LET'S TALK MONEY®

January/February 2018

Prepare for Change

When you anticipate and prepare for industry, regulatory and other changes that could affect your business, you increase the likelihood that your business will survive and prosper over the long term. Similarly, you'll want to pay attention to changes in your business that could affect your personal financial or estate strategies.

Adjusting your financial and estate strategies when necessary can help ensure that they will continue to achieve what they are intended to achieve. Here are some events that should trigger a review.

Changes in personnel

Since your business may very well be your largest asset, you want to preserve and enhance its value. That's a critical goal whether you want to sell your business eventually or pass it on to the next generation. Although it may be difficult to contemplate, the loss of a key person, especially a co-owner, could have a dramatic impact on the viability of your business and is a possibility you need to address in advance. If you haven't already, consider the potential need for a buy-sell agreement and look into securing life insurance on your business's key people.

Changes in financial status

Has your business grown to the point where you can consider establishing a retirement plan? A retirement plan can be an attractive employee benefit and could also benefit you personally. Moreover, employer contributions to a qualified retirement plan are tax deductible (within limits). Your financial professional can help you explore retirement plan options for your company.

Changes in business structure

When you change how your business is structured — for example, electing or terminating its S corporation status or forming a limited liability company — you should also review your estate strategy. You want to be certain that changes in your business's structure do not negate parts of your strategy.

It isn't necessary to wait for a significant change in your business to revisit and review your financial situation. Consider an annual review with your financial professional to help keep you on track with your goals.

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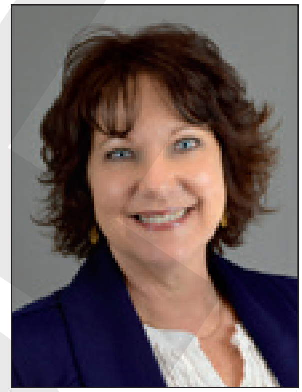

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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

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One Piece of the Puzzle

Do you know where your retirement income will come from? If you're like a lot of people, it won't come from just one source. Your retirement plan, pensions, other savings, a job during retirement and Social Security all may be potential sources of income. It's typically a good idea not to rely on a single source — especially Social Security — to provide the bulk of your retirement income.

Timing matters

When you retire affects how much you receive from Social Security. The earliest you can start collecting retirement benefits is age 62. But taking benefits before your full retirement age means your monthly benefit will be reduced. Your full retirement age is based on the year you were born. If you were born in 1960 or later, your full retirement age is 67. For individuals born during the 1950–1959 range, full retirement age ranges from 66 to 66 and 10 months. If you delay taking benefits past your full retirement age, your benefit will increase by a certain percentage each year until you reach age 70.

Getting an estimate

Unless you're about to retire, you can't be sure exactly how much you'll receive from Social Security. Use the Retirement Estimator on the Social Security Administration website (www.ssa.gov) to get an estimate of your future Social Security retirement benefits. But remember, this is just an estimate.

You also should consider what current retirees receive from Social Security. On average, retired workers received an estimated $1,360 a month from Social Security in January 2017.* For a year, that's about $16,320. Chances are, you're going to need more than what Social Security provides.

Contributing more

Since Social Security likely will be just one source of retirement income, start thinking about your other potential sources — such as employer-sponsored retirement plans, individual retirement accounts, and investments. Saving more for retirement now may help provide a boost to your income when you will need it.

* Fact Sheet: 2017 Social Security Changes, Social Security Administration, 2017

Social Security Retirement Benefits

Source: Social Security Administration

61%
Retirees with at least half of income provided by Social Security

$1,360
Average monthly benefit for retirees in January 2017

55%
Social Security beneficiaries who are women

43.2 million
Number of beneficiaries aged 65 or older

5.7 million
Number of beneficiaries aged 85 or older

Healthy Financial Habits

Resolving to get financially fit is a great way to start 2018. Here are some ways to develop healthy money habits in the new year.

Track your spending

Keeping track of the money you spend on big and little purchases can help you take control of your spending. Following a budget that's reasonable for your situation may help you not overspend.

Limit credit card use

If you don't pay off your credit card balances right away, interest can quickly add up and become a major problem. Consider leaving the cards at home when you go shopping and using cash or a debit card instead.

Pursue your goals

Planning for long-term goals, such as a down payment on a house, college tuition for your kids and your retirement, is important. Figure out how much you'll need to accumulate and how much you need to save on a regular basis.

Make 2018 a great year to get financially fit. Talk to your financial professional about making healthy financial moves now.

Put Away the Piles

Is financial paperwork piling up on the dining room table or kitchen counter? Setting up a filing system can help you save time, reduce stress and avoid late fees and misplaced tax records. Here are a few ideas to help you get started.

