2016 Year-End Retirement Action Plan

The end of the year is always a good time to assess your overall financial picture, especially your retirement strategy. As the year comes to a close, use this action plan to ensure you make the most of your retirement savings for 2016.

FOR ALL TAXPAYERS

1. REVIEW AND UPDATE YOUR PLAN
   
   Take the time to set up an appointment with your Advisor for an annual review to make sure you are on track to meet your retirement goals. Our Customized Financial Analysis tool is designed to ensure that we not only hear your concerns and expectations about retirement, but we also encompass them in your financial strategy. If you don't have one, ask your Advisor for a Customized Financial Analysis so you can evaluate your current financial situation and to make sure you are on track to accomplish all your financial goals. The Customized Financial Analysis referenced is a tool that provides an additional resource in the evaluation of the potential risks and returns of investment choices. The projections or other information generated by the Customized Financial Analysis regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results.

2. MAXIMIZE RETIREMENT CONTRIBUTIONS
   
   When it comes to saving for retirement, it’s important to take advantage of all the opportunities that might be available to you. Consider the following:

   - **Employer Matching Contributions**: Don’t lose out on the dollars your employer might add to your 401(k). If your employer matches a portion of your contributions to your 401(k) plan, make sure you contribute at least enough to capture 100% of your employer’s match. Otherwise you are forgoing additional funds that can help you with your goals.
Consider establishing an IRA. Make your contribution as early as you can to take advantage of the benefits of tax-deferred compounding.

- **IRA Contributions**: Once you maximize your contributions to your employer’s 401(k) or other retirement plan, consider establishing an IRA. Make your contribution as early as you can to take advantage of the benefits of tax-deferred compounding.

- **Catch-Up Contributions**: Once you reach age 50, the Internal Revenue Service (IRS) allows you to contribute more to your 401(k) and IRA. These “catch-up” contributions can help if you started saving later in life or are falling short of your retirement goal.

- **Prepare to Reset Your Contributions**: Maximum 401(k) and IRA contribution limits are occasionally increased by the IRS to account for cost-of-living adjustments. Make sure you stay abreast of these changes so you can adjust your contributions to maximize your tax-deferred savings.

- **Consider Other Tax-Deferred or Taxable Savings Options**: Once you have reached the maximum contribution levels for your IRA, 401(k) or other retirement plan, talk to your Advisor about other tax-deferred or taxable solutions that might be available.

3. **CONSIDER A ROTH**

   - As you save for retirement, remember that upon distribution, not all dollars will be considered equal. We often concentrate on the amount of dollars contributed to our retirement accounts may lose sight of the “type” of dollars contributed. To the everyday investor earning an income, pre-tax and after-tax saving options will typically be available for their IRA and their employer-sponsored retirement plan (e.g., 401k, 403b, etc.) contributions. More employers are offering the Roth saving option in the retirement plan they make available for employees, giving workers the choice to diversify the tax treatment of their retirement dollars. Year-end planning offers you the opportunity to review the tax buckets to which you have been allocating your retirement dollars and what diversification opportunities may be available to you.

4. **THINK ABOUT CONSOLIDATING**

   - If you have multiple IRAs at various financial institutions, consolidating them into one IRA may help you organize your assets. Consolidation can also be helpful when you are reviewing your overall asset allocation and portfolio risk. Generally, there are two methods available to you when you are thinking about consolidation — a trustee-to-trustee transfer or a rollover. The IRS allows you to make only one IRA-to-IRA rollover per 12-month period. This limit applies no matter how many IRAs you own or where you hold them. You can still complete an unlimited number of trustee-to-trustee transfers. Your Advisor and a tax professional should assist you in determining whether consolidation makes sense given your specific circumstances and goals. If consolidation does make sense, they can guide you as to the best way to accomplish this.
TRANSFER VERSUS ROLLOVER

- A trustee-to-trustee transfer is the a more common method of moving IRA assets from one IRA to another. With a transfer, you will complete transfer paperwork at the receiving firm and the assets are moved from firm to firm without your taking receipt of the assets. You can complete an unlimited number of trustee-to-trustee transfers each year.

- An IRA-to-IRA rollover occurs when you take receipt of your IRA assets for up to 60 days before they must be redeposited into the same IRA or another IRA. If redeposited within 60 days, the distribution of assets will not be taxable or subject to penalty, as long as you haven't completed another IRA-to-IRA rollover in the past 12 months. You are required to roll over the same property that was distributed. For example, if you removed shares, you would have to roll over the same shares. If the shares were sold during the 60 days, the cash equivalent is not eligible to be rolled over. You can only complete one IRA-to-IRA rollover per 12-month period.

- You can move assets from an employer-sponsored retirement plan to an IRA via a direct or indirect rollover. You can complete an unlimited number of these types of rollovers each year.

5. REEVALUATE RETIREMENT ASSET ALLOCATION

- Reviewing your asset allocation strategy for your retirement investments — including those held in your IRA and 401(k) — is an important step to ensure the allocation and risk level are aligned with your financial goals. Talk to your Advisor about reviewing your asset allocation to see if you need to rebalance your retirement portfolio.

