



Financial Strategies  
For Your Future

## August 2021 Newsletter

Hello Eric,



So far this summer we've had a month of record heat and a month of record rainfalls...what is August going to bring?

Regardless of what's to come, I hope you are able to enjoy some relaxing time with family and friends!



<https://s4cuganda.wordpress.com/2017/07/31/facts-about-people-born-in-august/>

## Events & Resources

### **‘You’re a Good Man, Charlie Brown’ at Prescott Park**

Running most Thursdays through Sundays from July 9 – August 15. Dates and times subject to change.

Thursday and Sunday: 7:00pm

Friday and Saturday: 8:00pm

We will also be presenting matinees throughout the season. Please stay tuned as we announce those dates!

### **The River House Restaurant Concert Series**

Held in Prescott Park throughout the summer season, you’ll find some top-notch and riveting performers from around the globe. All offered in a gorgeous setting for a mere suggested \$8 – \$10 donation. All concerts start at 7:00 pm unless otherwise specified.

In August:

Happiness is great musical theatre! With charm, wit, and heart, *You're A Good Man, Charlie Brown* explores life through the eyes of Charlie Brown and his friends in the Peanuts gang. This revue of songs and vignettes, based on the beloved Charles Schulz comic strip, is the ideal musical for audiences both young and old!

[More Information](#)

Amos Lee, The Lone Bellow, Parsons Field, Della Mae, Pokey LaFarge, Rebirth Brass Band, Bonny Light Horseman & the Tommy Gallant Jazz Festival

[More Information](#)



## 88th Annual Craft Festival

The League of NH Craftsmen is headed back to the Mount Sunapee Resort in Newbury, NH August 7-15, for the 88th Annual Craftsmen's Fair! League juried members have been hard at work creating inspired new pieces, so you are sure to find something you have never seen before. Take in a demonstration during your visit and learn about the many ways craftsmen turn raw materials into amazing craft! Don't miss the Art, Craft & Design and Sculpture Garden Exhibitions and discover how to add beautiful art and craft into your wardrobe, home and landscape.

## OLD PORT WALK, TALK, AND TASTE TOURS

This leisurely walking tour allows you to visit and learn about notable Portland landmarks including numerous former brewery sites, the U.S. Custom House, the Workingmen's Club, Mariners' Church, the Seamen's Club, and the working waterfront that was essential for importing many goods and the exporting of alcohol during times of prohibition.

# A Living Trust Primer



A living trust is a popular consideration in many estate strategy conversations, but its appropriateness will depend upon your individual needs and objectives.

## What is a Living Trust?

A living trust is created while you are alive and funded with the assets you choose to transfer into it. The trustee (typically, you) has full power to manage these assets. But 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. A living trust will also designate a beneficiary, or beneficiaries, much like a will, to whom the assets are structured to automatically pass upon your death.

If you create a revocable living trust, you may change the terms of the trust, the trustee, and the beneficiaries at any time. You can also terminate the trust altogether.

## Why Create a Living Trust?

The living trust offers a number of potential benefits, including:

- **Avoid Probate** - Assets are designed to transfer outside the probate process, providing a seamless, private transfer of assets.
- **Manage Your Affairs** - A living trust can be a mechanism for caring for you and your property in the event of your physical or mental disability, provided that you have adequately funded it and named a trustworthy trustee or alternative trustee.
- **Ease and Simplicity** - It is a simple matter for a qualified lawyer to create a living trust tailored to your specific objectives. Should circumstances change, it is also a straightforward task to change the trust's provisions.
- **Avoid Will Contests** - Assets passing via a living trust may be less susceptible to the sort of challenge you might see with a will transfer.

## **The Drawbacks of a Living Trust**

Living trusts are not an estate panacea. They won't accomplish some potentially important objectives, including:

- A living trust is not designed to protect assets from creditors. It is also considered a "countable resource" when determining your Medicaid eligibility.
- There is a cost associated with setting up a revocable living trust.
- Not all assets are easily transferred to a living trust. For example, if you transfer ownership of a car, you may have difficulty obtaining insurance, since you are no longer the owner.
- A living trust is not a mechanism to save on taxes, now or at your death.

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# Orchestrating Your Retirement Accounts



An orchestra is merely a collection of instruments, each creating a unique sound. It is only when a conductor leads them that they produce the beautiful music imagined by the composer.

The same can be said about your retirement strategy. The typical retirement strategy is built on the pillars of your 401(k) plan, your Traditional IRA, and taxable savings. Getting the instruments of your retirement to work in concert has the potential to help you realize the retirement you imagine.<sup>1</sup>

## Hierarchy of Savings

Maximizing the effectiveness of your retirement strategy begins with understanding the hierarchy of savings.

