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Traditional vs. Roth IRAs

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IRAs can be an important tool in your retirement savings belt, and whichever you choose to open could have a significant impact on how those accounts might grow.

IRAs, or Individual Retirement Accounts, are tax-advantaged accounts used to help save money for retirement. There are two different types of IRAs: traditional and Roth. Traditional IRAs, created in 1974, are owned by roughly 35.1 million U.S. households. Roth IRAs, created as part of the Taxpayer Relief Act in 1997, are owned by nearly 24.9 million households.¹

Both kinds of IRAs share many similarities, and yet, each is quite different. Let's take a closer look.

Up to certain limits, traditional IRAs allow individuals to make tax-deductible contributions into the retirement account. Distributions from traditional IRAs are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty. For individuals covered by a retirement plan at work, the deduction for a traditional IRA in 2019 has been phased out for incomes between \$103,000 and \$123,000 for married couples filing jointly and between \$64,000 and \$74,000 for single filers.^{2,3}

Also, within certain limits, individuals can make contributions to a Roth IRA with after-tax dollars. To qualify for a tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Like a traditional IRA, contributions to a Roth IRA are limited based on income. For 2019, contributions to a Roth IRA are phased out between \$193,000 and \$203,000 for married couples filing jointly and between \$122,000 and \$137,000 for single filers.^{2,3}

In addition to contribution and distribution rules, there are limits on how much can be contributed to either IRA. In fact, these limits apply to any combination of IRAs; that is, workers cannot put more than \$6,000 per year into their Roth and traditional IRAs combined. So, if a worker contributed \$3,500 in a given year into a traditional IRA, contributions to a Roth IRA would be limited to \$2,500 in that same year.⁴

Individuals who reach age 50 or older by the end of the tax year can qualify for annual “catch-up” contributions of up to \$1,000. So, for these IRA owners, the 2019 IRA contribution limit is \$7,000.⁴

If you meet the income requirements, both traditional and Roth IRAs can play a part in your retirement plans. And once you’ve figured out which will work better for you, only one task remains: opening an account.



“Be always at war with your vices, at peace with your neighbors, and let each new year find you a better man.”

— Benjamin Franklin



Out-of-This-World Granola Bars



12 servings

Ingredients:

3 cups organic, old-fashioned oats
2 tablespoons oil (try avocado oil or melted coconut oil—either packs a punch!)
1 - 2 Tbsp. brown sugar (to taste)
1 - 2 Tbsp. maple syrup
¼ cup honey
1 tsp. vanilla
1 tsp. cinnamon
¼ - ½ tsp. nutmeg
1 - 1½ cups “extras” (dried fruit, walnuts, pecans, sunflower seeds, chocolate chips)
5 oz. Belgian dark chocolate

Directions:

1. While the oven is preheating to 350°F, spread the oats evenly in a 9” x 13” pan. Put them in the oven and toast for about 15 minutes, stirring once or twice. Meanwhile, line a 9” x 9” pan with parchment paper or foil, leaving a few extra inches on each side so you can tent the bars after the granola mixture is transferred to the pan.
2. Heat the oil in a small saucepan and add the brown sugar, maple syrup, honey, vanilla, cinnamon, and nutmeg; bring it to a simmer over medium-high heat. Stir until the brown sugar dissolves, then turn off the burner.
3. Add the oats to a large bowl, pour the hot liquid over the oats, and stir to coat evenly. Stir in all of your “extras,” then add the mixture into the prepared pan.
4. Fold the extra parchment or foil over the top of the granola mixture and press to fill the pan and to flatten out the granola in the pan. Cool the bars for about an hour or put them in the freezer to cool faster.
5. Invert the pan to transfer cooled bars onto a cutting board and set aside the parchment or foil. Slice the bars to the desired size and spread them in a single layer onto the foil or parchment. Melt the chocolate in a small saucepan over low heat. Drizzle the chocolate over the bars with a spoon and enjoy!

Recipe adapted from Sugar Dish Me⁵



Own a Restaurant? Tax Tips on Tips

If you own a restaurant, then your employees probably receive tips for their great service. However, there are a few “tax tips on tips” you should know about. In general, tips are subject to withholding, and employees are required to claim all tip income, including tips via credit card transactions.

