



Financial Strategies For Your Future

March Newsletter

Hello Eric,



As we approach the season of growth and rebirth, do not forget to review your portfolio to see where your savings could grow!

Please give me a call anytime at:

(603) 343-4515 anytime to schedule a meeting, or just to say hello.

I am available for meetings over the phone, virtual or in person.

Did you know...

Zero trees are felled to produce our banknotes – non polymer banknotes are made from a cotton-linen mix and do not contain any wood pulp.

Events & Resources

Seacoast Rep presents: The Fantasticks

Where: Live Stream and In Person

Date(s): Live Stream and In
Person Sun, Mar 14 - Sun, Mar 28

Cost: \$32-50 in person
\$25-60 Live Stream

The longest running musical of all
time comes to Seacoast Rep!

The Fantasticks is a timeless,
transcendent story of a boy, a girl, a
romance, and two fathers keeping
them apart.

Filled with humor and heart, subtle
poetry, and grand music - The
Fantasticks is a simple love story
told with music that has stood the
test of time and delighted audiences
for decades.

[More Information](#)

Saint Patrick's Day Comedy and Dance Spectacular

Where:

The Historic Theater
28 Chestnut Street
Portsmouth, NH 03801

When: Saturday, March 13 2021,
8:00pm

Cost: \$38

The best place to be on this Saint
Patrick's day is the Music Hall to
celebrate with Celtic step dancing,
music, and hilarious comedy.

Comedians: Jim McCue (Hampton,
NH Resident), Kathy Farris & Joey
Carroll & Jack Lynch.

Dancers: The Murray Academy &
McDonough-Grimes Irish dance.

[More Information](#)



Organic Gardening

Where: Virtual

When: Wednesday nights, March
17, 24 and 31, from 6-8 p.m. online

Cost: Free

Portsmouth Virtual Game Night: Trivia, Charades, and Drawing over Video

Where: Virtual

Learn about organic gardening from the comfort of your own home in this comprehensive three-part course online.

The course will include practical tips on how to create a new garden, soil preparation, seed starting, planting techniques, cultural techniques during the growing season (such as watering, fertilizing, and pest and weed control), how plants and soil interact, succession planting, planting multiple crops in the same space at the same time, how to compost, crop rotation, cover cropping, and mycorrhizobials.

[More Information](#)

When:

Every night from 7-10PM

Cost: Free

Let's Roam's Virtual Game Night makes it easy for you to have an epic game night any night.

A leader in global adventures, Let's Roam has taken our mission virtual, helping people explore, discover, and connect through a one-of-a-kind video platform. We've combined crazy-fun games with embedded video chat software for a game night experience that will level up your joy.

[More Information](#)

Red Flags for Tax Auditors



No one wants to see an Internal Revenue Service (IRS) auditor show up at his or her door. The IRS can't audit every American's tax return, so it relies on guidelines to select the ones most deserving of its attention.

Here are six flags that may make your tax return prime for an IRS audit.¹

The Chance of an Audit Rises with Income

According to the IRS, less than 1% of all individual taxpayer returns are audited. However, the percent of audits rises to over 2% for those with incomes between \$500,000 and \$1 million, and is over 4% for those making between \$1 million and \$5 million.²

Deviations from the Mean

The IRS has a scoring system it calls the Discriminant Information Function that is based on the deduction, credit, and exemption norms for taxpayers in each of the income brackets. The IRS does not disclose its formula for identifying aberrations that trigger an audit, but it helps if your return is within the range of others with similar income.

When a Business is Really a Hobby

Taxpayers who repeatedly report business losses increase their audit risk. In order for the IRS not to consider your business as a hobby, it needs to have earned a profit in three of the last five years.

Non-Reporting of Income

The IRS receives income information from employers and financial institutions. Individuals who overlook reported income are easily identified and may provoke greater scrutiny.

Discrepancies Between Exes

When divorced spouses prepare individual tax returns, the IRS compares the separate submissions to identify instances where alimony payments are reported on one return but alimony income goes unreported on the contra party's return.

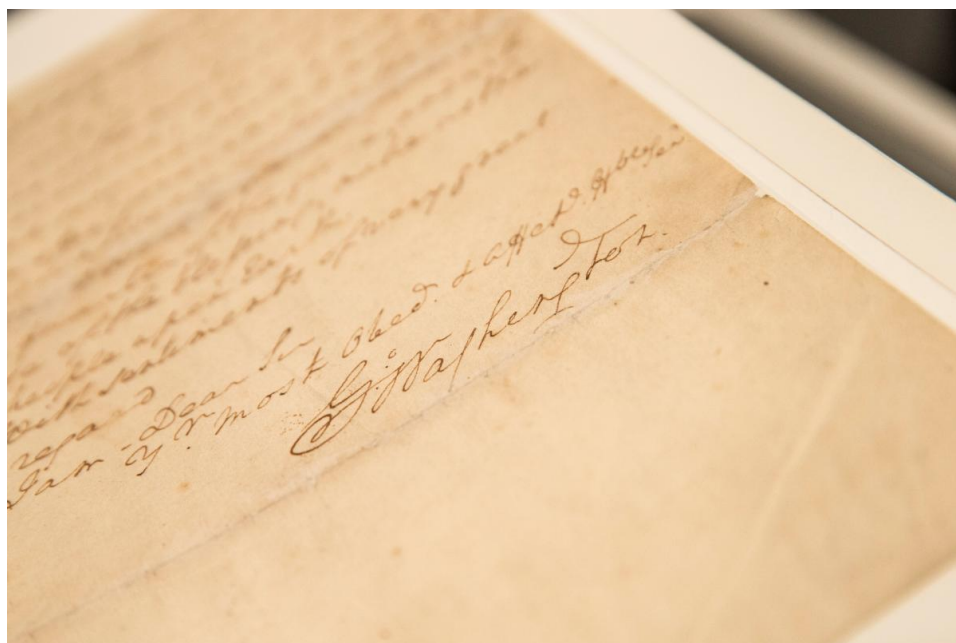
Claiming Rental Losses

Passive loss rules prevent deductions of losses on rental real estate, except in the event when an individual is actively participating in the property's management (deduction is limited and phased out), or with real estate professionals who devote greater than 50% of their working hours to this activity. This is a deduction to which the IRS pays keen attention.

1. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult legal or tax professionals for specific information regarding your individual situation.
2. IRS, 2017

penalties. Please consult legal or tax professionals for specific information regarding your individual situation. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG Suite is not affiliated with the named broker-dealer, state- or SEC-registered investment advisory firm. The opinions expressed and material provided are for general information, and should not be considered a solicitation for the purchase or sale of any security. Copyright 2021 FMG Suite.

Required Reading: The Economic Report of the President



In January, the White House released its 533-page book, “Economic Report of the President (2021).” If you haven’t yet made time to peruse this weighty tome, don’t beat yourself up. Most people don’t take the time to read the report—still others don’t even know it exists.¹

What is the “Economic Report of the President” and what does it tell us about the economy and the future?

In the wake of World War II—and worried that the economy might fall back into another Great Depression—Congress passed the Employment Act of 1946, which established the President’s Council of Economic Advisors to analyze government programs and make recommendations on economic policy. It also mandated that the president submit an annual economic report to Congress. The first report was submitted by Harry Truman in 1947.²

The report is written by the Chairman of the Council of Economic Advisors and includes both text and extensive data appendices.³ It must be submitted to Congress no later than 10 days after the submission of the Federal budget by the President of the United States. Although each report is different, they generally include such information as:

- Current and foreseeable trends in employment, production, real income, and Federal expenses
- Employment objectives for various labor sectors
- Annual goals
- A program for carrying out objectives.

Response to the Economic Report is often mixed. Opponents of the administration tend to be critical of the president's approach. They point out that the objectives and recommendations in the report are inevitably influenced by the administration's opinion and policy.

However, it's important not to overlook the sheer volume of data provided by the report. This information can help identify the forces driving—or dragging—the economy.

If you don't see yourself getting cozy with a cup of coffee and the Economic Report of the President, you might consider using the internet to get an overview of its most relevant topics. Understanding the current state of the economy—and the president's objectives for the future—may help you make plans for your own future.

1. GovInfo.gov, 2021
2. Investopedia.com, 2021
3. GovInfo.gov, 2021

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IRA Withdrawals that Escape the 10% Tax Penalty



The reason withdrawals from an Traditional Individual Retirement Account (IRA) prior to age 59½ are generally subject to a 10% tax penalty is that policymakers wanted to create a disincentive to use these savings for anything other than retirement.¹

Yet, policymakers also recognize that life can present more pressing circumstances that require access to these savings. In appreciation of this, the list of withdrawals that may be taken from a Traditional IRA without incurring a 10% early withdrawal penalty has grown over the years.

Penalty-Free Withdrawals

Outlined below are the circumstances under which individuals may withdraw from an IRA prior to age 59½, without a tax penalty. Ordinary income tax, however, generally is due on such distributions.

1. Death — If you die prior to age 59½, the beneficiary(ies) of your IRA may withdraw the assets without penalty. However, if your beneficiary decides to roll it over into his or her IRA, he or she will forfeit this exception.²
2. Disability — Disability is defined as being unable to engage in any gainful employment because of a mental or physical disability, as determined by a physician.³
3. Substantially Equal Periodic Payments — You are permitted to take a series of substantially equal periodic payments and avoid the tax penalty, provided they

continue until you turn 59½ or for five years, whichever is later. The calculation of such payments is complicated, and individuals should consider speaking with a qualified tax professional.³

4. Home Purchase — You may take up to \$10,000 toward the purchase of your first home. (According to the Internal Revenue Service, you also qualify if you have not owned a home in the last two years). This is a lifetime limit.
5. Unreimbursed Medical Expenses — This exception covers medical expenses in excess of 10% of your adjusted gross income.
6. Medical Insurance — This permits the unemployed to pay for medical insurance if they meet specific criteria.
7. Higher Education Expenses — Funds may be used to cover higher education expenses for you, your spouse, children or grandchildren. Only certain institutions and associated expenses are permitted.
8. IRS Levy — Funds may be used to pay an IRS levy.
9. Active Duty Call-Up — Funds may be used by reservists called up after 9/11/01, and whose withdrawals meet the definition of qualified reservist distributions.

1. Under the SECURE Act, in most circumstances, once you reach age 72, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA). You may continue to contribute to a Traditional IRA past age 70½ under the SECURE Act as long as you meet the earned-income requirement.
2. Under the SECURE Act, distributions to a non-spouse beneficiary are generally required to be distributed by the end of the 10th calendar year following the year of the Individual Retirement Account (IRA) owner's death. The new rule does not require the non-spouse beneficiary to take withdrawals during the 10-year period. But all the money must be withdrawn by the end of the 10th calendar year following the inheritance. A surviving spouse of the IRA owner, disabled or chronically ill individuals, individuals who are not more than 10 years younger than the IRA owner, and child of the IRA owner who has not reached the age of majority may have other minimum distribution requirements.
3. The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Federal and state laws and regulations are subject to change, which may have an impact on after-tax investment returns. Please consult legal or tax professionals for specific information regarding your individual situation.

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