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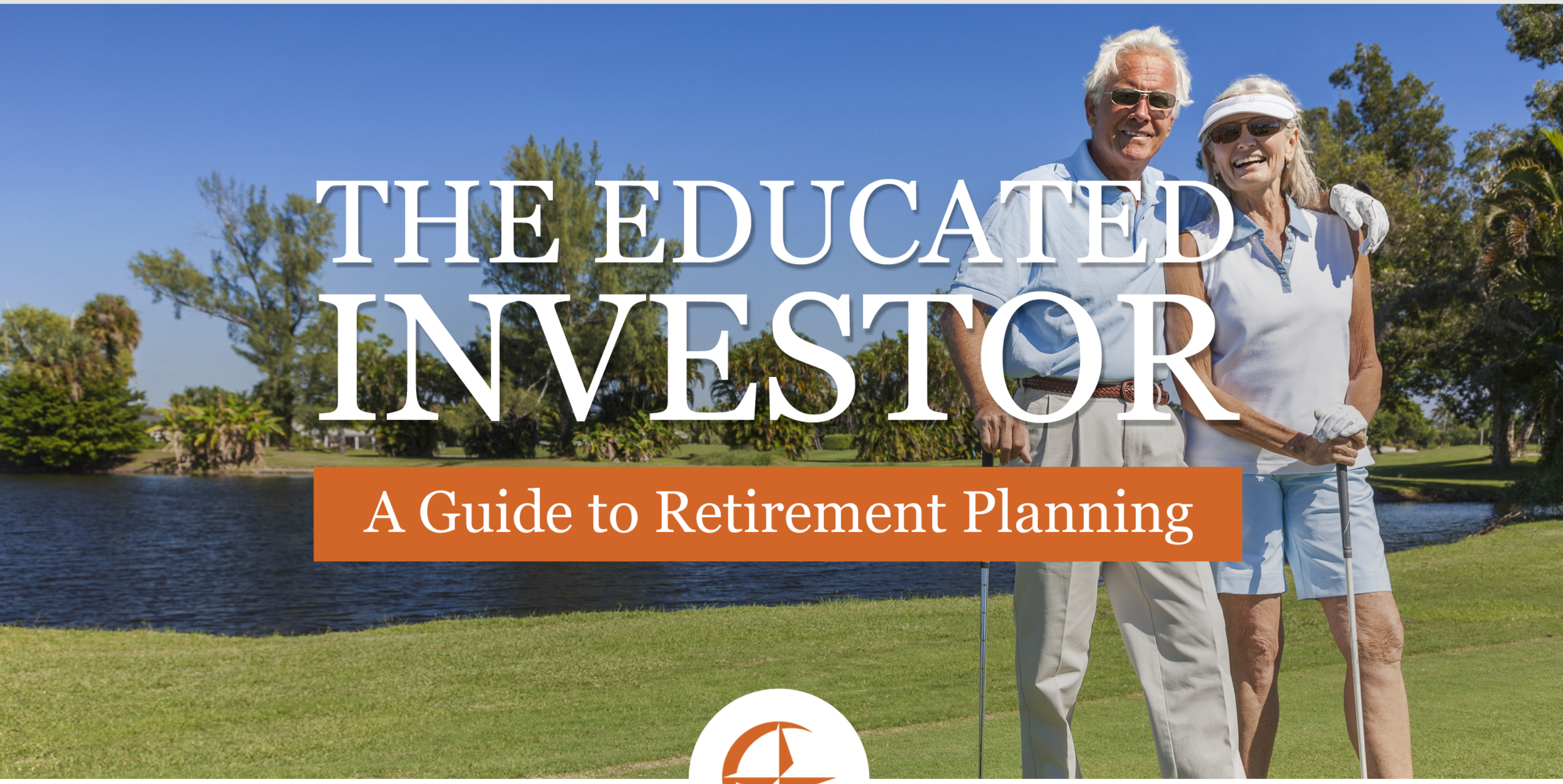
Householder Group
Estate & Retirement Specialists



THE EDUCATED INVESTOR

A Guide to Retirement Planning

FEATURED ARTICLE

Doing the Math -- How Much Will You Need for Retirement?

