INVESTMENT 2017

HARLAN NEWSPAPERS • SPECIAL SECTION • JAN. 13, 2017

ROTH IRA - OPEN ONE NOW
AVOID TAXES - LATER

A Roth IRA (Individual Retirement Account) **is a retirement plan under US law that is generally not taxed, provided certain conditions are met. The tax laws of the U.S. allow a tax reduction on a limited amount of saving for retirement.**

You've landed your first "real" job, you've got an awesome new apartment, and you're ready to conquer the world. Believe it or not, this is the perfect time to think about your retirement.

Once you take care of bills and expenses, and contribute to your employer's 401(k), think about opening a Roth IRA (individual retirement account).

A Roth IRA lets you set aside a specified dollar amount of income after taxes, providing tax-free growth of your money. You won't get a tax deduction as you make contributions but, starting at age 59 1/2, when you start making withdrawals, you won't pay taxes. With a traditional IRA, contributions are tax-deductible, but you'll pay taxes on withdrawals at retirement.

For young people especially, a Roth IRA can be a great investment because of:

Early withdrawals. You'll avoid the 10% early withdrawal penalty if you're using the money as a first-time home buyer, or if you're disabled.

THE CLOCK IS TICKING INVEST NOW!

Low tax rates.

If you're in your 20s, you're most likely paying a lower rate than the anticipated higher tax bracket when you retire, making it a better deal for you to pay taxes now.

Ease and simplicity.

When you retire, it's easier to take tax-free withdrawals than to calculate what you'll need for living expenses after taxes and to send estimated payments to the Internal Revenue Service.

Benefits of compounding.

Because of your early start, you'll far outpace any progress your peers make if they start 10 years later, even though their incomes and ability to make contributions could be higher then.

For 2015 and 2016, you can contribute up to $5,500 to a Roth IRA. (Those older than age 50 can contribute up to $6,500.) There are income restrictions, which you can find at irs.gov. The professionals at your Town & Country Credit Union can explain the differences between Roth IRAs and traditional IRAs, and can help you decide which option is best for you.

Helpful retirement calculators

- Analyze Now
- T. Rowe Price's Retirement Income Calculator
- AARP's Retirement Calculator

T.RowePrice

AARP

LOOK INSIDE

Articles from these locally respected advisors

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Share your financial and care inventory with those who need to know

Make time to discuss future financial decisions with family

Diane Stewart
Financial Consultant

Each year, thousands of Americans take part in the role of making long-term care decisions for their family members. These emotional decisions may create stressful situations for the entire family in addition to being time-consuming and expensive.

Fortunately, there is a way to help make informed decisions in these situations: communication. Discussing plans for long-term care before the need arises can greatly reduce the stress that may arise while dealing with an illness or disability.

Raising the subject may create some momentary awkwardness for both parents and their adult children. However it is far better to discuss long-term care options ahead of time and together decide what makes the most sense for you and your family.

Thrivent Financial recommends that families ask certain questions regarding a long-term care strategy:

- Where and how you would like care delivered, if you were to need it.
- The level of independence you'd like to maintain.
- The role you'd like your family to play in your care.
- How you want to fund your care, while protecting your assets.

Clear communication can help eliminate the problem of catching a spouse or adult child off guard. It may also help eliminate the burden of uncertainty with difficult decisions. Spelling out the location of important documents, as well as care wishes, helps ensure that family members have the information they need to provide for their loved one's desired care.

Create a financial and care inventory

It is also important to update family members on the location and status of financial and care documents. Having an inventory of these documents provides family members with a roadmap to critical information. It is focused on the "where" information on financial holdings is located; not specific details about the financial holdings. The inventory is not a legal document, and it need not divulge personal or confidential details you are not prepared to share. It should, however, enable loved ones to quickly locate where you keep your financial, legal, care and legacy records should a crisis occur.

Consider updating this inventory at least annually, and copies given to family members - a lawyer or executor – or placed in a secure location where those who might need it can access it.

While each family's inventory will differ, the inventory list can also include information related to where someone can find the following:

- Living wills/health care directives
- Insurance and other contracts (health, life, long-term care, annuities, auto, homeowners, etc.)
- Wills, trusts and deeds
- Bank accounts and investment accounts
- Credit card accounts and other outstanding debt
- Contact information for lawyers, accountants, brokers, agents
- Jewelry and other valuables
- Essential keys
- Instructions related to funeral arrangements
- Personal instructions or messages
- Location of birth, marriage and military discharge certificates
- Information related to charitable gifts

While it may be a challenging topic, open and honest communication about your long-term care strategy can be one of the best ways to help prepare for a stress-free financial future.