If you're like most Americans, the amount you can save for retirement is not unlimited. Consequently, you may want to make sure that your savings are directed to the highest priority retirement funding options first. For many, that hierarchy begins with the 401(k), is followed by a Traditional IRA and, after that, put toward taxable savings.

You will then want to consider how to invest each of these savings pools. One strategy is to simply mirror your desired asset allocation in all retirement accounts.<sup>2</sup>

**Another approach is to put the income-generating portion of the allocation, such as bonds, into tax-deferred accounts, while using taxable accounts to invest in assets whose gains come from capital appreciation, like stocks.<sup>3</sup>**

**Withdrawal Strategy**

When it comes to living off your savings, you'll want to coordinate your withdrawals. One school of thought recommends that you tap your taxable accounts first so that your tax-deferred savings will be afforded more time for potential growth.

Another school of thought suggests taking distributions first from your poorer performing retirement accounts, since this money is not working as hard for you.

Finally, because many individuals have both traditional and Roth IRA accounts, your expectations about future tax rates may affect what account you withdraw from first. (If you think tax rates are going higher, then you might want to withdraw from the traditional before the Roth). If you're uncertain, you may want to consider withdrawing from the traditional up to the lowest tax bracket, then withdrawing from the Roth after that.<sup>4</sup>

**In any case, each person's circumstances are unique and any strategy ought to reflect your particular risk tolerance, time horizon, and goals.**

1. "Under the SECURE Act, in most circumstances, you must begin taking required minimum distributions from your 401(k), Traditional IRA, or other defined contribution plan in the year you turn 72. Withdrawals from your 401(k), Traditional IRA or other defined contribution plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. 401(k) plans and IRAs have exceptions to avoid the 10% withdrawal penalty, including death and disability. Contributions to a traditional IRA may be fully or partially deductible, depending on your individual circumstances.

2. Asset allocation is an approach to help manage investment risk. Asset allocation does not guarantee against investment loss.



3. The market value of a bond will fluctuate with changes in interest rates. As rates rise, the value of existing bonds typically falls. If an investor sells a bond before maturity, it may be worth more or less than the initial purchase price. By holding a bond to maturity an investor will receive the interest payments due plus his or her original principal, barring default by the issuer. Investments seeking to achieve higher yields also involve a higher degree of risk. The return and principal value of stock prices will fluctuate as market conditions change. And shares, when sold, may be worth more or less than their original cost.

4. Roth IRA contributions cannot be made by taxpayers with high incomes. To qualify for the tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawal can also be taken under certain other circumstances, such as a result of the owner's death. The original Roth IRA owner is not required to take minimum annual withdrawals.

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## **Is the Fire Movement Qualifying For Medicare Under Age 65**

When you are under 65, you become eligible for Medicare if:

1. You have received Social Security Disability Insurance (SSDI) checks for at least 24 months
2. Or, you have been diagnosed with End-Stage Renal Disease (ESRD)

### **Eligibility for Medicare due to a disability**

You may qualify for Medicare due to a disability if you have been receiving SSDI checks for more than 24 months, also known as the two-year waiting period. The two-year waiting period begins the first month you receive an SSDI check. You will be automatically enrolled in Medicare at the beginning of the 25th month that you receive an SSDI check.



If you receive SSDI because you have Amyotrophic Lateral Sclerosis, or ALS, Medicare automatically begins the first month that your SSDI benefits start. You do not have the two-year waiting period.

Social Security—not Medicare—makes the determination of whether you qualify for SSDI checks and administers the program that provides the checks. For more information on the Social Security Disability Insurance program, it is recommended that you contact your local Social Security Administration (SSA) office.

Note: Railroad workers should contact the Railroad Retirement Board for information about disability annuity and Medicare eligibility.

## **Eligibility for ESRD Medicare**

You may qualify for ESRD Medicare if you have been diagnosed with kidney failure and you:

- Are getting dialysis treatments or have had a kidney transplant
- And:
  - You are eligible to receive SSDI
  - You are eligible to receive Railroad Retirement benefits
  - Or, you, a spouse, or a parent have paid Medicare taxes for a sufficient amount of time as specified by the Social Security Administration

If you are under 65 and have ESRD, when your Medicare benefits begin depends on your specific circumstances, including when you apply for Medicare, whether you receive dialysis at home or at a facility, and whether you get a kidney transplant. If you are eligible for ESRD Medicare, you can enroll in Parts A and B together at any time. Part A will be retroactive up to 12 months, but it cannot start earlier than the first month you were eligible for ESRD Medicare.

Note: If you are a railroad worker with ESRD, you must contact Social Security—not the Railroad Retirement Board—to find out if you are eligible for Medicare.

Because Social Security and Medicare eligibility rules are complex, it is recommended that you call Social Security at

800-772-1213 to get the most accurate information regarding your particular situation.

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