Even though calculating a retirement savings goal is key to pursuing and maintaining a confident financial outlook, the Employee Benefit Research Institute reported in 2013 that just 46% of American workers have figured out how much money they will need to accumulate for retirement. And more than half admit that they are behind schedule when it comes to planning and saving for retirement. Are you?

Planning Matters

What's important to realize is that the exercise of calculating a retirement savings goal does more than simply provide you with a dollars and cents estimate of how much you'll need for the future. It also requires you to visualize the specific details of your retirement dreams and to assess whether your current financial plans are realistic, comprehensive and up-to-date.

Action Plans

The following action-oriented strategies will help you do a better job of identifying and pursuing your retirement savings goals:

Double-check your assumptions. Before you do anything else, answer these important questions: When do you plan to retire? How much money will you need each year? Where and when do you plan to get your retirement income? Are your investment expectations in line with the performance potential of the investments you own?

Use a proper "calculator." The best way to calculate your goal is by using one of the many interactive worksheets now available free of charge online and in print. Each type features questions about your financial situation as well as blank spaces for you to provide answers.

An online version will perform the calculation automatically and respond almost instantly with an estimate of how much you may need for retirement and how much more you should try to save to pursue that goal. If you do the calculation on a paper worksheet, however, you might want to have a traditional calculator on hand to help with the math. Remember that your ultimate goal is to save as much money as possible for retirement regardless of what any calculator might suggest. (After all, when was the last time you heard a retiree complain about having saved too much money in his or her 401(k) plan?)

Contribute more. Are you among the almost three quarters of retirement savers who say they could set aside an extra $20 each week? If so, here's some motivation to actually do it: Contributing an extra $20 each week to your plan could provide you with an additional $51,389 after 20 years or $130,237 after 30 years, assuming 8% annual investment returns.

At the very least, you should try to contribute at least enough to receive the full amount of your employer's matching contribution (if offered). It's also a good idea to increase contributions annually, such as after a pay raise. Retirement will likely be one of the biggest expenses in your life, so it's important to maintain an accurate price estimate and financial plan. Make it a priority to calculate your savings goal at least once a year.

Source/Disclaimer:
Source: Employee Benefit Research Institute, 2013 Retirement Confidence Survey, 2013.

This example is hypothetical and for illustrative purposes only. Investment returns cannot be guaranteed.

Estate Planning Checklist

Because you've worked hard to create a secure and comfortable lifestyle for your family and loved ones, you'll want to ensure that you have a sound financial plan that includes trust and estate planning. With some forethought, you may be able to minimize gift and estate taxes and preserve more of your assets for those you care about.

A Needs Evaluation

One of the first steps you'll take in the estate planning process is determining how much planning you'll need to undertake. No two situations are alike. And even individuals who don't have a great deal of wealth require some degree of planning. On the flip side, those with substantial assets often require highly complex estate plans.

Two key components of your initial needs evaluation are an estate analysis and a settlement cost analysis. The estate analysis includes an in-depth review of your present estate-settlement arrangements. This estate analysis will also disclose potential problems in your present plan and provide facts upon which to base decisions concerning alterations in your estate plan.

For example, you may believe that your current arrangements are all taken care of in a will that leaves everything to your spouse. However, if you've named anyone else as a beneficiary on other documents -- life insurance policies, retirement or pension plans, joint property deeds -- those instructions, not your will, are going to govern the disposition of those assets. You want to ensure that all your instructions work harmoniously to follow your exact wishes. In addition, you may want to consider alternative asset ownership arrangements under certain circumstances. An estate plan that leaves everything to a surviving spouse enjoys the unlimited marital deduction against all estate taxes but fails to take advantage of the decedent spouse's applicable exclusion amounts against estate taxes under federal and state law. This may result in a larger estate tax burden at the death of the second spouse. Yet these are taxes that can potentially be minimized with careful estate planning. While your spouse will receive your estate free of estate taxes if he or she is a U.S. citizen, anything your spouse receives above his or her federal applicable exclusion amount may eventually be subject to estate taxes upon his or her death.1 Many states also have their own estate tax regimes and apply different (lower) estate tax applicable exclusion amounts, which you will need to consider with your estate planning professional.

An estate settlement cost analysis summarizes the costs of various estate distribution arrangements. In estimating these costs, the analysis tests the effectiveness of any proposed estate plan arrangement by varying the estate arrangement, the inflation and date of distribution assumptions, as well as specific personal and charitable bequests.