This article was prepared by Thrivent Financial for use by local Harlan representative Diane Stewart. She has offices at 617 Durant Street in Harlan and can also be reached at (712)755-7181.Insurance products issued or offered by Thrivent Financial, the marketing name for Thrivent Financial for Lutherans, Appleton, WI. Not all products are available in all states. Securities and investment advisory services are offered through Thrivent Investment Management Inc., 625 Fourth Ave. S., Minneapolis, MN 55415, a FINRA and SIPC member and a wholly owned subsidiary of Thrivent. Thrivent Financial representatives are registered representatives of Thrivent Investment Management Inc. They are also licensed insurance agents/producers of Thrivent. For additional important information, visit Thrivent.com/disclosures.

New options for purchase of a Qualifying Longevity Annuity Contract -

Government's decision expands retirement flexibility

It's not often the federal government makes a decision that nearly everyone is happy with, but that's what happened with a regulation that was recently finalized by the U.S. Treasury Department.

Changes to the regulations under Internal Revenue Code section 401 (a)(9) allow individuals the ability to defer the distribution of their qualified assets beyond age 70 %through the purchase of a Qualifying Longevity Annuity Contract (QLAC).

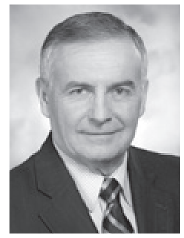
Generally, the new rules provide an exception to Required Minimum Distributions (RMDs) by allowing a QLAC to start making payments as late as age 85, meaning people can defer paying taxes on money that they may not need in early retirement. This is big news for those people who have been taking RMDs because they have to, not because they want to.

A QLAC can provide more flexibility for your retirement planning by allowing you to better match your retirement income to your needs, and the ability to control when taxes can be paid on your qualified assets. A QLAC will also ensure that you will not outlive your money, because as an annuity it provides guaranteed income for life.

There are some limitations to QLACs that you should know. Most importantly, there is a cap on how much of your qualified money you can put into a QLAC. Contributions are limited to the lesser of $125,000 or 25% of the owner's qualified account balances, less previous QLAC contributions. The 25% limit applies on a plan by plan basis and to IRAs on an aggregate basis. Also, QLACs can only be established through a deferred income annuity with no liquidity features.

Other important rules you should be aware of include:

- Eligible accounts include 401(a), 401(k), 403(b), governmental 457(b) or IRA
- Income payments must begin no later than the first day of the month following the owner's attained age 85.
- The contract must state from inception that it is intended to be a QLAC.
- Once income starts, the payments must satisfy RMD rules.
- The contract cannot have any cash surrender value or commutation benefit



Randy Pash, CLU
Chartered Financial Consultant

A QLAC can be a powerful tool for those who want more control of how and when they start taking money out of their qualified retirement accounts. With people living longer than ever before, the government has taken an important step in allowing people to have more flexibility with regard to their retirement assets.

This is an opportunity that should be a serious consideration for many people nearing, or even in, retirement Contact your tax/legal advisor for implications to your specific situation.

This educational third-party article is provided as a courtesy by Randy Pash CLU, ChFC, Agent, New York Life Insurance Company. To learn more about the information or topics discussed contact Randy Pash.

In retirement guarantees matter

A recent study revealed that 70% of Americans plan to continue working once they're "retired". Why do so many expect to postpone a typical, leisure-filled retirement? One theory points to the decline of pensions and the need to replace the income stream that used to come- guaranteed -from a past employer. Today, nearly half of all American workers are not covered by a pension plan and only 11% of Fortune 100 firms offer a traditional defined benefit.

With private pensions becoming more rare, guarantees in retirement may be far and few between, but it doesn't make them any less important. For starters, guarantees might make you happier. Research suggests that retirees get more satisfaction from each dollar of Social Security and pension income than they do from any other source of income.[4] That's because you're more likely to be confident spending money when you know another check is right around the corner.

Guarantees can also help you be a more confident investor through market ups and downs. Guarantees can be the guardrails you need to stay the course when investing, knowing that you have some protection built into your portfolio. And, with Americans living longer than ever before,' guarantees in your overall retirement plan may help you make sure your money lasts as long as you do.

Just like no two retirements are alike, not all guarantees are alike, so it's important to understand the options available to you and to identify what, in your own retirement, you want to guarantee.