Have a routine

Deal with documents as soon as you receive them. Decide right away if each item needs to be paid, filed or discarded. If you won't need a piece of paper, shred it.

Set up a simple system

Choose a filing system that makes sense to you. Organize paperwork into groups, such as credit card receipts, monthly bills and tax records.

Go electronic

Ask your employer to deposit your paycheck directly into your bank account. Also, consider doing more online, such as having recurring bills paid automatically from your checking account and doing your other banking electronically.

In Case of Emergency

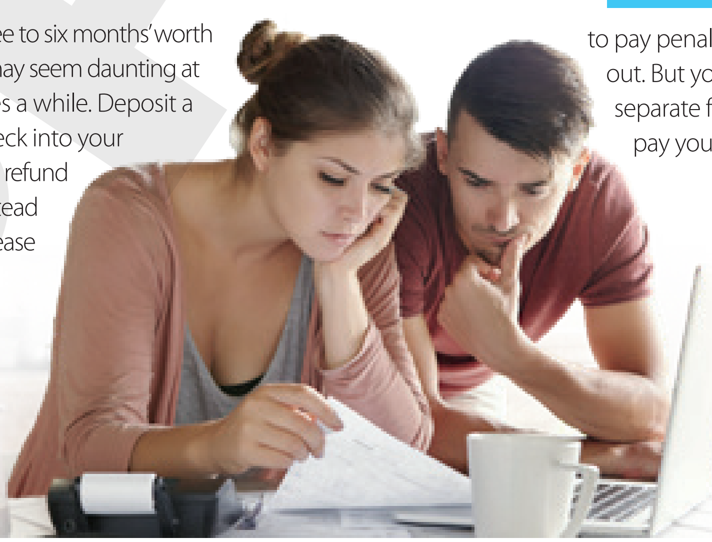
Are you prepared for a large, unexpected expense? What would you do if the roof were to leak, the car were to need a new transmission or you were to have a medical emergency? Would you charge the amount to a high-interest-rate credit card or turn to your emergency fund to cover the cost? If you don't have an emergency fund, here's how to build one.

Start small

Your goal should be to set aside three to six months' worth of living expenses. While that goal may seem daunting at first, you can do it — even if it takes a while. Deposit a specific amount from each paycheck into your emergency fund. Put any bonus, tax refund or other windfall into your fund instead of spending it. If you get a raise, increase the amount you're contributing.

Separate account

Your emergency fund should be in an account that you can access quickly and easily. You don't want to have to sell investments at an inopportune time or have to pay penalties or fees for taking your money out. But you will want to keep your fund separate from the checking account you use to pay your regular bills.



Emergency only

You should tap into your emergency fund only for true emergencies. Don't use it for vacation, impulse purchases or even an anticipated large expense, such as a home improvement. If you do need emergency relief, replenish the fund as soon as possible.

Q. **Can employers claim a tax credit for the costs of setting up a retirement plan?**

A. Eligible small employers may be able to claim a tax credit for some of the ordinary and necessary costs of starting a retirement plan, such as Simplified Employee Pension (SEP) plan, a SIMPLE IRA or a qualified retirement plan. The credit amounts to 50% of eligible start-up costs for each of the first three plan years, up to a maximum credit of $500 per year. Ordinary and necessary costs are the costs to set up and administer the retirement plan as well as to educate employees about it. The credit is available only if certain requirements are met.

- The employer must have no more than 100 employees who received at least $5,000 in compensation for the preceding year.
- The plan must cover at least one non-highly compensated employee.
- The employer generally cannot have had another retirement plan during the three tax years prior to the tax year in which the new plan is started.

For more information, consult your tax advisor.

Q. **I want to buy disability insurance for two employees. Why have I been quoted very different premiums for each employee?**

A. Insurers look at a variety of factors when determining premiums. For example, a person's age, sex, health status and state of residence can impact premiums. In addition, insurers look at a person's occupation/job duties to measure the risk of disability. Of course, the size of the benefit amount, the length of the benefit period and the elimination period (the period from the onset of the disability until the benefit is received) will also determine how much is charged for a policy.

https://www.irs.gov/publications/p560/ar01.html

We Value Your Input...

Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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REVIEW LETTER

1. Let's Talk Money 2018 January/February Business newsletter and optional cover letter
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   4 pages

The material submitted appears consistent with applicable standards.

Reviewed by,

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Associate Principal Analyst

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NOTE: *This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as "Reviewed by FINRA" or "FINRA Reviewed"; however, there must be no statement or implication that this communication has been approved by FINRA.*

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