Maier minutes

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A WORD FROM WAYNE

by Wayne Maier, BFA™

As I sit down to write this article it is hard to concentrate while looking out the window and seeing everything in bloom and hearing all of the birds voicing their displeasure with me for being just a bit too close to their nests. What a great time of the year (my favorite) it is all about a new beginning. Everything seems new and I have not had the opportunity to ruin anything with my fantastic landscaping skills.

It certainly has been a challenging twelve months for most of us, both from a personal as well as a business standpoint. For me, it brought out lots of feelings and a few concerns, but I think overall we came out of this more focused and more committed than ever to make certain that we are putting you and your goals in first place!

So, let's talk politics for a minute! As we move further into the Biden administration, we are definitely being challenged with some of the actual changes as well as understanding some of the proposals that may come into play. This is not unique since we go through this every time there is a change in the White House, no matter what party is in charge. However, some changes that are being proposed will directly affect investments and investing; a potential increase in capital gains taxes, a significant change in the current estate tax exclusion (reduction from about $11,000,000 per person to approximately $3,500,000), a new infrastructure bill and a potential fourth stimulus payment, just to name a few. So, as we look at these changes/potential changes it is challenging from the standpoint on how to make recommendations to our clients. For example, if the way capital gains are taxed changes, we have to try to determine the effect of the increase on portfolios and try to find a way to lessen the tax burden. From an estate planning point of view, there was not much concern when the exclusion was $11,000,000 per person, but if the exclusion is actually reduced to $3,500,000 that will certainly bring up a discussion of separate trusts for married couples as well as discussions about structured gifting. So, the question is, are the challenges overwhelming? Absolutely not! They just require us to determine the impact, assess the impact and find/take appropriate action to make sure we provide suitable recommendations to you as to how you should react to the changes. To give equal acknowledgements, we had lots of challenges with the previous administration as well and we were able to successfully navigate them. I don't expect anything different with this administration.

So how about these markets!! Seems like we continue to set records

Continued on page 3

WHAT IS CRYPTO CURRENCY

by Logan Maier, RICP®

You may have seen various crypto currencies making headlines over the past few weeks. Many of us are new to the idea of these virtual currencies and this article will briefly describe what they are.

Crypto currencies are a form of virtual currency. Currently, there are a few thousand different crypto currencies in the known crypto market place with the largest by market capitalization (total US dollars invested into it) being Bitcoin. Bitcoin currently has a market cap of just over $1 trillion.

Crypto currencies only exist electronically and there are no physical forms of them. In order to use this currency, you would need to set up a digital wallet where the currency is stored. Once you have a digital wallet, you can deposit money from your bank and convert US dollars to any of the Crypto currencies supported in your wallet. When buying, selling or transferring Bitcoin, all completed transactions are stored on a digital public ledger, which creates a block on the "blockchain." The blockchain consists of all transactions for that crypto … Bitcoin in this case. The blockchain publicly stores all transaction information, which can help in preventing fraud and illegal activity. The Bitcoin blockchain is decentralized, which means it is controlled by the users and a computer algorithm, not a central governing body.

A major draw to crypto currency is the idea of decentralization. One of the easiest ways to explain this is through an example of the US dollar. The US dollar is created and backed by the full faith and credit of the US government. Because of this backing by the US government, individuals accept this as a form of payment for work they perform or goods they buy or sell. Individuals know they can use that dollar they earned for working, and a store will accept that dollar because they know the dollar has the backing of the US government.

Joey Maier takes the 1st place regional wrestling title for the 215lbs weight class. Congratulations!

With decentralization, each individual who owns Bitcoin is, in effect, saying that they as an individual, are putting their faith that the $1.00 in Bitcoin they own today, will be worth $1.00 when they go to use it in the future. They believe the currency will at least hold its value, if not appreciate against the US dollar. So, collectively, all the individuals together are putting their faith and backing that the Bitcoin has a value, compared to the US dollar being backed by the central government.

There are many other factors that go into the extremely volatile pricing experienced in many crypto currencies today. One of the major factors of the value is the amount of circulating supply of a crypto currency. For example, if a crypto currency has one trillion new shares created each year, then it may be hard for that currency to hold any real value, because of the high and seemingly endless supply. Another factor that can create or diminish value is the amount of adoption a specific coin gets. For example, if stores start accepting Bitcoin as a form of payment (some have), then this could have a positive impact on the value of the currency because it's showing more faith and backing in the currency by individuals.