This educational third-party article is provided as a courtesy by Randy Pash CLU, ChFC, Agent, New York Life Insurance Company. To learn more about the information or topics discussed contact Randy Pash.

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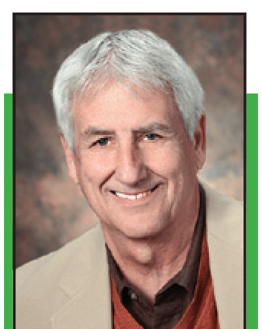
** See agent for details*



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How much do you need to retire?

For some, retirement seems simply too far away, so why even bother thinking about it. For others, they simply don't know how to go about calculating their future financial needs, or they're intimidated by the math.

Here's a quick, simple three-step approach that can help you and your magic retirement number.

Estimate Expenses

The first step is the trickiest – estimating your future retirement expenses. If you want a quick ballpark estimate, figure 75 to 85 percent of your current gross income. That's what most people and they need to maintain their current lifestyle in retirement.

If you want a more precise estimate, track your current expenses on a worksheet and deduct any costs you expect to go away or decline when you retire, and add whatever new ones you anticipate.

Costs you can scratch of your list include work related expenses like commuting or lunches out, as well as the amount you're socking away for retirement. You may also be able to deduct your mortgage if you expect to have it paid off by retirement, and your kids college expenses. Your income taxes should also be less.

On the other hand, some costs will probably go up when you retire, like health care, and depending on your interests you may spend a lot more on travel, golf or other hobbies. And, if you're going to be retired for 20 or 30 years you also need to factor in the occasional big budget items like a new roof, furnace or car.

A Google® search yielded the following

The typical advice is that you should aim to replace 70% to 90% of your annual pre-retirement income through savings and Social Security. For example, a retiree who earns an average of $63,000 per year before retirement should expect to need $44,000 to $57,000 per year in retirement.

courtesy: www.nerdwallet.com/investing/retirement-calculator

Google

Tally Income

Step two is to calculate your retirement income. If you contribute to Social Security, estimate how much your monthly benefit will be at the age you want to retire. You can get a personalized estimate at www.ssa.gov/estimator. If you're married, remember to count your spouse's benefits too.

In addition to Social Security, if you have a traditional pension plan from an employer, find out from the plan administrator how much you are likely to get when you retire. And, figure in any other income from other sources you expect to have, such as rental properties, part-time work, etc.

Calculate the difference

The final step is to do the math. Subtract your annual expenses from your annual income. If your income alone can cover your bills, you're all set. If not, you'll need to tap your savings, including your 401(k) plans, IRAs, or other investments to make up the difference. So, let's say for example you need around $45,000 a year for retirement and you expect to receive $25,000 a year from Social Security and other income.

That leaves a $20,000 shortfall that you'll need to pull from your nest egg each year ($45,000 – $25,000 = $20,000). Multiply your shortfall by 25, and that's how much you'll need to have saved. In the case above, you would multiply $20,000 by 25 and come up with $500,000.

Try to overcome "roadblocks" to a comfortable retirement

Debbie Davis
Financial Advisor

In your life, you will want to take many journeys. Some are physical – perhaps you'll finally visit the French Riviera or the Caribbean. Others involve personal growth – one day, you'll finally become fluent in that foreign language you've been studying. But of all the destinations you can identify, few will be as important as retirement – specifically, a comfortable retirement. And that's why it's so important to consider the "roadblocks" you might encounter on your road to the retirement lifestyle you've envisioned.

Here are five of the most common obstacles:

• **Insufficient investments** – Very few of us have ever reported investing "too much" for their retirement. But a great many people regret that they saved and invested too little. Don't make that mistake. Contribute as much as you can afford to your 401(k) or other employer-sponsored retirement plan, and increase your contributions whenever your salary goes up. Even if you do participate in your retirement plan at work, you may also still be eligible to fund an IRA, so take advantage of that opportunity, too. And always look for other ways to cut expenses and direct this "found" money toward your retirement.

• **Underestimating your longevity –** You can't predict how long you'll live, but you can make some reasonable guesses – and you might be surprised at your prospects. According to the Social Security Administration, men reaching age 65 today can expect to live, on average, until age 84.3, while women turning age 65 today can anticipate living, on average, until age 86.6. That's a lot of years – and you'll need to plan for them when you create long-term saving, investing and spending strategies.