6. REVIEW YOUR BENEFICIARIES

- Are the beneficiaries named on your IRA, 401(k), life insurance policies and other accounts up to date? If you've experienced a “life event” (such as marriage, divorce, the birth of a child or grandchild or the death of a spouse) take time now to complete this important step to ensure that your beneficiary designations are still consistent with your wishes. Be sure to speak with your tax advisor before making any beneficiary changes. Remember, the assets in these accounts go to the person(s) or entity(ies) you have designated as your beneficiary(ies) in your account forms (or to the “default” beneficiary(ies) specified in your account agreements, if you have no living designated beneficiary(ies) at the time of your death), regardless of how you may dispose of your assets under your will. Your financial institution will need to honor the latest designation on file from you.

There may be a potential tax implication with a rebalancing strategy. Please consult your tax advisor before implementing such a strategy.
FOR TAXPAYERS AGE 70½ OR OLDER

Once you turn 70½, there are retirement planning steps and strategies that you should consider:

1. TAKE REQUIRED MINIMUM DISTRIBUTIONS

   ► If you have a Traditional IRA and/or employer-sponsored retirement plan,* you must begin to take your Required Minimum Distributions (RMD) on an annual basis once you turn 70½. You can defer receipt of your first RMD until April 1 of the year following attainment of age 70½. If you do this, you have to take two distributions that year — one for the prior year and one for the current year. If you have multiple IRAs, you can satisfy your RMD from any one or more of the IRAs. Because the penalties for not taking RMDs are steep (50% of the distribution not taken in a given year), you may want to talk with your Advisor about automating your RMDs. If you don’t need the RMD for day-to-day living expenses, consider saving and reinvesting the RMD each year for future expenses or other financial goals. Before requesting an additional RMD, please remember to speak with your Advisor about any system-generated RMD you may already have set up so that you don't duplicate your RMD.

   ► Beat the Rush. For any distributions either required or desired to be taken by December 31, don’t delay until the last minute and risk your distribution not being processed on time.

2. CONSIDER QUALIFIED CHARITABLE DISTRIBUTIONS

   ► Taxpayers older than 70½ are permitted to take tax-free distributions from their IRAs for charitable purposes. This provision is commonly referred to as a Qualified Charitable Distribution and it allows you to direct a specified amount of your RMD to public charities. The distribution will not be included in your adjusted gross income, but it will count toward satisfying your RMD requirement. To qualify, the funds will have to be distributed to the charity(ies) by December 31 and may not exceed $100,000. These distributions will be reported on Form 1099-R as “normal” distributions. You should work with your tax advisor regarding how to report any distribution paid to a charity on your tax return.

3. CONTRIBUTE TO A ROTH

   ► If you are still working, have earned income, and want to continue to accumulate additional assets for your retirement, you may be able to contribute to a Roth IRA if your adjusted gross income is within the IRS limits. Roth IRA contributions are not tax-deductible, but qualified distributions will be tax-free upon meeting the criteria. Unlike a traditional IRA, you do not have to take RMDs from a Roth IRA. Talk to your Advisor if you are interested in establishing and contributing to a Roth IRA.

*If you are still working for your employer and are not a 5% owner of the business, you generally do not have to begin taking RMDs from your employer-sponsored retirement plan until you stop working.
FOR THOSE WHO INHERIT RETIREMENT ASSETS

If you are the named beneficiary of another person’s IRA, there are important rules you need to know about:

1. RMDS

   - If you are a non-spouse beneficiary of an inherited Traditional or Roth IRA, you will have to take distributions (RMDs) from the IRA. In many cases, you may have the option of taking annual distributions over your life expectancy, which leaves funds in the IRA for as long as possible. To take advantage of this option (where available), you must take your first distribution by December 31 of the year following the year in which the original owner’s death occurred.

   - If you are a spouse beneficiary, you have an additional option available — you can roll over the IRA over into your own name and treat it as your own. This may be a good option if you don’t have an immediate need for your spouse’s IRA assets and you want them to continue to grow on a tax-deferred basis. If you are under age 59½ and need access to your spouse’s IRA assets, you may consider transferring the assets to an inherited IRA to avoid the 10% premature distribution penalty that is generally applied when someone takes IRA distributions before age 59½.

   - The inherited IRA RMD rules are extremely complicated and depend on the facts of your particular situation. Whether you are a spouse or a non-spouse beneficiary of an inherited Traditional or Roth IRA, be sure to speak with a tax advisor before taking action.

2. DISCLAIM AN IRA INHERITANCE

   - If you are an IRA beneficiary and do not want to accept all or part of the IRA assets you may be entitled to, you can “disclaim” the assets and they will pass to other eligible beneficiaries. The beneficiary disclaiming the assets cannot direct who should receive those assets (i.e., you cannot direct the disposition of the assets you disclaim). A decision to make a qualified disclaimer must be made within nine months of the original IRA owner’s death and before you receive any of the assets. This is an irrevocable decision and you should consult with a tax advisor or attorney before disclaiming IRA assets.