospectus only. You should carefully consider the investment objectives, risks, expenses and charges of the investment company before you invest. For more complete information about any mutual fund, including risks, charges and expenses, please contact your financial professional to obtain a prospectus. The prospectus contains this and other information. Read it carefully before you invest.
2Withdrawals from qualified plans taken before age 59½ are generally subject to a 10% additional federal tax -- on top of any regular income taxes owed -- although there are a few exceptions to this rule.
Required Attribution

Women, Wealth and Legacy Planning

Women are increasingly the guardians of family wealth and can benefit from following some "best practices" in wealth management and preservation.

Active participation in wealth management can strengthen women's commitment to protect and grow their assets with the goal of leaving a legacy for their children, their community, and beyond.

Whether nurturing the values of children, fulfilling charitable goals, or making investment decisions that affect their own as well as their beneficiaries' financial security, women play a central role in establishing and preserving family wealth. Consider these statistics:1

- Women now control more than half of the investment wealth in the United States.
- 48% of estates worth more than $5 million are controlled by women, compared with 35% controlled by men.
- Some estimate that by 2030, women will control as much as two-thirds of the nation's wealth.

These and other trends magnify the need for women to be involved, informed, and comfortable with their role as guardians of family wealth. Active participation in wealth management can strengthen women's commitment to protect and grow their assets with the goal of leaving a legacy for their children, their community, and beyond.

Best Practices in Legacy Planning

The following strategies may help assure the smooth transfer of your measurable wealth -- and your values surrounding wealth -- to the next generation.

Education leads to confidence. Attaining financial security for you and your heirs typically requires you to accept responsibility for the management of significant investment assets. Whether you are single, married, or a surviving widow, it is in your best interest to obtain as much education as possible about wealth planning, investments, and related matters. Even if you are not directly responsible for making important financial decisions, it is vital to have knowledge in these areas in order to communicate effectively with professional advisors charged with these duties.

Professionals offer objective, qualified services.
Relying on professional advice as opposed to family and friends is extremely important when making decisions affecting the accumulation, preservation, and distribution of wealth. What should you expect from a qualified professional? A good wealth advisor -- or a team with other professionals, such as attorneys and accountants -- should offer guidance and services in most areas of wealth management, including estate planning, retirement planning, insurance needs assessment, and college planning. On a more personal note, a wealth advisor should work closely with you to:

- Identify areas requiring special assistance, such as creating trusts.
- Minimize taxes and planning costs.
- Develop and implement a personalized wealth management plan.
- Review your plan periodically and suggest changes when needed.

Philanthropy is integral to family legacy planning.
Wealth holders have a greater opportunity -- if not responsibility -- to make charitable giving an integral part of the legacy planning process. Families that are charitably inclined may have clear goals in mind, but they may not know where to begin. In order to choose the best strategy, you should work with a trusted advisor to evaluate a number of factors, such as tax management objectives, types of assets to be gifted, and your specific strategic intent. Then choose from among a range of charitable-giving vehicles, such as donor-advised funds, family foundations, gift annuities, and charitable remainder trusts/charitable lead trusts.

Children should learn about the responsibilities of wealth.
Wealth is a gift that opens doors of opportunity not only for you, but also for your children, their children, and generations to come. Yet wealth can be a weighty responsibility that takes time to manage, maintain, and preserve. If you are a parent, you are no doubt concerned about the effects of wealth on your children's values and how the money lessons you pass on to them will resonate as they mature to adulthood.

Family values should be held in the same high regard as family wealth.
Family values -- those traits, beliefs, goals, and morals that are shared by members of a family group -- define a family's character as much as dollar signs measure a family's wealth. By holding shared values in high regard and setting an example of commitment to financial responsibility, philanthropy, and volunteerism for the younger generation, you will enrich your family's legacy for generations to come.

A Woman's Worth

As stewards of the family legacy, women are in a unique and influential position. They are holders of great wealth as well as keepers of the family's moral and philanthropic vision. There are many financial, accounting, legal, and business tools to assist women in implementing a plan of action. Contact a financial advisor for guidance in mapping out a legacy planning strategy unique to your situation.

This information is not intended as legal or tax advice and should not be treated as such. You should contact your estate planning and/or tax professional to discuss your personal situation.

Source/Disclaimer:
1The American College, The Wealth Channel Magazine, "Women and Money: Research reveals unmet opportunities and risks," by Mary Quist-Newins, CLU©, ChFC©, CFP©, Director, State Farm©Center for Women and Financial Services, Spring 2010.
Required Attribution

Green Bean Bundles

Source: http://www.tasteofhome.com/recipes/green-bean-bundles

Ingredients

1 pound fresh green beans, trimmed
8 bacon strips, partially cooked
1 tablespoon finely chopped onion
3 tablespoons butter
1 tablespoon white wine vinegar
1 tablespoon sugar
1/4 teaspoon salt

Directions

1. Cook the beans until crisp-tender. Wrap about 10 beans in each bacon strip; secure with a toothpick. Place on a foil-covered baking sheet. Bake at 400° for 10-15 minutes or until bacon is done

2. In a skillet, saute onion in butter until tender. Add vinegar, sugar and salt; heat through. Remove bundles to a serving bowl or platter; pour sauce over and serve immediately. Yield: 8 servings.

Source: http://fortune.com/2016/03/17/americans-spending-st-patricks-day/

Here's How Much Americans Will Spend on St. Patrick's Day This Year.

The one day of the year where pretty much everyone is Irish (or, so they say) could mean an influx of green for retailers.

The National Retail Federation that Americans will spend roughly $4.4 billion on St. Patrick's Day this year, which could provide a boost for retailers who saw U.S. retail spending dip in each of the first two months of 2016 following a disappointing winter holiday season. That total actually represents a slight dip in St. Patrick's Day spending from recent years, as NRF reports that Americans spent a high of $4.8 billion on March 17, 2014.

The NRF adds that more than 125 million Americans are likely to celebrate the Irish cultural holiday this year (in some form or another), with each person expected to spend $35.37 on average as part of that celebration—down from last year's average of $36.52.

The decline in spending could be a reflection of the overall dip in Americans' retail spending in 2016. The NRF said last month that it expects retail sales to increase 3.1% this year—a pace that is roughly in line with the growth seen in 2015, when many retailers complained about disappointing sales.

"Retailers expect to see a nice boost in sales as consumers head to stores looking for apparel, decorations, food and beverages to help make their St. Patrick's Day celebrations special," NRF President Matthew Shay said in a statement earlier this month.