• **Not establishing a suitable withdrawal rate –** Once you are retired, you will likely need to start withdrawing money from your 401(k), IRA and other retirement accounts. It's essential that you don't withdraw too much each year – obviously, you don't want to run the risk of outliving your resources. That's why you need to establish an annual withdrawal rate that's appropriate for your situation, incorporating variables such as your age, the value of your retirement accounts, your estimated lifestyle expenses, and so on. Calculating such a withdrawal rate can be challenging, so you may want to consult with a professional financial advisor.

• **Taking Social Security at the wrong time –** You can start taking Social Security as early as age 62, but your checks will be bigger if you wait until your full retirement age, which will probably be 66 or 67, or when your payments "max out" at 70. You might not be able to afford to wait until then, but by postponing the date you begin taking withdrawals, you could help yourself considerably.

• **Ignoring inflation –** It's been low in recent years, but inflation hasn't disappeared, and it could rise at exactly the wrong time – when you're retired. That's why you'll want your portfolio to include some investments with the potential to outpace inflation, even during your retirement years. By being aware of these roadblocks, and taking steps to overcome them, you can help smooth your journey toward retirement – and once you get there, you may enjoy it more.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor, Debbie Davis, Financial Advisor.

Evaluating Professional Advice:
Three Questions to Answer Before You Commit

Obtaining professional advice is a significant step and should not be approached lightly. As with investors and their objectives and constraints, professional advisors also differ in their philosophy, processes, services, education, experience, and their ability to add value.

Professional advisors work in many fields and hold various titles, such as investment advisor, financial planner, accountant, estate planner, insurance agent, and stockbroker. Over the last few years, most professional advisors have seen their roles expand.

With so many potential professional investment advisors to choose from, the process can seem daunting. Remember, not all professional advisors are equal! Some advisors may say the same things as others, but when you investigate further you will discover significant differences.

Question 1:
What financial services do the advisors offer?

It is important to first determine what services you are seeking: investment counseling, total financial planning, estate planning, and/or tax preparation. This is important because most professional advisors do not offer a complete array of services.

Question 2:
What are the advisors' investment process and investment philosophy?

Some advisors have been known to "wing it" when designing portfolios because they either have no philosophy or fail to adopt one. You should ensure that advisors you are considering incorporate asset allocation into their investment philosophy and apply it to their portfolio management process.

Question 3:
What are the fees and by what method are the advisors paid?

There are many ways an advisor can be compensated: commission, a percentage of a portfolio's market value (asset-sized fee), hourly fees, fees for individual services performed, or any combination. The best fee structure is what makes sense and is the best fit for you.

Information provided by Anthony Hough and Joe Zaccone, Hough & Zaccone Investment Management

Anthony L. Hough and Joe Zaccone are registered representatives with and securities offered through LPL Financial. Member FINRA/SIPC.

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Teaching Our Children To Save

Are you spending more and saving less? If so, you're not alone. Not since the Great Depression have Americans saved so little, and it's likely if you're not saving, neither are your children or grandchildren. But why is saving important anyway? Saving now means you'll have more choices in the future. Without savings, you have no freedom - you can't change jobs at will or take advantage of a sale or an investment opportunity.

For your own financial health and that of the next generation, it's time to get back to basics. Here are some ideas on how to save and how to teach children to save:

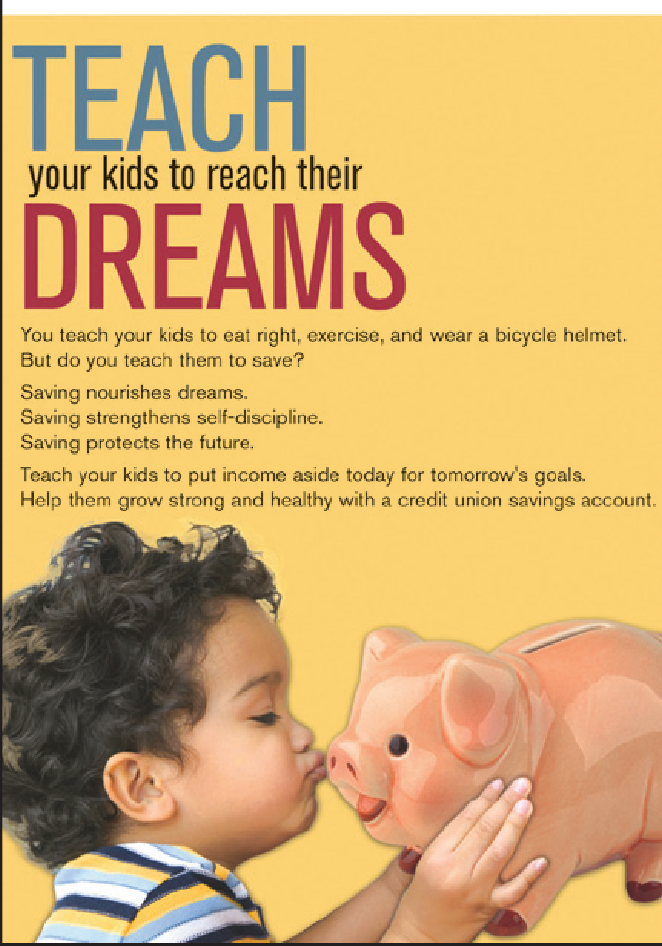
• Set goals, both individually and as a family. Make them real by posting pictures in a central spot, like the refrigerator. Set both short-term goals, like a family weekend, and long-term goals, such as a college fund or down payment on a new vehicle. Also set up a rainy day fund.

