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FINANCIAL, INC.**



*Weekly
Educational
Update*

What Does the Required Minimum Distribution Mean?

WEEKLY EDUCATIONAL UPDATE - SEPTEMBER 19, 2018

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You spent decades saving for retirement. A long time ago, you understood and took to heart the advice about the importance of your retirement savings. You've just turned 70, and you're proud of your financial achievements.

You worked hard; you sacrificed, and now you're retired and doing well enough so that you don't have to take money from your retirement savings. After all, you're still healthy and strong, and you'd prefer to let your retirement investments grow even more. And, besides, you don't really need it right now.

The truth is, federal rules require you to begin making regular withdrawals from certain retirement savings accounts once you reach 70½. It's called the Required Minimum Distribution, and it's the minimum you have to withdraw per year. In other words, you don't have a choice.

The RMD rule applies to certain plans.^[1]

Once you reach 70½, you have to start making withdrawals from IRAs, SIMPLE IRAs, SEP IRAs, and other retirement accounts. Roth IRAs are exempt from the requirement until the account owner dies.

Here are two important provisions:

- You may withdraw more than the minimum required amount.
- Withdrawals are considered taxable income; exceptions include money that was previously taxed or is considered tax free, such as distributions from certain Roth accounts.

Calculating the RMD.

You calculate the RMD for a year by dividing the account balance at the end of the preceding calendar year by the number from an IRS distribution table ("Uniform Lifetime Table"). For more information, go to <https://www.irs.gov/retirement-plans/plan-participant-employee/required-minimum-distribution-worksheets>.

The link directs you to select between two options:

- A worksheet to calculate your withdrawal if your spouse is more than 10 years younger than you.
- A worksheet for everyone else.

Date to receive RMD.

The date to receive your first distribution varies depending on the type of retirement account.

For IRAs (including SEP and SIMPLE IRAs), it's April 1 of the year following the year when you reached 70½. So, if you reach 70½ in 2019, you have until April 1, 2020.

For 401(k), profit-sharing, 403(b), and other defined contribution plans, it's the same as mentioned above or when you retire, whichever is later.

Dates to receive successive RMDs.

You must make account withdrawals every year by December 31. The calendar year after you reach 70½ you'll have to make two withdrawals, on April 1 and another by December 31. To avoid having to pay taxes on both those payments in the same year, you may take the first withdrawal in the year you reach 70½ before December 31. That way the income falls into two separate tax years.

Penalties for waiting to take withdrawals.

If you don't take withdrawals or don't take adequate amounts, you may face 50% excise taxes on the amounts that are not distributed.

The government may require you to report the excise tax by filing "[Form 5329](#)." "[Form 5329 instructions](#)" provides additional information about the excise tax.

If you would like to discuss your retirement distribution options or other financial strategies, give us a call. We're happy to talk.

 Forward to a Friend

QUOTE OF THE WEEK

*"Not everything that can be counted counts,
and not everything that counts can be counted."*



Roasted Cumin Shrimp and Asparagus



Serves 4

Ingredients:

- 1 cup couscous
- 1 navel orange
- Kosher salt
- Pepper
- 20 large shrimp, peeled and deveined
- 2 tablespoons olive oil
- ½ teaspoon ground cumin
- ¼ teaspoon cayenne
- 1 pound thin asparagus, trimmed

Directions:

1. Put couscous in a bowl. Pour on juice from half an orange and 1 cup of hot tap water. Keep covered for 15 minutes. For seasoning, add salt and pepper and mix gently.
2. At the same time, add cumin, cayenne, and salt to shrimp to season. Broil the shrimp with the asparagus mixed with oil and seasoned with salt and pepper, 2 minutes each side. Broil until shrimp is opaque throughout and asparagus is tender.
3. After squeezing the juice from the other half of the orange on the shrimp, serve with couscous.

Recipe adapted from Good Housekeeping^[2]

 Forward to a Friend



IRS Provides Businesses with Resources on Tax Reform*

Running a business in a complicated marketplace can pose quite a few

challenges. In a constantly changing political climate, prospering-or even surviving-can get even more confounding.

Add into the mix changes in tax law, and you start to wonder where you can go to find some sound advice. How about the source?

To help businesses, the IRS makes available these resources:

- The Tax Reform page provides highlights and updates on changes in tax laws. Go to <https://www.irs.gov/tax-reform>.
- The agency regularly posts updates to its fact sheets. Go to <https://www.irs.gov/newsroom/fact-sheets>.
- The IRS provides publications on the new tax law, the Tax Cuts and Jobs Act of 2017. Go to <https://www.irs.gov/publications/p15>.
- The IRS has a section for frequently asked questions: <https://www.irs.gov/newsroom/tax-reform-resources>.
- Business owners may subscribe to receive emailed tax reform tips: <https://www.irs.gov/newsroom/subscribe-to-irs-tax-tips> and <https://www.irs.gov/businesses/small-businesses-self-employed/subscribe-to-e-news-for-small-businesses>.

