



THE EDUCATED INVESTOR

A Guide to Retirement Planning



FEATURED ARTICLE

Loans Now, Groans Later? You Could Regret Borrowing From Your Plan

While borrowing money from your retirement plan may sound appealing at first glance, what you need to recognize is that it could leave you with less money to live on in retirement.

Certainly, with such a loan, your contributions are your own money, and you'll be repaying yourself as you repay the loan. What could be wrong with that? Actually, a lot. Consider these potential negative consequences of borrowing from your plan:

- **Taxes.** If you leave your job, you may need to repay any outstanding loan balance within 30 days or risk paying federal taxes on the amount you owe, in addition to a 10% early withdrawal penalty. Also, the interest you pay on a retirement plan loan is not tax deductible.
- **Lost opportunity.** Don't overlook the possible "opportunity cost" of borrowing from your retirement account.

The money you borrow might otherwise be earning returns with the potential to provide additional cash for retirement. Your lost opportunity could be particularly dramatic if you take money out of the plan during a time when your investment earnings are on the rise.

- **Fees and deadlines.** Your employer may charge a retirement account loan fee. Some companies also have specific deadlines for applying for loans, as well as lengthy waiting periods before you can gain access to the money. And, in most cases, you must repay the loan in full within five years. (Longer loan periods may be available if the money is used to purchase a home.)

What's the Alternative?

If you're tempted to borrow money from your retirement plan just to splurge, reconsider. A fancy vacation or new wardrobe will probably be an expensive memory in 10, 20, or 30 years, but your need for retirement income will still be there. Don't shortchange yourself. If you're trying to get out of debt, look at consolidating your various debts into one lower-interest-rate account or consider a tax-deductible home equity loan.

In certain circumstances, however, you may find that it is worth thinking about a retirement plan loan. If that's the

case, be sure to discuss all the details and rules with your employer and a trusted financial advisor before making a final decision.

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

I'm a Single Parent. How Can I Get Ahead Financially?

As a single parent, you need to understand the financial strategies that can stretch your income and help you lay the groundwork for a secure future. Consider the following lessons to help improve your family's bottom line:

Identify Your Goals

You can't have a financial plan without first defining your financial goals. Start by recording all of your short-, medium-, and long-term financial goals.

For example, a child's education could be one of the biggest expenses in your future. Setting aside money for emergencies and planning for retirement are other important goals you'll need to keep in mind while raising a family. Don't let day-to-day concerns distract you from such important goals. Plan for today and tomorrow.

Be a Better Budgeter

To pursue your family's goals, it's necessary to manage your household's cash flow. That involves tracking income and spending, eliminating unnecessary costs, and living within the confines of a realistic budget.

For example, if you spend \$2 each work day on a take-out coffee, that amounts to about \$40 each month. By eliminating that minor expense from your budget, you could easily save almost \$500 per year.

Say No to Debt

High-interest credit card debt can make it extremely difficult to get your budget in order. If you have an outstanding balance, consider paying it off as aggressively as possible. The savings in interest alone could allow you to address other important financial goals.

It's also a good idea to review your credit history, commonly referred to as your credit report, to make sure

that the information it contains about your past use of credit is accurate.

Capitalize on Tax-Advantaged Accounts

Once you free up some cash, apply it toward your goals. But first, learn about the savings and investment opportunities available to you. Keep in mind that tax-deferred investment accounts may enable you to grow the value of your assets more significantly than taxable accounts. Examples of such accounts include 401(k) plans and IRAs for retirement planning.

For college goals, Section 529 college savings plans. These plans are state-sponsored investment programs that allow tax-free withdrawals for college expenses. College savers who contribute to their home state's 529 plan may be eligible for state tax breaks.

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Top 10 Survival Tips for Holiday Travel

Wherever you're heading, if you're traveling during the holiday season, you need to realize that everyone else in the world is, too. But don't let invasive security scanners, terrible drivers and long lines at airports get you down. We're giving you tips to survive the holiday travel season without a Frosty the Snowman-size meltdown.

Do your research.