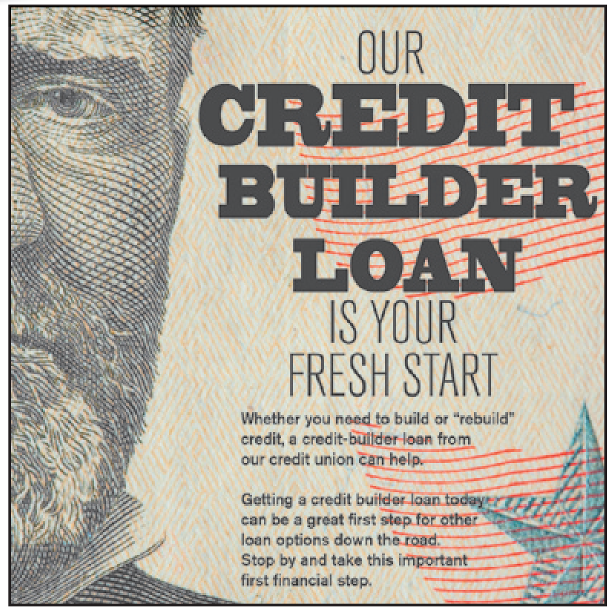
• Open a special savings account at the credit union for yourself and separate accounts for your children.

• Start saving on a regular basis. You can use payroll deduction or automatic transfers to "pay yourself first." Whenever children receive money, whether from an allowance, gift or performing a job, show them how to set aside a certain percentage to be put in their savings accounts.

• Talk about the magic of compound interest. Use one of the savings calculators on the Web to show how, over time, money grows.

By taking these steps, you may find that saving money is as much fun as spending it. The key is to start now.





How Do You Rate as a Money Manager?

Being a disciplined money manager requires that you assess where you stand from time to time. Make sure you are on track by answering these questions.

1. Do you save money every month?
2. Do you have a budget and keep track of or review how much money you spend each month?
3. Do you pay bills on time every month?
4. Are you making more than the minimum monthly payment on your credit cards?
5. Are your monthly credit card and loan (including car and mortgage or rent) payments no more than 40% to 45% of your pay after taxes?
6. Is your credit rating satisfactory?
7. Do you have an emergency fund?
8. Do you have enough life insurance?
9. Do you have an up-to-date will?
10. Is your net worth improving?

The first step in getting your spending under control is to develop a budget. Budgets are the only practical way to track how you use your money. Creating one generally requires three steps:

• Identify how your money is spent today.

• Evaluate your spending and set goals that take into account your short- and long-term financial objectives.

• Track your ongoing spending to make sure you stay within your guidelines.

Once you determine where you are spending too much, develop strategies to address this problem and identify where you should be funneling more money (such as your savings or paying down debt). If withdrawals from the ATM machine evaporate from your pocket without apparent explanation, keep a careful record of where you spend your petty cash. Because cash is so difficult to track, try to limit your out-of-pocket transactions to no more than 5% of your total spending. When projecting the amount of money you can live on, don't include dollars that you can't be sure you'll receive, such as tax returns. As your annual income climbs from raises, promotions and smart savings, don't start spending for luxuries until you're sure that you're staying ahead of inflation. In fact, many savvy money managers try to maintain their pre-raise spending level and put all of their extra pay in a savings or investment account.

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