Another item currently on the table is government regulation. Cryptos are not currently regulated by the government, however, the idea has been tossed around, and if the government were to impose regulations, it could impact the values seen today in the crypto world.

Although new and maybe exciting, if you choose to buy any of these virtual currencies make sure you do your research - considering the extreme volatility in their prices, the unique nature of each coin, and the unknowns that still remain in the crypto currency world.

A WORD FROM WAYNE

continued from page 1

despite the extra volatility we are experiencing. Our current sectors that we are invested in, along with the actual holdings within these sectors, continue to perform well. We will more than likely be recommending additional changes, especially if we do get an infrastructure bill. In discussing investments and the potential of upcoming changes, I want to point out to you who have non-qualified (NQ) accounts that some of the changes that we may make will cause a taxable event for you. This is impossible to avoid (unless we never make a trade in your account) since we are trying to continue to grow your account. As we make these changes, we will contact you and let you know what the potential tax ramifications may be so you can share them with your tax advisor to determine if you may need to make an estimated tax payment. If our accounting firm prepares your taxes, we will share the information with them and they will contact you directly.

Here is a quick update on the pandemic as it relates to our office. We had our share of cases but I am very happy to say that everyone in the office who were infected have recovered with no long-term side effects. Everyone is back in the office and my plan is to begin to offer face-to-face appointments on the 1st of June, unless the Health Department changes the mandate. I do not plan to be the mask/vaccine police, so when you come in to the office if you have been fully vaccinated you will not need to wear a mask however, If you have not been fully vaccinated you will need to wear a mask.

I do want you to know that because we are both State and Federally licensed, we have to comply with the rules set down by the CDC as well as the State Health Department. But also know that we are committed to keeping you and our staff as safe as possible.

I know I have told you in the past how blessed I am, but I have to tell you that our whole family was together over Easter and as I stood there looking at them all (30) I told Rita I can't imagine a better legacy for us to leave on this earth – what a true blessing family is!!

Speaking of family and blessings…. you have to know that our advisors, staff and I feel that each and every one of you are truly a very real part of this family and you are a true blessing to each of us. We are committed to making you always feel that you are a part of our family and we will work every day not to disappoint you!!

Until next time: Remember that the only limitations in life are the ones that we place on ourselves…never limit your dreams!

THE BENEFITS OF DONATING STOCK

by Chad Adams, C.P.A.

If you are planning to make a relatively substantial contribution to a charity, college, etc., you should consider donating appreciated stock from your investment portfolio instead of cash. Your tax benefits from the donation can be increased and the organization will be just as happy to receive the stock.

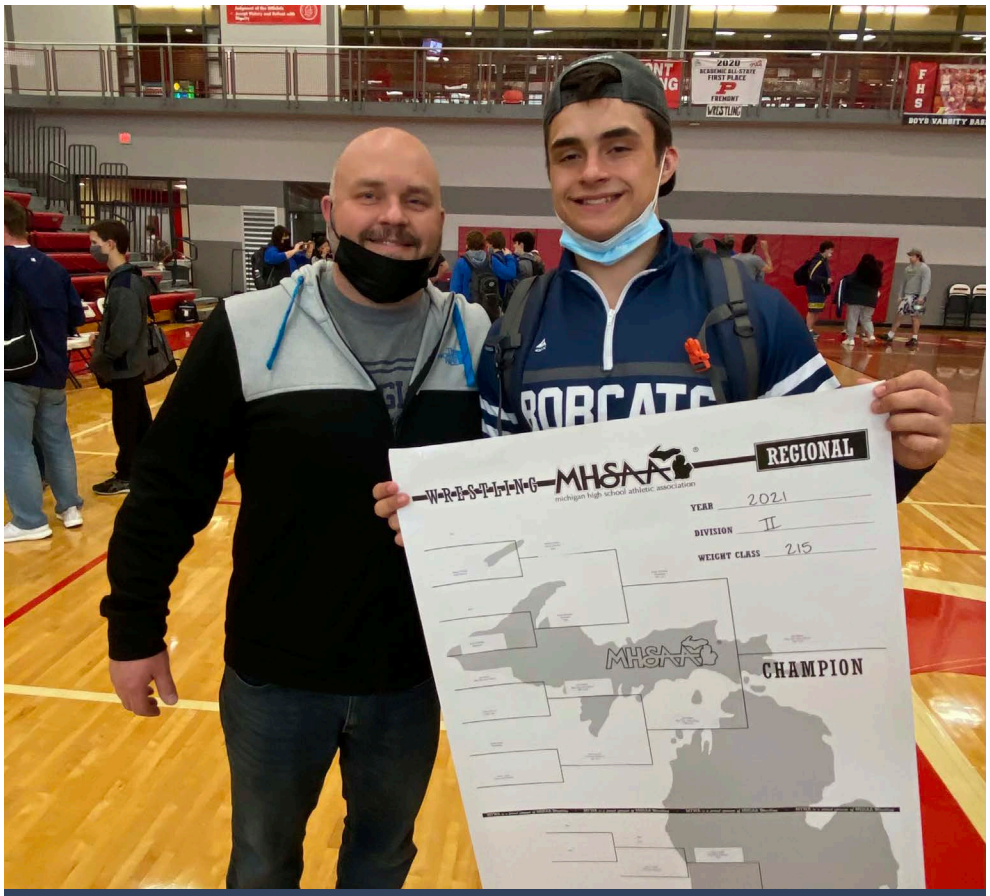
This tax planning tool is derived from the general rule that the deduction for a donation of property to charity is equal to the fair market value of the donated property. Where the donated property is "gain" property, the donor does not have to recognize the gain on the donated property. These rules allow for the "doubling up," so to speak, of tax benefits: a charitable deduction, plus avoiding tax on the appreciation in value of the donated property.

