LET'S TALK MONEY®

November/December 2013

Most Americans (70%) believe they'll have sufficient money to pay their basic retirement living expenses.* Is that your expectation? Before you answer, you may want to take a hard look at some retirement statistics and consider *your* reality.

- Nearly six out of ten of those surveyed say they currently have less than $25,000 put away for retirement (excluding the value of their primary home and any defined benefit plan benefits)
- 28% report having less than $1,000
- 40% think they will need at least $500,000 in assets to retire *comfortably*
- Another 21% say they'll need between $250,000 and $499,999*

Longevity — another disconnect

Retirement assets should last a lifetime. But when asked how long a person their age and gender can expect to live, 57% of preretirees and 62% of retirees underestimated average longevity.** According to the Social Security Administration:

- A man who turned age 65 in 2012 can expect to live, on average, until age 83
- A woman the same age can expect to live until age 85
- About one out of every four 65-year-olds will live past age 90 and one out of ten past age 95

Connecting hopes and realities

How can you help make your retirement more secure? Start with these steps.

Step 1: Calculate how much income you'll need during **retirement.** Generally, people who have done a retirement needs calculation are almost twice as likely as those who have not to expect they will need to accumulate a realistically sufficient amount — at least $1 million in the study — before retiring.*

Step 2: Boost retirement **contributions.** Regularly increase the amount you're deferring to your employer's retirement plan. Whenever you receive a salary increase is a good time to do so. Also contribute to an IRA if you can afford to. You may want to continue to build your regular investment account, as well.

Step 3: Gear investments toward your **goals.** How you should invest for retirement depends on your personal financial situation and retirement goals. Your financial professional can help you determine your retirement needs and develop an investment strategy to work toward them.

* *2013 Retirement Confidence Survey*, Employee Benefit Research Institute

** *2011 Risk and Process of Retirement Survey Report of Findings*, The Society of Actuaries, 2012

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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

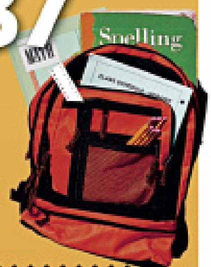
Meaglia Financial Consulting is a full-service comprehensive financial consulting and investment advisory business. For 34 years, Tom has been helping clients with financial coaching, investing for retirement, and estate planning.

By the numbers:
AVERAGE MONTHLY SPENDING*

Highest:

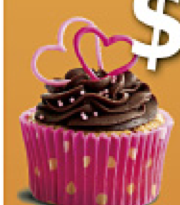
$2,573
in December

$2,387
in August



$2,294
in March

Lowest:
$1,764
in February



$1,953
in January

* For 2012; not including normal household bills or car or home purchases

Source: *www.gallup.com*

Keep the Happy in Your Holidays

Are you one of those people who wraps up your shopping (and your gifts) by Thanksgiving so you can relax and enjoy the holiday season? If you're not, here are some ideas for saving money and reducing stress between now and the new year.

Don't bust your budget

It's easy to get caught up in a whirlwind of shopping during the holidays. But before you blow your budget, stop and think about the whirlwind of bills that will come due in January if you overspend. This year, make a list of everyone you buy gifts for and set spending limits for each person based on the total amount you can *reasonably* afford to spend. Once you've reached your limit, stop buying. And if you just *have* to get that gadget for Uncle Pete, cut out your daily lattes for a while to pay for it.

Shop smart, ship smart

Clip coupons, shop the sales and wander the web for bargains. If you're mailing gifts, you'll spend less on shipping by choosing small, lightweight items that are easy to pack. Send packages early to avoid having to pay extra for rush delivery. If you shop online, you can avoid paying for shipping twice by having your gifts sent directly to recipients. You may not have to pay at all since many online stores offer free shipping.

Don't get scammed

Scams are sure to be plentiful this time of year. Watch out for e-mails with attachments carrying malware or viruses, websites offering unbelievably low prices, charities you've never heard of asking for donations and other schemes. Be especially wary if you receive an e-mail or text saying you've won a gift card. It could be yet another ploy by identity thieves to get your personal information.

