Financial Strategies
For Your Future

AZTEC Financial Group
Newsletter

Greetings!

Contact Us

Thank you all for coming to our Social Event! We hope you had a wonderful time and enjoyed our featured guest.

I would like to take this opportunity to thank you for all the referrals you have sent my way. Here at AZTEC Financial we take great pride in providing exceptional customer service!

*From our team at AZTEC Financial Group we wish you all a very **Happy 4th of July!***

Did You Know?

Bhutan

The Himalayan country is the only nation in the world to not rely on the Gross Domestic Product but the Gross National Happiness to mark their

progress. The index measures the citizen's quality of life and overall development. The country got the United Nations to adopt a resolution asking other members to measure their happiness, too.

Local Events!

FROM SEA TO SHINING SEA

Rochester Opera House
July 5 - 21
Rochester, NH

More Information

SALSA IN THE PARK

July 11 - August 8
Portsmouth, NH

More Information

SHARK IN THE PARK

Henry Law Park
July 17 - August 21
Dover, NH

More Information

LUAU BEACH PARTY & PIG ROAST

July 27
Hampton, NH

More Information

Choices for Your 401(k) at a Former Employer

One of the common threads of a mobile workforce is that many individuals who leave their job are faced with a decision about what to do with their 401(k) account.[1]

Individuals have three basic choices with the 401(k) account they accrued at a previous employer.

Choice 1: Leave It with Your Previous Employer

You may choose to do nothing and leave your account in your previous employer's 401(k) plan. However, if your account balance is under a certain amount, be aware that your ex-employer may elect to distribute the funds to you.

While inertia is one of the primary reasons for not moving a 401(k), there may be reasons to keep it there—such as investments that are low cost or have limited availability outside of the plan. Other reasons are to maintain certain creditor protections that are unique to qualified retirement plans, or to retain the ability to borrow from it, if the plan allows for such loans to ex-employees.[2]

The primary downside is that individuals can become disconnected from the old account and pay less attention to the ongoing management of its investments.

Choice 2: Transfer to Your New Employer's 401(k) Plan

Provided your current employer's 401(k) accepts the transfer of assets from a pre-existing 401(k), you may want to consider moving these assets to your new plan.

The primary benefits to transferring are the convenience of consolidating your assets, retaining their strong creditor protections, and keeping them accessible via the plan's loan feature.

Provided their new plan has a competitive investment menu, many individuals prefer to transfer their account and make a full break with their former employer.

Choice 3: Roll Over Assets to a Traditional Individual Retirement Account (IRA)

The last choice is to roll assets over into a new or existing traditional IRA.[3] A traditional IRA may provide a wider range of investment choices than what may exist in your new 401(k) plan.

The drawback to this approach may be less creditor protection and the loss of access to these funds via a 401(k) loan feature.

Remember, don't feel rushed into making a decision. You have time to consider your choices and may want to seek professional guidance to answer any questions you may have. You may also cash out the account value. However, if you have not yet reached 59 1/2 , then the dollar amount you withdraw will be subject to ordinary income taxes and a 10% penalty tax.

1. Distributions from 401(k) plans and most other employer-sponsored retirement plans are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.
2. A 401(k) loan not paid is deemed a distribution, subject to income taxes and a 10% tax penalty if the account owner is under 59½. If the account owner switches jobs or gets laid off, any outstanding 401(k) loan balance becomes due by the time the person files his or her federal tax return. Prior to the 2017 Tax Cuts and Jobs Act, employees typically had to repay loans within 60 days of departure or face potential tax consequences.
3. Withdrawals from traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty. Generally, once you reach age 70½, you must begin taking required minimum distributions.