If you operate a large food and/or beverage establishment, you must file Form 8027, Employer’s Annual Information Return of Tip Income and Allocated Tips, to report your employee’s tip income. Criteria that define “a large food or beverage establishment” include:

- Food or beverage is provided for consumption on the premises
- Tipping is a customary practice
- More than 10 employees, who work more than 80 hours, were normally employed on a typical business day during the preceding calendar year.

A worksheet for determining whether a business meets the criteria listed above is included in the instructions for Form 8027.

* This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Tip adapted from IRS.gov⁶



Zero In On Your Impact Location

When your club makes contact with the ball, and the ball gets its marching orders, this is “the moment of truth.” Most golfers are unaware of where they are making impact with their irons and woods, and it’s extremely important information.

The next time you are on the range, mark the head of your irons with a dry erase

marker or spray your ball with a can of powdered foot spray before you strike the ball with your driver or fairway woods. This will help you see exactly where you're hitting the ball. Once you've tracked your impact location, make a mental note of your body mechanics and footing. With enough repetition, it'll start to feel second nature, and you can leave your training tools at home.

Tip courtesy of Adam Young | PracticalGolf.com⁷



5 Health Benefits of Owning a Dog

It's true: America loves dogs. Besides our four-legged best friends being cute, friendly, and always glad to see us, they offer a whole host of health benefits to keep our spirits up, help to combat loneliness, and have an excuse to get outside for some fresh air and exercise. Here are a few added benefits of canine ownership:

- **Pet your dog for stress relief.** Petting a dog reduces stress. It triggers your brain to release oxytocin (known as the "love hormone") and reduces the release of cortisol (a stress hormone).
- **Unconditional love.** No pressure—your dog loves you no matter what. Sometimes it's just what the doctor ordered.
- **Never lonely.** The companionship of a dog can alleviate feelings of loneliness and give meaning because a dog needs consistent care. Dogs are also good for those who have trouble connecting with other people, such as those diagnosed with PTSD or dementia.
- **Better than blood pressure pills.** Studies have shown that in some cases, dog ownership may help lower cortisol levels, which in turn, could result in lower blood pressure.

Tip adapted from Canine Weekly⁸



Energy Saving Tips in the Kitchen

Appliances and hot water account for a big part of energy use in your home. So, the kitchen is a great place to start saving energy. Here are a few kitchen energy saving tips:

- Leave the faucet on the cold side when using small amounts of water. When the lever is in the “hot” position, it still draws hot water, even though it may not reach the faucet.
- If you’re shopping for a new stove, look for a natural gas model with an automatic, electric ignition system. It saves gas since a pilot light is not burning continuously.
- Your natural gas appliances should have blue flames; yellow flames indicate the gas is burning inefficiently. If you see yellow flames, consult the manufacturer or your local utility provider.
- Be sure to keep range-top burners and reflectors clean; they will reflect the heat better, while saving energy.
- Cover your kettle or pan, or use an electric kettle to boil water. It’ll brew faster and will use less energy.
- Eating for one? Use a toaster, microwave, or convection oven rather than your large stove or oven. Doing this will save up to half the energy of a full-sized oven.

Tip adapted from Energy.gov⁹

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¹ <https://www.ici.org/pdf/per23-10.pdf>

² <https://www.marketwatch.com/story/gearing-up-for-retirement-make-sure-you-understand-your-tax-obligations-2018-06-14>

³ <https://money.usnews.com/money/retirement/articles/new-401-k-and-ira-limits>

⁴ <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>

⁵ <https://www.sugardishme.com/best-dang-granola-bars-ever-ever/>

⁶ <https://www.irs.gov/businesses/small-businesses-self-employed/reporting-tip-income-restaurant-tax-tips>

⁷ <https://practical-golf.com/golf-tips/>

⁸ <https://canineweekly.com/the-mental-health-benefits-of-dog-ownership/>

⁹ <https://www.energy.gov/energysaver/appliances-and-electronics/kitchen-appliances>