

# FINANCIAL *Insights*

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## *From Anna's Desk*

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### Changing the Way Clients Give

- The Lost and Found of Unclaimed Benefits
- The True American Patriots
- New Employees
- Social Security

***Have a Happy and Safe 4th of July!***



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## *From Anna's Desk:* Changing the Way Clients Give

Charitable IRA rollovers, technically known as qualified charitable distributions, save taxes. So why aren't people taking advantage of them? We're not seeing many people using them, when most individuals who qualify should be. This tax benefit has been permanent since 2015.

Qualified charitable contributions, or QCDs, allow taxpayers to make charitable contributions from their IRAs directly to the charity and to exclude that amount from income. Not everyone qualifies, though. It only applies to IRAs, not plans, and only for those IRA owners or beneficiaries who are 70 ½ years old or older. The QCD is excluded from income and can satisfy the annual required

minimum distribution (RMD), up to the \$100,000 QCD limit. No charitable deduction is permitted for this amount; otherwise that would double the benefit. Still, excluding RMD income lowers the tax bill.

The QCD also increases tax benefits. When income is lower, more deductions and other tax benefits are allowable, which lower the total tax. In some cases, the QCD could cut down or even eliminate the dreaded alternative minimum tax which in turn increases certain deductions that would otherwise be lost to AMT, such as state income taxes, real estate taxes and work-related expenses.

Excluding RMDs, to the extent of the QCD, will lower the overall tax bill when taxpayers are losing tax benefits due to increased RMD income. RMDs continue for life, or until the IRA funds are used up, so this planning can save taxes

*(continued on page 4)*

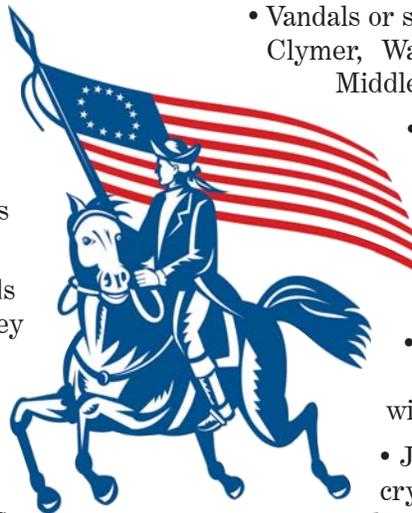
## The True American Patriots

*Have you ever wondered what happened to the 56 men who signed the Declaration of Independence?*

- Five signers were captured by the British as traitors and tortured before they died.
- Twelve had their homes ransacked and burned.
- Two lost their sons who served in the Revolutionary Army. Another had two sons captured.
- Nine of the 56 fought and died from wounds or hardships of the Revolutionary War. They pledged their lives, their fortunes and their sacred honor.

*What kind of men were they?*

- Twenty-four were lawyers and jurists. Eleven were merchants. Nine were farmers and plantation owners. All were men of means and well-educated.
- But they signed the Declaration of Independence, knowing that the penalty would be death if they were captured.
- Carter Braxton of Virginia, a wealthy planter and trader, saw his ships swept from the seas by the British Navy. He sold his home and properties to pay his debts and died in rags.
- Thomas McKean was so hounded by the British that he had to move his family constantly. He served in Congress



without pay, and his family was kept in hiding. His possessions were taken, and poverty was his reward.

- Vandals or soldiers looted the properties of Ellery Hall, Clymer, Walton, Gwinnet, Heyward, Rutledge and Middleton.
- At the Battle of Yorktown, Thomas Nelson Jr. noted that British Gen. Cornwallis had taken over the Nelson home for his headquarters. He quietly urged Gen. Washington to open fire. The home was destroyed, and Nelson died bankrupt.
- The home of Francis Lewis was destroyed. The enemy jailed his wife, and she died within a few months.
- John Hart was driven from the bedside of his crying wife. Their 13 children fled for their lives. His fields and gristmill were laid to waste.

For more than a year, he lived outdoors, returning home to find his wife dead and his children gone. He died shortly thereafter, heartbroken.

- Norris and Livingston suffered similar fates.