Spotting Credit Trouble

American households with credit card balances carry an average debt of $16,425.[1]

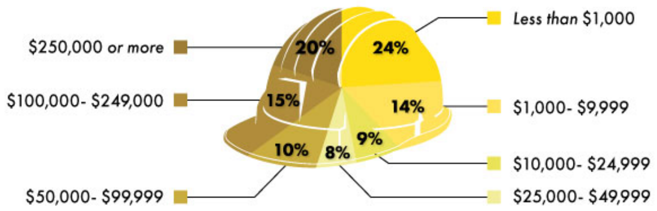
The wise use of credit is a critical skill in today's world. Used unwisely, credit can rapidly turn from a useful tool to a crippling burden. There are a number of warning signs that you may be approaching credit problems:

1. Have you used one credit card to pay off another?
2. Have you used credit card advances to pay bills?
3. Do you regularly use a charge card because you are short on cash?
4. Do you charge items you might not buy if you were paying cash?
5. Do you need to use your credit cards to buy groceries?
6. Are you reluctant to open monthly statements from creditors?
7. Do you regularly charge more each month than you pay off?
8. Do you write checks today on funds to be deposited tomorrow?
9. Do you apply for new credit cards so you can increase borrowing?
10. Are you receiving late and over-limit credit card charges?

It is important to recognize the warning signs of potential credit problems. The quicker corrective action is taken the better. Procrastinating is almost a sure way to guarantee that you may face financial difficulty down the road.

1. Nerdwallet.com, 2017

Healthcare Costs in Retirement



About 70% of American workers are confident they will have enough money to pay for medical expenses in retirement.

In a 2018 survey, 30% of all workers reported they were "not too" or "not at all" confident they would have enough money to pay for their medical expenses in retirement.[1]

Regardless of whether you're confident or not, it's important to have an idea about how much healthcare may cost in retirement. By putting the costs in better perspective, you might be able to better understand what you can pay for and what you can't.

Health-Care Breakdown

A retired household faces three types of health-care expenses.

1. A household may have the expense of premiums for Medicare Part B (which covers physician and outpatient services) and Part D (which covers drug-related expenses). Typically, Part B and Part D are taken out of a person's Social Security check before it is mailed, so the premium cost is often overlooked by retirement-minded individuals.
2. The household should expect to pay for co-payments related to Medicare-covered services that are not paid by Medigap or other health insurance.
3. The retired household should expect to pay for dental care, eyeglasses, and hearing aids, which are typically not covered by Medicare or other insurance programs.

It All Adds Up

According to a HealthView Services study using 70 million actual cases, a healthy married couple, age 65, can expect healthcare premiums to add up to $321,994 over their lifetime. If you include dental, vision, co-pays, and out-of-pocket costs, the total rises to $404,253.[2]

For a healthy 55-year-old couple who plans to retire in a decade, the number jumps to $498,962. [3]

Should you expect to pay this amount? Possibly. Seeing the results of one study may help you make some critical decisions when creating a strategy for retirement. Without a solid approach, healthcare expenses may add up quickly and alter your retirement spending.

Out-of-Pocket Healthcare Cost

The cost of healthcare for a 65-year-old couple is projected to increase with age.

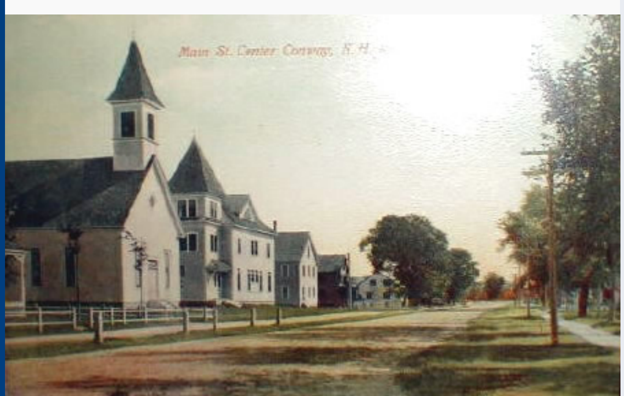
Age 65 Annual cost $11,369, Monthly cost $947
Age 85 Annual cost $39,208, Monthly cost $3,267

Source: HealthView Services: 2017 Retirement Health Care Costs Data Report (Costs shown are in future dollars.)

Prepared for the Future?

Workers were asked how much they have saved and invested for retirement — excluding their residence and defined benefit plans.

Employee Benefit Research Institute, 2018 Retirement Confidence Survey.
Employee Benefit Research Institute, 2018 Retirement Confidence Survey
2,3. HealthView Services: 2017 Retirement Health Care Costs Data Report (Costs shown are in current dollars.)



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

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