Example: Tim and Tina are twins, each of whom attended Really Smart University. Each plans to donate $10,000 to the school. Each also owns $10,000 worth of stock in ABC, Inc. which he or she bought for just $2,000 several years ago.

Tim sells his stock and donates the $10,000 cash. He gets a $10,000 charitable deduction, but must report his $8,000 capital gain on the stock. Tina donates the stock directly to the school. She gets the same $10,000 charitable deduction and avoids any tax on the capital gain. The school is just as happy to receive the stock, which it can immediately sell for its $10,000 value in any case.

Caution: While this plan works for Tina in the above example, it will not work if the stock has not been held for more than a year. It would be treated as "ordinary income property" for these purposes and the charitable deduction would be limited to the stock's $2,000 cost. If the property is other ordinary income property, e.g., inventory, similar limitations apply. Limitations may also apply to donations of long-term capital gain property that is tangible (not stock), and personal (not realty). Finally, depending on the amounts involved and the rest of your tax picture for the year, taking advantage of these tax benefits may trigger alternative minimum tax concerns. If you'd like to discuss this method of charitable giving more fully, including the limitations and potential problem areas, please contact us.

Chad Adams is an independent C.P.A. and not affiliated with Raymond James.



Joe Maier and son, Joey, the 2021 Regional Wrestling Champion. Go Bobcats!

TIME IN AND DIVERSIFICATION

by Joseph Maier, RICP®, BFA™

What are the secrets to investing? There are loads of information all over the place promising to reveal the secrets of investing. There's so much information that if you tried to implement every idea or strategy out there, you may find yourself in a web that is next to impossible to unravel.

The S&P 500 is one of the most well know indexes used in our domestic equity markets that sheds light on how our markets are preforming on a day-to-day basis.

If we take a look at historical opportunity for growth and loss, based on the S&P 500 Index, you will find that over the last 40 years (1980 -2020) the Index has had the highest one-year return of 37.58%, and the lowest one-year return of -37.00%. When investing for a short-term period, this leads us to a pretty uncomfortable and volatile expectation of our investment outcome. Longer term investing may not give us the expectation of the highest point as an average rate of return, but it also doesn't give us the expectation of the lowest point either. Over this 40-year stated period, the S&P 500 Index rate of return averaged just over 11% annually.

So, time in the market is not a secret, but it is a staple. Our desire to always know when to get in and when to get out of the market can have a way of coming back to bite us. This is because we traditionally don't act in a contrarian manner, but instead, we tend to react, which causes us to get in the market at all the wrong times and get out at all the wrong times.

So, should we just buy the S&P 500 Index and forget about everything else? Although the S&P 500 Index is diversified across the largest 500-ish companies in the United States, in today's world 500 companies is not that many. The other factor many people do not take into consideration is the internal equity weighting of the Index. The S&P 500 Index is not equally weighted across the 500 stocks; it is weighted based on market capitalization (total dollar market value of each company's outstanding shares of stock). The top 10 stocks within the Index make up 27% of the total index, while the bottom 10 stocks make up less than 2.5%.

