Meet Our Team

- A. Christopher Engle, LUTCF®, CFP®, ChFC®, AEP®
- Ryan Smith, ChFC®, CASL™, CFP®, AEP®
- Brian Sandberg, ChFC®, AEP®
- Michael Steinebach CRPC®
- Ronald Dangler, LPL Financial Advisor
- Tim Sullivan, MBA
- Jim Yost, CLU®, Chartered Financial Consultant®
- Peter Smith, LPL Financial Advisor
- Rachel Dick, LPL Financial Advisor
- Lisa May, Client Services Manager
- Monica Zweedyk, Client Services Associate
- Courtney Burt, Client Services Associate

Inside This Issue

979 Spaulding Ave SE Suite A
Ada, MI 49301
616.949.8300
www.Growtrust.com

GROW TRUST partners
Our name says it all.

NEW FALL OFFICE HOURS:
Monday—Friday 8am to 4:30pm

Fall 2022

What Can You Buy With 529 Distributions?

Some of the biggest challenges many face when it comes to education are financial. Luckily, a 529 college saving plan can help. And they're not just for college anymore - added to the tuition eligibility are K-12, private and religious schools. These funds can also be used for four and two-year colleges, trade schools, graduate programs, and some international institutions.

A 529 plan is a college savings plan that allows individuals to save for college on a tax-advantaged basis. State tax treatment of 529 plans is only one factor to consider prior to committing to a savings plan. Also, consider the fees and expenses associated with the particular plan. Whether a state tax deduction is available will depend on your state of residence. State tax laws and treatment may vary. State tax laws may be different from federal tax laws. Earnings on non-qualified distributions will be subject to income tax and a 10% federal penalty tax.

Here's a list of 529 qualified educational expenses:

Educational Strategy

To take advantage of the 529 distribution for educational costs, you must submit your request for the funds during the same calendar year. If you request cash during the academic year, you may end up owing taxes as a non-qualified withdrawal.

- **Higher Education** - Post-secondary students (after high school) are eligible to participate in the federal student aid program administered by the U.S Department of Education and qualify for the use of 529 funds.
- **Vocational or Trade School** - Culinary students can draw from their 529 accounts to pay expenses related to culinary institute courses. The institution must participate in the U.S Department of Education for federal student aid.

Early Education - K-12 schools, public, private, and religious institutions can now use 529 plan distributions up to $10,000 per student for tuition.

Lifestyle and School Supplies

Learning how best to use your 529 distributions while establishing a manageable budget for qualified and non-qualified purchases can be tricky. Here are some tips to keep in mind.

- **Housing** - Campus housing can be paid through 529 distributions, including college room and board fees. Off-campus housing rentals qualify up to the same cost of the room and board on campus.
- **Books and Supplies** - paper, pens, and textbooks required by the specific course are qualified expenses. Schools set the budget limit for books and supplies.

Needs and Services - Special needs equipment and services qualify for 529 distribution purchases.

Continued on next page

...article continued from page 1

Depending on the circumstances, other modes of transportation may also apply.

Welcoming Technology

Finally, many don't realize that computers and some electronics are included on the list of qualified education expenses. Keep in mind that these items must be required as part of the students' study programs to qualify.

- **Personal Computer** - Computers must be used primarily by the student during any of the years the student is enrolled at the eligible educational institution.
- **Software** - software may qualify as a 529 distribution expense, but only if it's used by the student and required by a class. For example, technical engineering or design classes may involve computerized assignments.
- **Internet** - Lastly, under certain circumstances, internet services can be paid for using 529 funds. Check with your internet service provider (ISP) for more details.

The above tips are sure to help get you started, but make sure to check with the school as well as chat with your financial professional to learn more. As mentioned earlier, each state and school may have different restrictions on using 529 funds. If you are unsure about anything, your plan sponsor may be able to provide some guidance.

Four Times You should Consider Talking to a Financial Professional

1. Expected Life Changes

There are some life changes that you anticipate: a new baby, a new marriage, a new home. But exciting changes may bring additional financial responsibilities. Your financial professional can offer crucial insight at these moments

2. Unexpected Life Changes

What happens after you sell your business or decide to invest in one? Your financial professional can help with managing proceeds, structing payments, and looking out for your best interests.