When you are tempted to take your freedom lightly, think about these 56 men who gave everything for freedom. So while you are enjoying the festivities of the July 4 holiday, take a few minutes and silently thank these patriots for their heroic contributions. It is not too much to ask for the price they paid. Freedom is never free.

*Source: Internet; the article was first published in our July-August 2000*

## New Employees



Meet **Hebert Pacheco**, Operations Administrator. He is assisting clients whose last names begin with letters L-Z. Hebert (rhymes with “ever”) comes to CFS after working for our previous broker-dealer, National Planning Corp., as Advisory Operations Representative. He carries both Series 7 & 66 licenses. Hebert was born and raised in Los Angeles. He enjoys trail running, marathons, beach volleyball and traveling to unknown places around the world, and likewise loves watching movies and cooking. Hebert is also currently

pursuing a bachelor’s degree in Business Administration.

Meet **Theresa Tannous**, Financial Analyst. She prepares client financial statements. Theresa graduated from Cal Poly Pomona last year, where she earned a bachelor’s degree in Finance with a minor in Contract Law. She comes to CFS from Bank of America, where she worked as a Relationship Banker. In her free time, Theresa enjoys outdoor activities such as hiking, traveling and swimming. She also loves listening to music.



Hebert and Theresa are excited to have this opportunity working for you at CFS where they can put their education and experience to good use every day. They hope to provide the highest quality of service and are looking forward to a long relationship in the CFS family.

## Travel

Vacation season is here. It promises to be another busy one this year, as more folks hit the road and spend more on trips.

Travel is now a \$1-trillion U.S. industry. Spending first eclipsed that mark last year and will grow by a robust 5% in 2018...a new record. Consumers feel good financially and want to splurge on more and longer trips, nicer hotels, better meals, more souvenirs, etc. And business travel will soar as companies send road warriors to more meetings in hope of securing new business opportunities.

Expect more foreigners to visit this year, too. The weaker dollar makes the U.S. a bit cheaper, compared with other tourism locales. It also helps that many foreign tourists’ own economies are strong right now. They have ample money to spend. Strong foreign tourism is a particular boon for the economy. The average overseas visitor stays for 18 nights and spends more than the average American on vacation...\$6,900 per Chinese visitor, for instance.

One worry for the travel industry: The U.S. share of global tourism is falling. The portion of global travelers coming to the U.S. is down to 12%, from 14% in 2015. Hotels, airlines and other businesses will be lobbying Washington to lure more visitors from abroad by speeding visa processing, adding to the list of countries whose citizens don’t require a visa to visit, and spending more on marketing the U.S. as a destination.

## SOCIAL SECURITY

- Full retirement age for Social Security continues its climb toward age 67. Baby boomers turning 62 this year won’t reach full retirement age until age 66 and four months. Early claimers will take a steeper permanent reduction in benefits than older beneficiaries suffered; claim at 62 and the haircut is about 27%. Those who delay past their full retirement age will see benefits increase by 2/3 of 1% for each month they postpone their claim until age 70. The maximum addition will be about 29%.
- If you delay your Social Security benefit until age 70, you won’t be missing out on your annual cost-of-living adjustments. No matter what age you claim your benefit, the Social Security Administration will build into your benefit every COLA going back to when you were 62, the first time you were eligible to claim a benefit. So if you delay until 70, eight years of annual COLAs will be included, in addition to all the delayed credits you earned.

*Source: Kiplinger’s Retirement Report*

Some practical tips for planning your own travels and finding the best deals: Planes will be crowded, so book well ahead of time. For flights this summer, it’s best to reserve your seats at least two months in advance. The cheapest days to fly: Tuesdays, Wednesdays and Saturdays, especially at dawn and overnight. Good fares will be available on flights with connections...up to 50% cheaper than direct routes. Airfares will be flat compared with 2017 as competition among carriers grows. And lower prices on transatlantic routes are on tap, thanks to new routes coming from budget airlines such as Wow, Aer Lingus, Icelandair and Level. No relief from bag fees and such, though...airlines make a bundle on them.