Even though someone would have exposure to 500-ish stocks, the index is still highly concentrated in the largest companies. Diversification is the most widely known secret when investing and it's a secret worth sharing. There is a huge market place with all different sizes of companies and sectors of industry that are all worth exploring which gives investors an opportunity for growth, while spreading the risk.

These obviously are not "secrets", but they are key strategies to live by when investing for just about any goal. It is easy to get caught up in the hype, or in the panic, but these time-tested strategies are not something to shy away from during any market event.

"The best way to get started it to quit talking and begin doing."

~ Walt Disney

The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. You cannot invest directly into an index.

REQUIRED DISTRIBUTIONS

by Michael Wilcox, ChFC®, RICP®, BFA™

I want to discuss required distributions in this edition of our newsletter. I know we have addressed this over the years but I thought it was time to go back and touch on it again. I have had a number of clients ask about Required Minimum Distributions (RMD or MRD, depending on who you talk to). In all cases, clients were concerned that over time the RMD withdrawals would deplete their IRAs. My answer to their concern was yes, the withdrawals from their qualified accounts (IRA's, 401(k), 403(b) plans, etc.) will likely deplete the account, if they live long enough. As I explained, from an IRS perspective, that is the idea.

It is important to understand that the RMD calculation is based on the balance of the qualified account(s) at the end of the previous year. The year-end value becomes part of an IRS formula which uses a divisionary factor. The divisionary factor is a smaller number each year, which means, (assuming the account has exactly the same year-end value), the amount that must be withdrawn increases. As an example: 12-31-2019 year-end value is $100,000 and the owner of the account is 72 years old. The withdrawal is calculated to be $3,906.25 ($100,000 ÷ 25.6 = $3,906.25). Fast forward a year, the 12-31-2020 value is still $100,000 and the owner is now 73 years old. The required withdrawal would be $4,048.59 ($100,000 ÷ 24.7 = $4,048.59). The required withdrawal increased because the divisionary factor is a smaller number. In the IRS formula there is a gradual reduction in the divisionary factor. For fun, let's say I am 85 years old, I have that same $100,000, but now my divisionary factor is 14.8. This means my calculated withdrawal would be $6,756.76.

Important things to know about RMD's. If you are age 72 or older and married, and if your spouse is 10 years younger, there is another formula that can be used which will essentially allow you to average your ages. This means the required withdrawal will be reduced. There is also discussion in Congress to change the required distribution age to 75. I doubt Congress will change the divisionary factor, but there is a reasonable chance the age in which withdrawals must begin will change. Please do not assume that if the rules are changed and you have already been forced to take a required withdrawal that you will be allowed to discontinue the distributions and wait until you reach age 75. When Congress made age changes in the past, those taxpayers already required to take a withdrawal had to continue the distributions. As an example: the taxpayer is age 72 and has taken his/her first required distribution. Then Congress changes the withdrawal age to 75. I doubt the taxpayer will be allowed to NOT take withdrawals at ages of 73 and 74. In my opinion, it is likely the taxpayer will fall under the old rules. This is not guaranteed but likely, based on past legislation.

We know in concept that the required withdrawals are designed to eventually deplete qualified accounts. And if the only investments one has are qualified dollars, this becomes a problem. If one finds himself/herself in this situation, it would be extremely important to save at least some of the dollars received from the required distribution. It is likely that the tax payer will not be able to reinvest 100% of the required distribution from a qualified account once it has been taken because the withdrawal is a taxable event. This means that the net amount of the distribution is going to be less than the gross amount of the distribution. A number of my clients simply transfer funds from their qualified account directly to their after-tax account, minus the tax withholding (if they don't need the money at the time). This is something that is quite easy to set up if you are so inclined.

Now, what if you don't want to reinvest the dollars? What are the

Continued on page 7

Laura's son, Myles, enjoys a game of soccer!

THE MILLENNIAL VIEW

by Eric Dobrzynski, CFP®, RICP®, BFA™

BACK TO THE BASICS.

I'll start by explaining the differences between a Traditional IRA and a Roth IRA.