3. A Big Cash Outlay

Thinking of purchasing a vacation home or partnering with a family member on an investment? Your financial professional can help you ask the right questions and ensure you're clear on risks, possible rewards, and any impact on your overall investment strategy.

4. Nearing Retirement

Timing your retirement is on the biggest lifestyle decisions you'll make. It's important to make sure your investments are prepared for the next step of your life. Your financial professional can review your investment strategy and see if you need to adjust your approach.

Disclaimer

The content is developed from sources believed to be providing accurate information. 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. This material was developed and produced by FMG Suite to provide information on a topic that may be of interest. FMG, LLC, 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 2022 FMG Suite.

Valuable Verbiage

Required Minimum Distribution (RMD)

A required minimum distribution (RMD) is the amount of money that must be withdrawn from an employer-sponsored retirement plan, traditional IRA, SEP, or SIMPLE individual retirement account (IRA) by owners and qualified retirement plan participants of retirement age.

In 2020, the age for withdrawing from retirement accounts changed from 70½ to 72 years old. You must therefore begin withdrawing from a retirement account by April 1 following the year account holders reach age 72. The retiree must then withdraw the RMD amount each subsequent year based on the current RMD calculation.

Understanding Required Minimum Distributions (RMDs)

A required minimum distribution (RMD) acts as a safeguard against people using a retirement account to avoid paying taxes. Required minimum distributions are determined by dividing the retirement account's prior year-end fair market value (FMV) by the applicable distribution period or life expectancy.2 The Internal Revenue Service (IRS) has a worksheet to help taxpayers calculate the amount they must withdraw.3 Generally, your account custodian or plan administrator will calculate these amounts and report them to the IRS.

Some qualified plans allow certain participants to defer the start of their RMDs until they actually retire, even if they are older than age 72. Qualified plan participants should check with their employers to determine whether they are eligible for this deferral.

It should be noted that while an account holder must withdraw the required minimum distribution amount, they can also withdraw above that amount. If the account holder wants to withdraw 100% of the account in the first year, that's perfectly legal, but the tax bill could be a shocker.1

* The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

Social Security Tip

Three Online Social Security Musts

It's never been easier to do business with Social Security online. Often there is no need to call or visit an office. Here are webpages that can make your life easier:

- **Create Your Personal *my* Social Security Account.** Did you know you already have access to much of your Social Security information? All you need to do is create or sign in to your personal my Social Security account. You can verify your earnings, get futures benefit estimates, instantly get a benefit verification letter, and more, with your own personal *my* Social Security account
- **File for your Retirement Online.** Planning for retirement? Or looking to retire now? You can complete and submit your online application for retirement benefits in as little as 15 minutes in Social Security's Retirement Benefits page.
- **Stay Informed!** Need more information about Social Security Programs? There's a publication for that. Visit Social Security's publication library online (including audio versions) to learn more about their programs.

Online resources do not end there. If you did not see what you need in the list above, visit Social Security's Online Services page. Please share these pages with your friends and family.

Growtrust Partners
979 Spaulding SE Suite A
Ada, MI 49301

Growtrust Partners Newsletter –Fall 2022

Our name says it all.

Securities and advisory services offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC.

"Like" Us

Connect With Us

Follow Us

Spaghetti Squash Alfredo

Ingredients:

- 4 lb. spaghetti squash
- 1/4 tsp. salt
- 1/4 tsp. pepper
- 1 cup half and half
- 3 tbsp. butter
- 1 cup parmesan cheese
- 4 tbsp. shredded mozzarella cheese

Directions:

- Scoop out and discard seeds from spaghetti squash halves. Prick outsides all over with sharp knife; season insides with 1/4 teaspoon with each salt and pepper. Microwave, cut sides down, on large microwave-safe plate on high 10 minutes or until tender.
- Meanwhile, in small saucepan, heat half-and-half and butter to simmering on medium-low; simmer 5 minutes, or until reduced slightly, then whisk in finely grated Parmesan cheese. With fork, scrape flesh of each squash half to separate into strands, leaving 1/2-inch border on sides; divide sauce among halves and top each with 2 tablespoons shredded mozzarella cheese. Broil 1 to 2 minutes or until bubbly and browned in spots. Optional: Serve with green salad.