Hotel rates will rise modestly...up 2.4% from 2017, except for New York City, where sky-high rates have plateaued. Again, book early. Rooms will fill up quickly. Good news for cruise passengers: Lots of new ships spell bargains this year. But you may pay more to enter some national parks...\$70 per car. Uncle Sam wants higher fees to help pay for repairs to infrastructure that has been badly strained by soaring visitor levels. *(Senior citizens can save big by buying an \$80 lifetime pass.)*

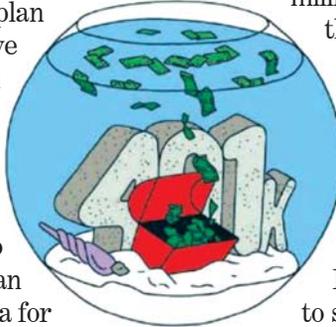
*Source: The Kiplinger Letter*

## The Lost and Found of Unclaimed Benefits

The government is stepping up efforts to help Americans find missing retirement plans as Americans worry about being able to afford retirement, billions in unclaimed retirement funds sit neglected in lost or forgotten accounts.

Regulators and politicians are pushing retirement plan sponsors, as fiduciaries, to work harder to find plan participants who are due benefits. The latest move comes in the Retirement Savings Lost and Found Act of 2018, legislation reintroduced on March 2 by Democratic Senator Elizabeth Warren of Massachusetts and Republican Senator Steve Daines of Montana. The legislation would create an Office of Retirement Savings Lost and Found to serve as a clearinghouse for retirement plan information and require employers to provide data for a national searchable database that could be used by all retirement plan participants. The expansion of auto enrollment of 401(k) plans, along with younger workers frequently switching jobs, will add to the number of missing participants, according to the bill.

The Lost and Found Act follows an announcement last December by the Pension Benefit Guaranty Corp. (PBGC), which insures pension plans, that it would expand its missing participants program to defined contribution plans such as 401(k)s that terminated after Jan.1, 2018. The voluntary program allows employers to transfer funds or an account holder's name to the PBGC, which collects a one-time fee of \$35 for accounts greater than \$250, rather than roll funds into a bank IRA with high annual fees.



More people are being reunited with their money, thanks to a push by the Department of Labor to audit more retirement plans' missing-participants lists. After successful pilot program in the department's Philadelphia Employee Benefits Security Administration (EBSA) office, which recovered more than \$274 million owed to 4,018 people in 2017, field offices around the country are stepping up their audits. The Philadelphia project was sparked, in part, by a surge in calls in recent years from consumers receiving a notice from the Social Security Administration. The letter, sent to Americans nearing retirement age, shows what private pension information the SSA has on file.

If you suspect you're owed benefits, the first step is to search the PBGC's online database at [pbgc.gov](http://pbgc.gov). A caveat: if a letter from the PBGC was delivered but you didn't respond, you won't be in the public database since the PBGC thinks your address is valid. The PBGC plans to remedy that by year end. You can also go to [askebsa.dol.gov](http://askebsa.dol.gov) for help. The best option: Call one of six regional pension counseling projects affiliated with the Washington based nonprofit Pension Rights Center ([pensionrights.org](http://pensionrights.org)). The regional offices handle a range of retirement-benefits issues for consumers and act as a liaison with the plans.

Keeping all tax returns and benefits papers is important. That will help the center prove a claim more quickly and counter any inaccurate information from a plan.

*Source: Bloomberg BusinessWeek; PBGC; Department of Labor*

### From Anna's Desk: Changing the Way Clients Give

*(continued from page 2)*

year after year. Individuals who make large contributions can use the QCD for amounts even greater than their RMD.

QCDs can be especially helpful when taxpayers use the standard deduction, under which they receive no charitable deduction even though they contribute to charity. By using the QCD, they get the standard deduction plus the charitable benefit by being able to exclude that amount from RMD income.

Most people with RMDs don't like that they are forced to take this money and pay the tax, therefore, they may change the way they give. The savings will benefit them every year. Currently, QCD is not being reported on the 1099-R and the exclusion from income can be lost if the CPA never learns about it, so be sure to inform the tax preparer.