Traditional IRAs: Contributions into this type of account enjoy tax-deferral until a distribution is taken. By making a contribution into a Traditional IRA for the year you are able, your taxable income is reduced by the amount of the contribution (a tax benefit!). Then, once you take a distribution, the entire amount withdrawn is subject to taxation, based on your tax bracket for that year.

Roth IRAs: Contributions into a Roth IRA are made with after-tax money. Roth IRA contributions will not reduce your taxable income in the year the contribution is made. When you take a distribution from a Roth, the entire amount is tax-free as long as you are age 59 ½ or older. This this is the main difference between Traditional and Roth IRAs

In either account, you need to be aware of the tax implications if you take any distributions prior to age 59 ½. Your entire distribution from a Traditional IRA will be taxed at federal and state (if applicable) taxes, plus a 10% federal tax penalty. If you take a distribution from your Roth IRA before you reach age 59 ½ you may be subject to federal and state (if applicable) taxes and a 10% IRS penalty on the growth within the Roth. The tax-free benefits for a Roth IRA are there if you wait until you are age 59 ½ or older, at that time distributions are tax free. There are exceptions to the distribution and 10% federal penalty rules if you are on disability. If this is the case, you need to work with your tax preparer to determine the details prior to any distributions.

Contributions to either a Traditional or Roth IRA are subject to IRS annual income limits. If you earn too much income, you may not be able to make either contributions for the year. If this were to occur, you will be required to withdraw a portion, or all, of the amount that you exceed the allowable the limit.

Here is an update on contributions for the 2021 year. For either a Roth or Traditional IRA, you are able to contribute up to 100% of your income (to a cap of $6,000) for the year, plus an additional $1,000 if you are over age 50. You cannot contribute the maximum amount to both a Traditional IRA and a Roth IRA each year. You can contribute completely to one or the other, or you can choose a combination of both, up to the IRS annual limits.

When is the best way and/or time to make your contributions? You need to determine your current budget and savings. You are able to make contributions into either account as a one-time lump sum contribution, or you can make ongoing contributions throughout the year. You are able to make contributions into either account up to the IRS tax deadline of the following year. For example, you can contribute a full $6,000 on April 1, 2022, for the 2021 tax year. This can allow you time to either save for your contribution, or review your situation with your tax preparer to determine which type of IRA would be most suitable for you, prior to you filing your tax return.

As far as what is happening in Washington DC, the rules for contributions amounts and time limits for both type of accounts can change each year. This is something we continue to watch each year. So far, the IRS has not changed the annual contribution amounts or time limits for either type of IRA since 2019. Can Washington DC make changes to how Roth IRAs are treated in the future? The answer is yes.

Remember, everyone's situation is different so there is not a "one size fits all" answer for which account is better or worse for each individual tax payer. Therefore, work with your advisor and tax preparer to determine which option(s) would be most suitable for you and your family.

REQUIRED DISTRIBUTIONS

Continued from page 5

options? Well, first and foremost, you can spend the money! This option is the easiest to explain and, in fact, it does not require an explanation. Some other options to consider are:

- If you are inclined to be charitable, you might consider transferring the distribution dollars to a charity via a Qualified Charitable Donation (QCD). I know we have written about this concept in prior newsletters but I'm going to recap. A QCD allows you to send your RMD dollars directly to a qualified charity. There are two benefits to this transaction: the distribution is not taxable to you and the charity receives a donation. This approach would likely be more tax advantageous than receiving the dollars, then donating the dollars, then trying to deduct the donation.

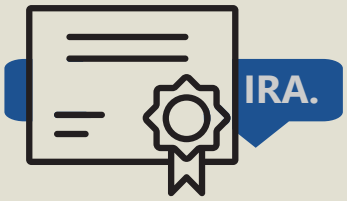
- In some cases, I have recommended to particular clients that they purchase life insurance, using the RMD as a way to pay the premium. Properly done, as long as the premium is paid, it is a way to ensure a legacy is left for heirs with tax-free dollars. Logically you are probably saying, "Mike, the cost for life insurance at my age would be tremendous". This may be true, but my experience is that sometimes it makes very good financial sense for clients and their family.

- Another option is to use the dollars to buy long-term care insurance. It is the same concept as above, but a different insurance product. I do get a little nervous with this approach though, because over the last few years long-term care insurance premiums have increased, even for those who already have long-term care coverage in place.