Estate planning is very complex. And while a simple will may adequately serve the estate planning needs of some people, you should meet with a qualified legal advisor to be sure you are developing a plan that is consistent with your objectives.

Finally, be sure to recognize that estate planning is also an ongoing process that may require periodic review to ensure that plans are in concert with your changing goals. In addition, because estate planning often entails many facets of your personal finances, it often involves the coordinated efforts of qualified legal, tax, insurance, and financial professionals.

Estate Planning Checklist

Bring this checklist to a qualified legal professional to discuss how to make your plan comprehensive and up-to-date.

Part 1 -- Communicating Your Wishes

- Do you have a will?
- Are you comfortable with the executor(s) and trustee(s) you have selected?
- Have you executed a living will or health care proxy in the event of catastrophic illness or disability?
- Have you considered a living trust to avoid probate?
- If you have a living trust, have you titled your assets in the name of the trust?

Part 2 -- Protecting Your Family

- Does your will name a guardian for your children if both you and your spouse are deceased?
- If you want to limit your spouse's flexibility regarding the inheritance, have you created a qualified terminable interest property (QTIP) trust?
- Are you sure you have the right amount and type of life insurance for survivor income, loan repayment, capital needs, and all estate settlement expenses?
- Have you considered an irrevocable life insurance trust to exclude the insurance proceeds from being taxed as part of your estate?
- Have you considered creating trusts for family gift giving?

Part 3 -- Reducing Your Taxes

- If you are married, are you taking full advantage of the marital deduction?
- Is your estate plan designed to take advantage of your applicable exclusion amount?1
- Are you making gifts to family members that take advantage of the $14,000 annual gift tax exclusion?
- Have you gifted assets with a strong probability of future appreciation in order to maximize future estate tax savings?
- Have you considered charitable trusts that could provide you with both estate and income tax benefits?

Part 4 -- Protecting Your Business

- If you own a business, do you have a management succession plan?
- Do you have a buy/sell agreement for your family business interests?
- Have you considered a gift program that involves your family-owned business, especially in light of "estate freeze" rules? (These rules were enacted by Congress to prevent people from artificially freezing their estate values for tax purposes.)

Points to Remember

1. A plan helps to determine the most advantageous means of owning family properties.
2. Planning may help minimize estate and income taxes, administrative expenses, executor's commissions, and attorney's fees.
3. Your plan may help to provide adequate income to your survivors.
4. By planning, you can preserve the assets you have worked hard to accumulate.
5. An estate plan can help provide funds for debt repayment, if desired, and educational expenses.
6. An estate plan can help provide adequate and available money to meet known and anticipated settlement expenses upon your death.
7. Estate planning often involves the coordinated efforts of qualified legal, tax, insurance, and financial professionals.

Source/Disclaimer:
The estate tax exemption is $5.43 million for 2015, with a top tax rate of 40%. This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor. LPL Financial Representatives offer access to Trust Services through The Private Trust Company N.A., an affiliate of LPL Financial.

Spring Spinach Salad Recipe

Ingredients

* 1/2 cup vegetable oil
* 2 to 3 tablespoons cider or white wine vinegar
* 2 to 3 tablespoons sugar
* 1 tablespoon lemon juice
* 1 tablespoon poppy seeds
* 1/2 teaspoon salt
* 1/2 teaspoon ground mustard
* 10 cups torn spinach
* 2 cups sliced fresh strawberries
* 1 cup chopped pecans, toasted
* 1/2 cup chopped Vidalia or sweet onion

Directions

1. In a jar with a tight-fitting lid, combine the first seven ingredients; shake well. Just before serving, combine spinach, strawberries, pecans and onion in a large salad bowl. Add dressing and toss to coat.

Yield: 8-10 servings.

Source: *http://www.tasteofhome.com*

Think your side-gig income is tax-free, or that an extension always makes financial sense?
Think again.

When it comes to taxes, myths abound. And it's no surprise. Like the idea of coming up against Bigfoot or fearing your plane going down in the Bermuda Triangle, the notion of tangling with the IRS is a pretty scary concept. It doesn't help that taxes are complicated, which makes it hard to sort fact from fiction.

