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## T + 2 SHORTENED SETTLEMENT CYCLE

On September 5, 2017, the financial services industry is planning to shorten the trade settlement cycle from three business days after the trade date to two business days after the trade date for most products.

### **What do you mean by settlement?**

Whenever you buy or sell a stock, bond or fund in your brokerage account there are two dates that apply to the transaction: trade date and settlement date. The trade date is the day you buy or sell the product. For example, the day you sell some shares of a mutual fund. The settlement date is the date the transaction is final, the day the money from the sale is available to you.

Settlement has been trade date plus 3 days (T + 3), but now it is changing to trade date plus 2 days (T + 2). Under this new settlement cycle you will be able to access cash in your account one business day sooner.

### **How does it impact you?**

After the industry completes the move from T + 3 to T + 2, certain processes related to your trading activity will change.

#### You Will:

- ◆ Receive payment one day faster following a sale of a security.
- ◆ Be required to provide funds one day sooner following the purchase of a security.

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Most children stop being “and-a-half” somewhere around age 12. Kids add “and-a-half” to make sure everyone knows they are closer to the next age than the last!

When you are older, “and-a-half” birthdays start making a comeback. In fact, starting at age 50, several birthdays and “half-birthdays” are critical to understand because they have implications regarding your retirement income.

### Age 50

At age 50, workers in certain qualified retirement plans are able to begin making annual catch-up contributions in addition to their normal contributions. Those who participate in 401(k), 403(b), and 457 plans can contribute an additional \$6,000 per year in 2017.<sup>1</sup> Those who participate in Simple IRA or Simple 401(k) plans can make a catch-up contribution of up to \$3,000 in 2017. And those who participate in traditional and roth IRAs can set aside an additional \$1,000 a year.<sup>2</sup>

### Age 59 1/2

At age 59 and one-half, workers are able to start making withdrawals from qualified retirement plans without incurring a 10% federal income-tax penalty. This applies to workers who have contributed to IRAs and employer-sponsored plans, such as 401(k) and 403(b) plans (457 plans are never subject to the 10% penalty). Keep in mind that distributions from traditional IRAs, 401(k) plans, and other employer-sponsored retirement plans are taxed as ordinary income.

### Age 62

At age 62 workers are first able to draw Social Security retirement benefits. However, if a person continues to work, those benefits will be reduced. The Social Security Administration will deduct \$1 in benefits for each \$2 an individual earns above the annual limit. The limit is \$16,920 for 2017.

## IMPORTANT BIRTHDAYS OVER THE AGE OF 50

### Age 65

At age 65, individuals can qualify for Medicare. The Social Security Administration recommends applying three months before reaching age 65. It's important to note that if you are already receiving Social Security benefits, you will automatically be enrolled in Medicare Part A (hospitalization) and Part B (medical insurance) without an additional application.<sup>3</sup>

### Age 65 to 70

Between ages 65 and 67, individuals become eligible to receive 100% of their Social Security benefit. The age varies, depending on birth year. Individuals born in 1955, for example, become eligible to receive 100% of their benefits when they reach age 66 years and 2 months. Those born in 1960 or later need to reach age 67 before they'll become eligible to receive full benefits.

### Fast Fact:

Early Benefits. The most popular age to begin taking Social Security benefits is 62 - the age chosen by 42% of men and 49% of women. Source: The Motley Fool, April 19, 2016

### Age 70 1/2

At age 70 and one-half, participants must begin taking required minimum distributions (RMDs) from traditional IRAs and qualified retirement plans, such as 401(k), 403(b) and 457 plans. RMDs are based on your account balance and life expectancy.

Understanding key birthdays may help you better prepare for certain retirement income and benefits. But perhaps more importantly, knowing key birthdays can help you avoid penalties that may be imposed if you miss the date.

1. The catch-up limit is adjusted in \$500 increments.
2. If you reach 50 before the end of the calendar year.
3. Individuals can decline Part B as it requires additional payment.

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# GREG'S CORNER

I hope you all have had a great summer so far. We are still waiting for the nice weather to arrive!

Our kids finished school in early June. They are both enjoying summer break. Cal (17) finished his junior year and is looking forward to being a senior and graduating from high school. It's hard to believe how fast the time has gone. He has narrowed his college choices down and is thinking of staying in Minnesota and attending either St Thomas or St John's. We will have to wait and see how that plays out.

Cal's high school baseball team had another great season



**Tyler with his catch of the day!**

and made it to the state tournament for the second year in a row. Unfortunately, they lost the first game, but still had a great time. Football started 3 days after school got out, so Cal is busy every day with football and playing summer Legion baseball.

Tyler (15) is weightlifting, playing summer 15U

baseball and attending a lot of basketball camps. His high school baseball team struggled a bit this year. Fortunately they are a great group of kids and they have fun no matter what happens.

Tyler has his summer baseball state tournament in Brainerd in mid-July. The whole team stays at a resort. They fish, swim and have bonfires in addition to the games - it will be a blast for everyone.

Lisa and I are doing well. Lisa is on summer break from teaching as well, but she has not been able to relax much as she is the chauffeur for Tyler and his friends. They need to be at weightlifting at 7am, followed by basketball camp. She will be done with that in July and hopes to spend a lot of time up north.



**Lisa with Cal before prom**

I hope all of you had a great 4th of July holiday and enjoy the rest of the summer.



**Lisa and Greg at CHS Field**

## THANK YOU!

Thank you for working with APD Wealth Management. We appreciate your business and are committed to providing you with excellent service.

If you have friends or family that would benefit from our services, please let us know or have them contact us at 952-541-0020 or [greg@apdwealth.com](mailto:greg@apdwealth.com)

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## SETTLEMENT CONTINUED....

### Is there anything you should do?

If you have not already done so, we recommend setting-up an ACH link between your account(s) here at APD Wealth Management and your bank. ACH (Automated Clearing House) is a system that provides electronic funds transfer between banks. It's used for many kinds of fund transfer transactions such as direct deposit of paychecks, Social Security payments, etc. There is no charge to transfer funds via ACH.

If you are currently sending or receiving paper checks in the mail from your accounts held here and would like to set-up ACH, please contact us as there is a form to sign. Once that is complete, you will be able to receive and send funds more quickly.

## SAVE THE DATE!

### Seminar With American Funds

Tuesday September 26, 2017  
5:30 pm

Please join us for *Perception vs. Reality: Investing in 2017*, a presentation by Derek Hansen, Vice President, American Funds.

RSVP to [jodyw@apdwealth.com](mailto:jodyw@apdwealth.com) or 952-541-0020 and we will send you details as soon as they are available.

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