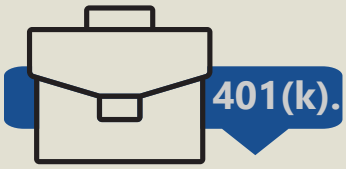
I will leave you with this: it is important to understand why and how the RMD calculation works so you can plan for it. I hope you found my summary helpful and, of course, there are other options and considerations. If you have questions or would like to explore any of the options detailed, please contact me or your advisor.

Retirement Jargon Simplified.

Pay taxes today. Contributions made on an after-tax basis, which means you pay taxes today but generally not on the money you withdraw later.



A personal retirement account you can contribute to every year you earn income.



Retirement plan offered by **businesses.**

Retirement plan offered by **nonprofits or public organizations.**

Retirement plan offered by **local governmental agencies.**

ESTIMATING YOUR RETIRMENT INCOME NEEDS

by Stanley Dombrowski, BFA™

As we have been transitioning to our new financial planning tool; GPM I see that one of the things folks continue to have a hard time doing is coming up with a target retirement income so I thought I would share the following information to help with this.

One of your first steps in planning your retirement should be to estimate how much income you'll need to fund it. Your specific needs depend on your goals and many other factors.

Use your current income as a starting point

It's common to discuss desired annual retirement income as a percentage of your current income. Depending on whom you're talking to, that percentage could be anywhere from 60% to 90%, or even more. The appeal of this approach lies in its simplicity, and the fact that there's a fairly common-sense analysis underlying it: Your current income sustains your present lifestyle, so taking that income and reducing it by a specific percentage to reflect the fact that there will be certain expenses you'll no longer be liable for (e.g., payroll taxes) will, theoretically, allow you to sustain your current lifestyle. The problem with this approach is that it doesn't account for your specific situation. If you intend to travel extensively in retirement, for example, you might easily need 100% (or more) of your current income to get by. It's fine to use a percentage of your current income as a benchmark, but it's worth going through all of your current expenses in detail, and really thinking about how those expenses will change over time as you transition into retirement.

Project your retirement expenses

Your annual income during retirement should be enough (or more than enough) to meet your retirement expenses. That's why estimating those expenses is a big piece of the retirement planning puzzle. But you may have a hard time identifying all of your expenses and projecting how much you'll be spending in each area, especially if retirement is still far off. To help you get started, here are some common retirement expenses:

- Food and clothing
- Housing: Rent or mortgage payments, property taxes, homeowners insurance, property upkeep and repairs
- Utilities: Gas, electric, water, telephone, cable TV
- Transportation: Car payments, auto insurance, gas, maintenance and repairs, public transportation
- Insurance: Medical, dental, life, disability, long-term care
- Health-care costs not covered by insurance: Deductibles, co-payments, prescription drugs
- Taxes: Federal and state income tax, capital gains tax
- Debts: Personal loans, business loans, credit card payments
- Education: Children's or grandchildren's college expenses
- Gifts: Charitable and personal
- Savings and investments: Contributions to IRAs, annuities, and other investment accounts
- Recreation: Travel, dining out, hobbies, leisure activities
- Care for yourself, your parents, or others: Costs for a nursing home, home health aide, or other type of assisted living
- Miscellaneous: Personal grooming, pets, club memberships

Don't forget that the cost of living will go up over time. The average annual rate of inflation over the past 20 years has been approximately 2%.[1] And keep in mind that your retirement expenses may change from year to year. For example, you may pay off your home mortgage or your children's education early in retirement. Other expenses, such as health care and insurance, may increase as you age. To protect against these variables, build a comfortable cushion into your estimates (it's always best to be conservative). Finally, work with your M&A advisor who can help you with your estimates to make sure they're as accurate and realistic as possible.

Decide when you'll retire

To determine your total retirement needs, you can't just estimate how much annual income you need. You also have to estimate how long you'll be retired. Why? The longer your retirement, the more years of income you'll need to fund it. The length of your retirement will depend partly on when you plan to retire. This important decision typically revolves around your personal goals and financial situation. For example, you may see yourself retiring at 50 to get the most out of your retirement. Maybe a booming stock market or a generous early retirement package will make that possible. Although it's great to have the flexibility to choose when you'll retire, it's important to remember that retiring at 50 will end up costing you a lot more than retiring at 65.