*Information compiled by Anna Luke; Investment News*

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## CFS Golden Circle – Clients for 20 years or longer

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	Mary Morrow	Teena Wolcott
		Toby & Carole Zwickel

## Referrals

### We Appreciate Those Referrals!

*We certainly welcome your referrals and are always most appreciative when clients pass our name along to others. We would like to take this opportunity to express our thanks for your continued confidence and look forward to providing quality confidential financial services to you, your friends, and associates.*

*When you refer us to others, you can be assured that your personal information provided by you and those whom you refer is treated with a high degree of confidentiality.*

*Our sincere thanks to our recent referrals goes to:*

**Marv Elkin**

**Jeremiah & Norah Small**

Pursuant to the SEC Brochure Rule 204-3, of the Investment Advisors Act of 1940, advisers are required to deliver a copy of the ADV, Part II to every adviser client on an annual basis (within 120 days after the end of fiscal year and without charge, if there are material changes in the brochure since the last annual updating amendment.)

## HAPPY BIRTHDAY

### JULY

1 - Katherine Plank	17- Kevin McAdam
5 - Barbara Chasse	17- Karen Brown
5 - Vicki Oldham	17- Donna Reynish
7 - Joseph Ruggiero	20- Ann Reynolds
8 - Laura Gollnick	21- Pamela Billings
8 - Martha Nichols	21- Richard Gold
9 - Stephen Veres	21- Toni Miano
9 - Hebert Pacheco	23- Alan Klein
11- Horace Fernandez	23- Diane Green
14- Paul Ary	24- Annette Alender
14- Kenyon Iverson	24- Eugene Schmidt
15- Mary Drake	26- Sue Nelson
16- Laurie Hillyer	26- Peter McAdam
16- Janet Fear	27- William Beckley
16- Donna Bandiera	

### AUGUST

3 - Laura Gianni Petoyan	14- P. Kent Burton
3 - Cynthia Siecke	14- Dr. Gerald Lucas
3 - Connie Alvero	15- Gladys Eisinger
4 - Talin Petoyan	16- Colleen Koll
5 - Henry Rosenblit	18- David Walleth
6 - Barbara Moering	19- Brandon Maskell
7 - Joseph Miano	19- Theresa Southwood
9 - Donna Jonkey	23- Sharon Terranova
9 - Lindsay Schaefer	26- Donna Kasper
10- Julia Kinmartin	28- Juliane McAdam
12- John Buonauro	28- Austina Wolcott
12- Lori Thrasher	29- Donna Wade
12- Mitchel Stein	
13- Gail French	
13- Christine Campisi	

## Brain Teaser #100

Since it is our 100th Brain Teaser, we decided to re-print the very first brain teaser we published back on November-December 2000 issue.

**“Three sailors rented a room – the cost was \$30.00. Each paid \$10.00.**

**The landlady decided she’d charged too much so gave the bellhop \$5.00 to return to the three men.**

**The bellhop decided it was too difficult to divide the \$5.00, so he kept \$2.00 and gave \$1.00 to each of the sailors.**

**So... they each paid \$9.00 for the room.  $3 \times 9=27$ , plus the \$2.00 the bellhop kept for himself = \$29.00.**

**Where did the other dollar go?”**

The first person to send a written explanation with the correct answer to the following puzzle will receive an American Express gift card. Please email or send your explanation to Martha at [martha@cfsburbank.com](mailto:martha@cfsburbank.com) or call her at (818) 846-8092 ext. 4.

## FINANCIAL *Insights*

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### In This Issue

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### Brain Teaser #99 (Answers) “Get the Leader”

## FIDEL CASTRO

CONGRATULATIONS TO CAROLE ZWIKEL FOR BEING THE FIRST PERSON WITH THE CORRECT ANSWER!

Use your smartphone  
to visit our website!



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Anna Luke, CFP®, PFP® is not an attorney. Anna Luke will help you review documents and recommend a local attorney that specializes in Estate planning. Estate planning can involve a complex web of tax rules and regulations. You should consider the counsel of an experienced estate planning professional before implementing any strategy.