



## Financial Strategies For Your Future

### February Newsletter

Hello Eric,

New England certainly does not let us down keeping the weather interesting! I hope that you have all enjoyed the few sunny days and have made the most of the snow days. Feel free to come into the office to get warm, eat some chocolate and good conversation anytime!

#### Did You Know?

**Pennies could  
bankrupt us!**

Today, it costs more than a penny to make a penny. According to the U.S. Mint, it costs them roughly 1.7 cents per coin.



### Local Events!

#### The Capitol Steps

Sat, Feb 1, 5 – 7 PM  
The Music Hall  
28 Chestnut St.  
Portsmouth, NH

#### T-Rex Tea Party

Sun, Feb 9, 9:30–11:00  
AM  
Children's Museum of New  
Hampshire

[More Information](#)

**6 Washington St, Dover,  
NH**

[More Information](#)

**New Hampshire Wildcats  
Hockey  
vs.  
Boston University Terriers**

**Fri, Feb 14, 7 – 11 PM**

**Whittemore Center Arena  
128 Main St, Durham, NH**

[More Information](#)

**Tom Petty  
&  
Elton John  
tribute at the Brickhouse**

**Fri, Feb 21, 7:00 – 11:59 PM**

**Dover Brickhouse  
2 Orchard St, Dover, NH**

[More Information](#)

## Important Birthdays Over 50

Most children stop being “and-a-half” somewhere around age 12. Kids add “and-a-half” to make sure everyone knows they’re closer to the next age than the last.

When you are older, “and-a-half” birthdays start making a comeback. In fact, starting at age 50, several birthdays and “half-birthdays” are critical to understand because they have implications regarding your retirement income.

### Age 50

At age 50, workers in certain qualified retirement plans are able to begin making annual catch-up contributions in addition to their normal contributions. Those who participate in 401(k), 403(b), and 457 plans can contribute an additional \$6,000 per year in 2019.<sup>1</sup> Those who participate in Simple IRA or Simple 401(k) plans can make a catch-up contribution of up to \$3,000 in 2019. And those who participate in traditional IRAs can set aside an additional \$1,000 a year.

### Age 59½

At age 59½, workers are able to start making withdrawals from qualified retirement plans without incurring a 10% federal income-tax penalty. This applies to workers who have contributed to IRAs and employer-sponsored plans, such as 401(k) and 403(b) plans (457 plans are never subject to the 10% penalty). Keep in mind that

distributions from traditional IRAs, 401(k) plans, and other employer-sponsored retirement plans are taxed as ordinary income.

## Age 62

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person continues to work, those benefits will be reduced. The Social Security Administration will deduct \$1 in benefits for each \$2 an individual earns above an annual limit. In 2019, the income limit is \$17,640.

## Age 65

At age 65, individuals can qualify for Medicare. The Social Security Administration recommends applying three months before reaching age 65. It's important to note that if you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A (hospitalization) and Part B (medical insurance) without an additional application.

## Age 65 to 67

Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit. The age varies, depending on birth year. Individuals born in 1955, for example, become eligible to receive 100% of their benefits when they reach age 66 years and 2 months. Those born in 1960 or later need to reach age 67 before they'll become eligible to receive full benefits.

## Age 70½

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) and other defined contribution plans. 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.

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

1. The catch-up limit is adjusted in \$500 increments.
2. If you reach the age of 50 before the end of the calendar year.
3. Internal Revenue Service, 2019
4. Social Security Administration, 2019
5. Individuals can decline Part B coverage because it requires an additional premium payment.
6. Social Security Administration, 2019

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 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 2020 FMG Suite.

# When Heirs are Imperfect



Passing your estate to an heir with credit problems or a gambling or alcohol addiction might not only lead to that wealth being squandered, but the inheritance could worsen the destructive behaviors. Of course, you don't want to disinherit your child simply because of their personal challenges. There are potential solutions that allow parents to control and incent behaviors long after they are gone, ensuring that a troubled child's inheritance won't be misused.

## **Some Common Approaches**

A trust is one idea, since it can pass wealth to an heir while maintaining control over the how, when, where, and why the funds can be accessed. When establishing such a trust, you can appoint a trustee, who is typically an independent, third party (e.g., trust company) or family member. Appointing a family member, however, may be fraught with problems. Hypothetically speaking, who do you think may be better able to resist the pleadings of a desperate beneficiary? A close relative or a corporate entity?

Furthermore, the trust can specify the precise circumstances under which money will be paid to its beneficiary, or it can specify that the trustee will retain complete discretion in the disbursement of funds.

## **Structuring Ideas**

Trusts can also include incentives, such as requiring drug or alcohol testing before the funds are paid out, or perhaps, that a lump-sum payment be made only upon graduation from college.