But you'd be smart to start sorting because when you believe a myth, it can end up hurting you. And doesn't doing your taxes hurt enough without you making things worse?

So if you're looking to improve your filing experience this year, here are a handful of tax myths that quite a few people fall for, according to tax experts.

Your work clothes are tax-deductible. Theresa Shea, a tax and accounting professor at Widener University in Chester, Pennsylvania, as well as a certified public accountant, says she has had quite a few clients come into her office believing that any type of work clothing is deductible.

"Some clothing is tax-deductible," Shea says. "Most is not. The only type of clothing for which one may take a deduction is clothing that is specifically required by your employer and is not suitable to wear outside of work."

She recalls a client who once came in with a pile of receipts for new suits and dry cleaning, believing everything was deductible because his new job at a casino required him to wear a suit every day. When Shea informed him that it wasn't all tax-deductible, he stormed out of her office.

You can estimate your numbers since you can always file an amended tax return later. There is some truth here. You can file an amended tax return if you learn that you made a mistake on your taxes.

But relying too heavily on that strategy, and believing that it's perfectly fine to estimate because of the ability to amend, is a big mistake, says Eric Green, a tax attorney and partner at Green & Sklarz, a law firm in Stamford, Connecticut.

Because in the technical sense, if you estimate your numbers, Green says, "the reality here is that the taxpayer just filed a false return, a return they know is false, which is technically a crime."

Furthermore, Green says the likelihood that you'll actually file an amendment later is slim. Odds are, he says, you'll forget about it.

"At least until an IRS exam is triggered," he adds. "If numbers are missing, then file it and tell the IRS it contains estimates, and make sure the actual correct return gets filed."

Filing an extension gives you extra time to pay. The extension gives you extra time to prepare your taxes, but if you owe money, and you file six months later, it is more expensive than paying in April, according to Jordan Niefeld, a certified public accountant and certified financial planner based in Miami.

Niefeld was a tax CPA for eight years and says that many clients believed that if they filed a six-month extension on their taxes on Oct. 15 instead of the standard April 15, no harm, no foul, from a financial perspective. But you are hurting yourself, Niefeld warns.

"You may file on Oct.15, but the clock on the interest started on April 15," Niefeld says.

In other words, extensions are fine if you need the time to get your taxes together, but not as a way to save money.

If there is no record of the money, it doesn't need to be reported. You wish. We all wish. But, no, that's the not case, Shea says.

Granted, if you find $10 in the street, and you pocket it, realistically, the IRS will never know, although, yes, technically you should report it. But if you're earning money, and you don't report it, that's a serious no-no. (Most tax attorneys would probably come up with a more technical term, like a "serious infraction.")

Andrew Oswalt, a tax analyst for the tax-preparation software provider, TaxAct, says this myth often trips up people who are making money on the side, say by driving once a week for a ride-sharing service like Uber.

"Even if you have a full-time job as a software engineer, botanical chemist or auto repair mechanic, you're still considered self-employed by the IRS for purposes of your side job," Oswalt says.

So assuming you made more than $600 in any given job, your employer will send you a Form 1099-MISC, Owalt says, and the money on that form will be subject to self-employment taxes. But on the bright side, he says, you may be able to deduct expenses related to that side job.

Making more money bumps you into a higher tax bracket. People who are close to reaching a new tax bracket may suddenly be worried that because they're making more money, they're going to be hit with more taxes than ever and they may even wonder if they would have been better off not getting that raise or promotion. Not so fast, says Benjamin Sullivan, an enrolled agent and certified financial planner with Palisades Hudson Financial Group in Scarsdale, New York.

"The pain isn't as bad as some people think," Sullivan says. "Taxpayers sometimes mistakenly believe that receiving additional income can result in all of their income being taxed in a higher tax bracket. However, only the income exceeding the tax bracket threshold is taxed at the higher rate."

Sullivan has an example that may offer more clarity. "A married taxpayer earning $500,000 of ordinary income would be in the highest tax bracket, which is 39.6 percent in 2015, but only the portion exceeding $464,850 would be taxed at that rate," he says. "In other words, the first $464,850 is still taxed at lower rates."

But do yourself a favor and don't share that "problem" with your friends in a lower tax bracket. You will be mocked.

Source: *http://money.usnews.com*