Plan alternative trips if traffic makes your way home too overwhelming. Is there a scenic drive that might be longer but have less traffic? Break up a long drive by finding a few places to stop that will get the kids more excited than a truck rest stop. When flying, make sure you check the airline's restrictions ahead of time on carry-on luggage and fees for checked bags.

Stay connected.

Stock up on the latest travel apps before you leave home. Flight Status gives you real-time updates on delays, baggage numbers and more, and GateGuru gives you approximate times you'll spend in security. Heading out on the road? Find the cheapest gas and cleanest bathrooms on the road with GasBuddy and SitOrSquat.

Pack light.

Avoid checking bags altogether if you can. You won't have to wait for your luggage on the conveyor belt, and you won't have to worry about your mom's Christmas present getting lost in Logan Airport. If you do check luggage, make sure you have all your medications and important documents and a change of clothes in your carry-on in case your luggage gets lost. Here's a family packing list for more tips.

Pack earplugs.

Short of doing yoga in the airport, the best way to mentally escape your stressful surroundings is to turn the volume down. And the easiest way to do that is with earplugs. Crying baby next seat over on the plane? Earplugs. Sister's music in the car driving you mad? Earplugs. And if you really want to check out for a bit? Bring an eye mask (as long as you aren't driving).

Don't get hangry.

When your tummy growls, your mind can't think straight, and you could unknowingly get in the wrong line, take the wrong turn, or worse, upset an innocent flight attendant. Pack snacks and drinks, so you and your family will be fueled up for a road trip. If you're flying, definitely get some grub before you board the plane (check our GateGuru's Best Airport Restaurants), so you won't have to rely on airline food if you're sitting on the tarmac for hours.

Ship gifts or give gift cards.

TSA suggests to ship wrapped gifts or wait until you reach your destination to wrap them, as they might have to unwrap a present to inspect it. Ship gifts ahead of time or bring the gift that can't go wrong: gift cards to their favorite store or an Amazon card.

Travel on off-peak days.

The Wednesday before Thanksgiving is the biggest travel day of the year and can also cause you the biggest meltdown of the year. A better option is to leave early on Thanksgiving Day and avoid the record traffic the night before. Same goes with flying: if you fly on the actual holiday itself you'll be avoiding the long lines and hordes of travelers.

Travel early or late in the day.

Flight statistics show that planes traveling earlier in the day have a better on-time performance. And if your flight is cancelled, you will have the option of taking a flight later in the day. Also, there will be fewer lines at security. Best time to hit the road? When every one else is asleep -- early morning or late at night. You can always take a nap when you arrive at your destination or on the ride there (if you aren't the driver, of course).

Plan for the unexpected.

Have only a half hour before connecting to another flight? Traveling to Rochester, NY, during snow season? Think ahead and plan accordingly. Leave extra time before flights to deal with security, extra time between connections and, for road trips, pack tire chains for snowy conditions, flashlights, and of course, a few band-aids never hurt either.

Inhale. Exhale.

The overly friendly person next to you on the plane, the cancelled flights, the luggage that fell off in the middle of the highway? All of it will make for great stories over dinner when you finally make it to your destination. After all, holiday travel stress is just as much of a tradition as pumpkin pie and regifting.

Source: <http://www.travelchannel.com>

Christmas Eve Confetti Pasta Recipe



Ingredients

- 1 package (16 ounces) linguine
- 1 cup chopped sweet red pepper
- 1 cup chopped green pepper
- 1/3 cup chopped onion
- 3 garlic cloves, peeled and thinly sliced
- 1/4 teaspoon salt
- 1/4 teaspoon dried oregano
- 1/8 teaspoon crushed red pepper flakes
- 1/8 teaspoon pepper
- 1/4 cup olive oil
- 2 pounds cooked small shrimp, peeled and deveined
- 1/2 cup shredded Parmesan cheese

Directions

1. Cook linguine according to package directions. Meanwhile, in a Dutch oven, saute the peppers, onion, garlic and seasonings in oil until vegetables are tender.

2. Add the shrimp; cook and stir 2-3 minutes longer or until heated through. Drain linguine; toss with shrimp mixture. Sprinkle with cheese. Yield: 8 servings

SOURCE: <http://www.tasteofhome.com>