



September 22, 2021

Greetings from the Grove!

We want to begin this communication by expressing our gratitude for the privilege of guiding and supporting you as you travel on your financial journey. It is a privilege to have you as a client. We are also very appreciative for the continuous referrals we receive from you. Referrals are the highest compliment and make what we do that much more rewarding.

There are so many things to be grateful for during this season. Maybe it's the warm and cozy feeling we get from a delicious [fall meal](#) or the beauty we witness as the leaves turn magnificent colors in [New Jersey](#) and neighboring [Pennsylvania](#).

And, while it's hard to deny the beauty of the autumn season, this time of year also means getting back into a routine after summer vacation. It can be arduous, whether it's a routine for physical fitness, fiscal fitness, or just heading back to school or work. Our best advice is to avoid procrastinating and get to it! [Click here](#) for some tips on easing back into your routine.

Education Planning

When we think of heading back to school, college planning and how that fits into your overall financial plan comes to mind. According to research done by [Educationdata.org](#), the cost of college in the US has tripled in the last 20 years with an annual growth rate of 6.8%. If you are planning to help fund your children's college education, the sooner you start saving, the better. Here are a few ways to get things underway.

529 Savings Plans – A 529 plan will allow you to grow your savings tax-free provided the funds are spent on qualified educational expenses. There are no income restrictions for opening a 529 account and any US resident over the age of 18 with a Social Security number or Tax ID, and US mailing and legal address can open an account. In addition, anyone, regardless of age, can be the beneficiary of the account if they have a Social Security number or Tax ID.

Coverdell ESA – Available to individuals earning less than \$110,000 and married couples earning less than \$220,000 this is similar to a 529 in that the contributions grow tax-deferred and are not taxed when used for qualified educational expenses. Unlike 529s they offer self-directed investment options which means you can invest in any of the securities offered by the plan.

Prepaid Tuition – Offered in nine states, this is a type of 529 plan that allows the prepayment of future tuition at today's prices. This is worth exploring but there are rules that should be considered like the beneficiary must be at least 15 years old when the account is opened, and the account can't be used for room and board payments.

Roth IRA – Funded with post-tax dollars, some investors prefer the flexibility and wide-range of investment choices offered by the Roth IRA as well the ability to withdraw *contributions* at any time without penalties or taxes. While withdrawal of the *investment earnings* on those contributions can be taxed and incur a 10% penalty if withdrawn before age 59-1/2., there are exceptions. If the money is used for qualified education expenses, you will not be charged a 10% penalty or pay income tax if you have held the Roth account for a minimum of five years.

And if your child is ready for that next big step...

FAFSA – Regardless of whether you qualify or not, we recommend you fill out the Free Application for Federal Student Aid as soon as possible and renew it each year your child is enrolled in school. If you don't apply, you will miss the chance to qualify for federal grants, student loans and work-study opportunities. Be sure to gather your tax documents before you start to fill out the paperwork. Don't leave that money on the table by missing the [FAFSA deadlines](#).

Scholarships and Grants – Unlike student loans, grants and scholarships don't have to be paid back. Most of these will come from the state or federal government or the college itself. Private/Outside scholarships may also be available. These can be offered by a group, individual, corporations and non-profit organizations.

Federal Work-Study (FWS) – This is a need-based aid program funded by the federal government that combines employment and college study. Students earn the award working part-time both on and off campus. Work in community service areas, either for public or private non-profit organizations is encouraged.

Already have a child in college? Here are some [quick tips](#) for them to reduce expenses while they're in school.

KGF Updates and Reminders

In the news - Christina was recently featured in [Advisors Magazine](#) where she shared her insight on succession planning. All business owners need some type of succession plan *including* financial advisers! [Read more](#).

Are you ready? [Medicare](#) open enrollment runs from October 15 to December 7, each year. If you are 65 or older, or 65+ and discontinuing an employer plan, you are eligible to enroll. [Bill Stolow](#) is Knox Grove's Medicare Specialist and is available to help you navigate the enrollment process, reevaluate your existing plan, and avoid costly Medicare mistakes like missed deadlines or coverage gaps. There is no extra cost to meet with Bill and review your options. Be sure to let your friends, family and colleagues know about Bill and this valuable service he provides.

They're back...there is no waiver for **Required Minimum Distributions** this year. If you are 72 or older as of 12/31/2021, you must take the required amount from your retirement accounts (Traditional, Simple and SEP IRAs). Note: although the SECURE Act of 2019 increased the age to 72, for those born before 7/1/1949, the age for taking the first RMD remained at 70-1/2. Check out our article in the upcoming October *Hopewell Valley News* and *Lawrence Neighbors* magazines, for more detailed information on the who, what, and when of RMDs.

In the meantime, should you have any questions on any of the above, please don't hesitate to call us at 609-216-7440. Please feel free to share this newsletter with friends and family members you think would benefit from the content and/or be interested in meeting with us to talk about creating their own path forward.

We hope you take some time to enjoy the beauty of this season and we wish you and your families a happy, healthy and safe Thanksgiving.

Sincerely,

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