To ensure that an heir is committed to change, lump-sum amounts can be paid out after prescribed periods of time, e.g., five years of sobriety. To encourage your heir to seek gainful employment, the trust might pay out a dollar for every dollar in wages. Alternatively, the trust can be written whereby payments are made directly to service providers, like a landlord or utility company.

Trusts can be flexible in their design, but before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.

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. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional who is familiar with the rules and regulations.

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 2019 FMG Suite.

# Rebalancing Your Portfolio

*Tip: Rebalancing Schedule. When to rebalance? There is no set rule. Some rebalance when their portfolio's allocation is off by a specific percentage — say 5%. Others may be comfortable setting the target higher or lower.*

Everyone loves a winner. If an investment is successful, most people naturally want to stick with it. But is that the best approach?

It may sound counter intuitive, but it may be possible to have too much of a good thing. Over time, the performance of different investments can shift a portfolio's intent — and its risk profile. It's a phenomenon sometimes referred to as "risk creep," and it happens when a portfolio has its risk profile shift over time.

When deciding how to allocate investments, many start by taking into account their time horizon, risk tolerance, and specific goals. Next, individual investments are selected that pursue the overall objective. If all the investments selected had the same return, that balance — that allocation — would remain steady for a period of time. But if the investments have varying returns, over time, the portfolio may bear little resemblance to its original allocation.

## How Rebalancing Works

Rebalancing is the process of restoring a portfolio to its original risk profile.

There are two ways to rebalance a portfolio.

The first is to use new money. When adding money to a portfolio, allocate these new funds to those assets or asset classes that have fallen. For example, if bonds have fallen from 40% of a portfolio to 30%, consider purchasing enough bonds to return them to their original 40% allocation. Diversification is an investment principle designed to manage risk. However, diversification does not guarantee against a loss.

*Fast Fact: Expert Insight. "The four most expensive words in the English language are, 'This time it's different.'"*

*—Sir John Templeton,*

## Renowned Investor

The second way of rebalancing is to sell enough of the "winners" to buy more underperforming assets. Ironically, this type of rebalancing actually forces you to buy low and sell high. Periodically rebalancing your portfolio to match your desired risk tolerance is a sound practice regardless of the market conditions. One approach is to set a specific time each year to schedule an appointment to review your portfolio and determine if adjustments are appropriate.

## Shifting Allocation



Over time, market conditions can change the risk profile of an investment portfolio. For example, imagine that on January 1, 1997, an investor created a portfolio containing a mix of 50% bonds and 50% stocks. By the end of 2017, the mix would have changed to 44% bonds and 56% stocks.

Source: Thomson Reuters, 2018. For the period December 31, 1996, to December 31, 2017. Stocks are represented by the S&P 500 Composite index (total return), an unmanaged index that is generally considered representative of the U.S. stock market. Bonds are represented by the Citigroup Corporate Bond Composite Index, an unmanaged index that is generally considered representative of the U.S. bond market. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. When sold, an investment's shares may be worth more or less than their original cost. Bonds that are redeemed prior to maturity may be worth more or less than their original stated value. The rate of return on investments will vary over time, particularly for longer-term investments. Investments that offer the potential for high returns also carry a high degree of risk. Actual returns will fluctuate. The types of securities and strategies illustrated may not be suitable for everyone.

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 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 2019 FMG Suite.



**At AZTEC Financial Group, we help individual, families, business owners and employees manage their financial goals through a comprehensive wealth management process.**

[Visit Our Website](#)

[Contact Us](#)



**Eric Wasson, CFP®**

**Certified Financial Planner™  
Financial Consultant**

**Phone: (603) 343-4515**

**Fax: (603) 343-1863**

**[info@AztecFG.com](mailto:info@AztecFG.com)**



[Our Team](#)

[Mission Statement](#)

[Products & Services](#)

[AztecFG.com](http://AztecFG.com)

[LPL Research](#)

[Resources](#)

[Past Newsletters](#)



The information in the newsletter was not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

The information contained in this newsletter email message is being transmitted to and is intended for the use of only the individual(s) to whom it is addressed. If the reader of this message is not the intended recipient, you are hereby advised that any dissemination, distribution or copying of this message is strictly prohibited. If you have received this message in error, please immediately delete.

The copyright protected articles were prepared by FMG Suite.

Securities and financial planning offered through LPL Financial, a Registered Investment Advisor, Member FINRA/SIPC

AZTEC Financial Group | 660 Central Ave., Dover, NH 03820

[Unsubscribe {recipient's email}](#).

[Update Profile](#) | [About Constant Contact](#)

Sent by [eric.wasson@aztecfcg.com](mailto:eric.wasson@aztecfcg.com) in collaboration with



Try email marketing for free today!