Estimate your life expectancy

The age at which you retire isn't the only factor that determines how long you'll be retired. The other important factor is your lifespan. We all hope to live to an old age, but a longer life means that you'll have even more years of retirement

Continued on page 11

BENEFICIARY DESIGNATIONS, WHERE WILL MY MONEY AND REAL ESTATE GO WHEN I'M GONE?

by Greg Dahlberg, CFP®, RICP®, BFA™

Where will my money and assets go upon my passing? That's a great question. It's extremely important to ensure you have current and proper beneficiaries named on all of your accounts. Unless you have taken the steps necessary, your assets may not end up where you would like and/or in a timely fashion. This can cost money, delays and stress to those left to settle your affairs upon your passing, making an already stressful and emotional time even more difficult.

You can control where your savings, investments, life insurance, real estate and other assets go by establishing and maintaining current and proper beneficiary designations. It's important that you consider how and when you would like your beneficiaries to receive the assets. You may want to consider handling the control and distribution of your assets through your estate planning documents (such as living trust). Following are examples of where this may make sense:

1. Passing assets to minor children when they may not be ready to make well informed decisions may not be prudent. Typically, money left to minors should become available to them when they attain the age of majority.

2. Leaving assets to a beneficiary who may have some form of special needs may not be in the best interest of the heir. Doing so may cause them to lose some form of benefits or assistance they may be already receiving.

3. If you have beneficiaries who may be in a failing marriage, experiencing financial hardship and potential bankruptcy, you may want to handle future distributions through your estate planning documents (such as a living trust).

This should be discussed with a qualified estate planning attorney who can assist with making sure you have proper language in your documents to ensure your wishes are clearly defined. In addition, your advisor and attorney can determine how your beneficiary designations should be reflected on your accounts and how your accounts are titled. This is extremely important as it's a two-step process; the first step is to make certain your estate planning documents reflect your wishes and second, to be sure any necessary updates or changes are made with regard to your beneficiary designations/account registrations. Typically, beneficiary designations will take precedence over what your estate plan calls for so confirmation of your beneficiary designations on all accounts is extremely important. Accounts that I often see overlooked are bank and credit union accounts (checking and savings). Contact your bank and verify that you have named beneficiaries and that they remain current with your wishes. Accounts such as IRA's, 401(k)'s, 403(b)'s, annuities and life insurance policies should have both primary

Continued on page 10

Greg & Carrie's daughter, Megan, graduates from Medical School. Congratulations Dr. Megan Dahlberg Sharrow!

BENEFICIARY DESIGNATIONS

Continued from page 9

and contingent beneficiaries. With after-tax investment accounts and bank accounts, adding beneficiaries to your accounts can be done by adding either a Transfer On Death (TOD) or a Payable On Death (POD) designation to your account. If you have any life changing events, such as a divorce or the death of any of your named beneficiaries, be sure to review and update your beneficiary designations.

If you are naming individuals (such as your children) as beneficiaries, you have more options to consider. You need to consider where you want your beneficiary's share to go in the event they were to pass away before receiving their share. For example, if you have three children and you name them all as equal beneficiaries, if one of them passes away prior to receiving assets you are leaving to them, their share would likely be passed on to your other two children or remaining beneficiaries. If your children have children (your grandchildren) and you would like your child's share to be passed on to your grandchildren, then you should consider adding the words "Per Stirpes" to your beneficiary designations. By doing so, your deceased child's share will be passed down to their children rather than to the remaining beneficiaries. Most have never heard the term "Per Stirpes". The origin of the term is Latin which translates to "by root" or "by branch". The intention is that money and assets will pass down to family members within the same branch of a beneficiary.

Adding my kids to my accounts, or not?

Often when meeting with clients, I will notice additional names on their bank and/or investment statements. When I inquire as to who they are and why they are on the account, often I'm told clients were advised to do so in the event something was to happen to the client(s), then their child or whomever they placed on their account could assume the account without any issues. Although this may accomplish what you set out to do, it can become problematic in that by adding additional people as a joint owner of an account, you now may have just inherited additional liability of the named individual. In the event the individual is sued for some reason or were to go through a divorce, your assets may be exposed to additional and unnecessary risk. A better way to handle this may be through your estate planning documents using a durable Power of Attorney (POA). Doing so will allow your child or the individual you have chosen to assist with your affairs without incurring the additional liability. Provided you have named beneficiaries, your account(s) should then pass on without issues and without having to go through the probate process. Be sure to discuss this with your estate planning attorney and your advisor who will assist you with making informed decisions.