Other details may apply, and you can find more information on the IRS website.

* 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.gov^[3]



Flushing It Out of the Rough

Cue the Indiana Jones music. Your ball landed somewhere in the rough. Now you have to go in search of your lost ball.

Once you spot it, what do you do to get it out and back on the fairway?

Here are three steps to rescue your ball from the rough:

1. **Choose your club wisely.** If the green is still a ways away, use a higher-lofted fairway wood. The wider sole of the club allows you to cut through the grass more smoothly.
2. **Next up, the address.** The ball shouldn't be any farther away than the center of your stance. Grip your club a little lower and put more pressure on your front foot.
3. **Now the swing.** Prepare to swing with your hands clutching the club so that the clubhead turns abruptly upward. This creates a sharper angle for contact.

Here's a quick way to remember this process: Up and oomph. Up refers to the steeper takeaway and oomph refers to the aggressive downswing.



Kicking the Sugar Habit with a Detox?

Jackie Gleason may have made the phrase "How sweet it is" famous, but medical authorities are saying not so fast, especially in the form of added sugar.

America's attraction to sweets may not be so healthy. Too high an intake of sugar may lead to a variety of ailments, such as heart disease, diabetes, and obesity.

Recognizing the dietary dangers, some sugarholics go to potentially unhealthy extremes to break their habits.

How about the trendy sugar detox? Will it help you break the habit? Let's explore the sweet facts.

It's true that some people crave sugar and use it in excess. But is it an addiction? Probably not. Is it unhealthy at high levels? Definitely.

Sugar fuels brain cells. And people often consume sugary foods as a reward, which tends to rewire your brain by reinforcing the habit.

Consuming sugar, which turns into simple carbohydrates, causes spikes in your blood sugar (glucose) levels.

Your body then works to remove the glucose from your blood. Your pancreas produces insulin. Your blood sugar then plunges, which produces sluggishness and the desire for more sugar to reacquire that sugar high. That leads to more eating. And more eating, naturally, tends to lead to obesity and other weight problems.

So, do detox diets work? Yes and no. Detox diets that remove all food items that may affect blood sugar—fruits, dairy, and refined grain—are too much of a shock on your body. Drastic dietary changes can send you soaring right back into sugar orbit.

What can you do?

Health experts recommend retraining your taste buds by initially eliminating one sugary item at a time. You may explore other "sweet" or healthy options such as berries or low-sugar yogurt.

Kick the habit one step at a time, experts advise. Adding more protein to your diet can also make the transition smoother.

Quitting or controlling the sugar habit may be a struggle at first, but you reap plenty of benefits: a healthier lifestyle, more energy, and weight loss.



Becoming More Environmentally Friendly While Doing the Laundry

You may want to do your part to help save the planet and become more environmentally friendly, but how do you do it while doing the laundry?

The U.S. could save nearly 40 million gallons of water a year if households used efficient washers.

Here are some tips to get you thinking about saving the planet while doing the laundry:

- Use cool water while rinsing. Washing and rinsing with hot water uses more than three times the energy than using cool water during rinsing.
- The newer, more efficient washers use nearly four times less energy than the older machines. You can also save up to \$70 a year in energy costs.
- Lower your water heater's temperature to 120°F, which is sufficient for most of your laundry.
- Do one big load rather than several smaller ones. But don't overload your washer either.
- Clean your dryer's outside vents regularly.
- Take your clothes out of the dryer slightly damp and hang them up. This reduces the need for ironing.

Tips adapted from EarthShare^[6]

Share the Wealth of Knowledge!

Please share this market update with family, friends, or colleagues. If you would like us to add them to our list, simply click on the "Forward email" link below. We love being introduced!



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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.

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[1] www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds

[2] www.goodhousekeeping.com/food-recipes/easy/a19854680/roasted-cumin-shrimp-and-asparagus-recipe/

[3] www.irs.gov/newroom/business-owners-can-visit-irs.gov-for-resources-to-help-understand-tax-reform

[4] www.golfdigest.com/story/flush-it-from-the-rough

[5] [www .w ebmd.com/diet/ss/slideshow -sugar-addiction](http://www.w ebmd.com/diet/ss/slideshow -sugar-addiction)

[6] www .earthshare.org/turn-your-w hole/

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