As a recap, review your primary (and contingent) beneficiaries to be sure they are current with your wishes. Assets will pass to your primary beneficiaries first and then to the contingent beneficiaries. Consider what you want to happen to your primary beneficiary's share in the event they don't survive you. Make sure you have addressed any real estate you own and any new accounts you may establish.

2021 BIRTHDAY MILESTONES

Age 55	Penalty-free distributions allowed from 401(k) if retired
Age 59 ½	Penalty-free distributions allowed from IRAs and qualified plans, and Roth IRAs at least 5 years old
Age 60	Can apply for reduced Social Security benefits under deceased spouse's earnings record
Age 62	Can apply for reduced Social Security benefits under own earnings record
Age 65	Apply for Medicare (Parts A and B) beginning 3 months before your birthday • Coverage begins the 1st of the month you turn 65 • If you are employed/covered by other insurance, you can enroll any time after 65
Age 66-67	Full retirement age for unreduced Social Security benefits
Age 70	Apply for Social Security to get maximum benefits
Age 72	Must start IRA required minimum distributions

Mike and daughter Tiffany, celebrate daughter Ashly's graduation as Doctor of Audiology!

ESTIMATING RETIREMENT INCOME NEEDS

Continued from page 8

to fund. You may even run the risk of outliving your savings and other income sources. To guard against that risk, you'll need to estimate your life expectancy. You can use government statistics, life insurance tables, or a life expectancy calculator to get a reasonable estimate of how long you'll live. Experts base these estimates on your age, gender, race, health, lifestyle, occupation, and family history. But remember, these are just estimates. There's no way to predict how long you'll actually live, but with life expectancies on the rise, it's probably best to assume you'll live longer than you expect.

Identify your sources of retirement income

Once you have an idea of your retirement income needs, your next step is to assess how prepared you are to meet those needs. In other words, what sources of retirement income will be available to you? Your employer may offer a traditional pension that will pay you monthly benefits. In addition, you can likely count on Social Security to provide a portion of your retirement income. To get an estimate of your Social Security benefits, visit the Social Security Administration website (www.ssa.gov). Additional sources of retirement income may include a 401(k) or other retirement plan, IRAs, annuities, and other investments. The amount of income you receive from those sources will depend on the amount you invest, the rate of investment return, and other factors. Finally, if you plan to work during retirement, your job earnings will be another source of income.

Make up any income shortfall

If you're lucky, your income sources will be more than enough to fund even a lengthy retirement. But if not, don't panic — there are probably steps that you can take to bridge the gap. Your financial advisor can help you figure out the best ways to do that, but here are a few suggestions:

1. Try to cut current expenses so you'll have more money to save for retirement
2. Shift your assets to investments that have the potential to substantially outpace inflation (but keep in mind that investments that offer higher potential returns may involve greater risk of loss)
3. Lower your expectations for retirement so you won't need as much money (no beach house on the Riviera, for example)
4. Plan to work part-time during retirement
5. Consider delaying your retirement for a few years (or longer)

Keep in mind we are here to help and have some excellent tools to work with to assist you.

[1] Calculated form Consumer Price Index (CPI-U) data published by the Bureau of Labor Statistics, January 2021

"Every moment is a fresh beginning."

~ T.S Eliot

Maier & Associates Family Spotlight

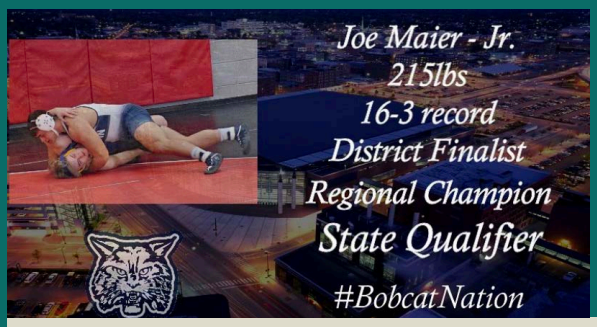
Bridgette and Abigail at the Zoo!

Maressa's daughter, Sloan is a future Duke!

Maressa's son, Barrett, was team runner up!

Dr. Megan Dahlberg-Sharrow and Nora!

Vanessa shops for spring flowers with family!



Joe Maier Jr., District Champion!

Danielle's baby, Zoey, enjoying the day!

Bridgett's daughter, Abigail at gymnastics!

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