Think outside the gift box

Gifts don't have to be things. Instead of buying gifts for your close friends this year, get together and volunteer for a few hours. And there may be people on your list who would much rather receive a visit from you than a gift.

Keep or Toss?

Are you tempted to toss old tax documents that have been piling up? IRS rules say you generally must keep records that support items shown on your return until the period of limitations for that return runs out. Some general guidelines:

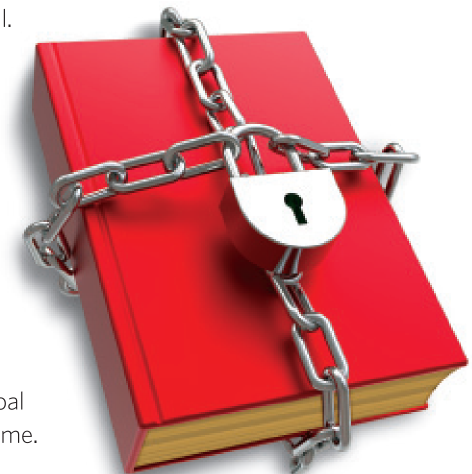
- Keep copies of your federal and state income-tax returns for six years.
- Keep the information used to prepare your return, such as W-2s, 1099s, K-1s, receipts and canceled checks, for six years.
- Keep records of investment and real estate purchases for six years after you sell the investment or property.

Your tax professional can give you more detailed information.

Financial success isn't something that just happens. You have to work at it — and investing money on a regular basis is key. Here are some tips to help you invest more.

Secrets of Successful Investors

- Control spending by setting up a budget.
- Set a measurable goal. There's a difference between saying you want to invest more money and saying you're going to invest $100 a month.



- Be realistic. If adding $100 to your investment account every month is a real stretch, set a lower goal and increase it over time.
- Even successful people have to work at being successful. You might not meet your goals every month in the beginning. But, if you're investing more now than you were before, you're making progress. Stick with it.

Give Yourself the Gift of Lower Taxes

There's still time to reduce your tax liability for 2013.

Check your investments

Although taxes should never be your *only* reason for holding or selling an investment, they are a factor. Capital losses can be used to offset capital gains and up to $3,000 of ordinary income each year ($1,500 if married filing separately). Excess losses can be carried over to future years. So you might want to sell investments that have lost value since you've owned them.

Selling appreciated assets can be a good move, too, especially if you'll have offsetting capital losses. Any additional capital gains on investments held longer than one year may qualify for favorable long-term capital gains tax rates.

Plan for discretionary income

If you expect to be in a lower income bracket next year, see if you can defer any discretionary income (such as a bonus) until next year. If you expect to be in a higher bracket, try to receive the income before January 1.

Give your retirement a boost

Increasing the amount of pretax contributions you make to an employer's retirement plan can reduce current taxes. You also may be able to deduct all or a portion of the contributions you make to a traditional individual retirement account by April 15, 2014. (Income limits may apply.)

Be charitable

You generally can deduct any donations you make to a qualified charitable organization by December 31.

Spousal IRA
One-Two Punch

Looking for a year-end tax deduction to trim your 2013 income taxes? If you have a stay-at-home spouse, a spousal individual retirement account (IRA) might be just the ticket.

Twofold benefits

You and your spouse can boost the amount you are investing toward retirement and potentially receive a tax deduction for your efforts by contributing to a spousal IRA. For 2013, a married couple can contribute up to $5,500 of earnings to an IRA for each spouse, even if one spouse has little or no earned income. The maximum contribution rises to $6,500 for an individual age 50 or older.

Deductibility

Contributions to a *traditional* spousal IRA are potentially tax deductible even if you don't itemize your deductions. However, income limits will apply if you (or your spouse) actively participate in an employer's retirement plan.

If you participate in a retirement plan at work and your spouse does not, 2013 contributions to your spouse's traditional IRA are:

- Fully deductible if your modified adjusted gross income (AGI) for the year is $178,000 or less
- Partially deductible with modified AGI between $178,001 and $187,999
- No longer deductible once modified AGI reaches $188,000

Eligibility

To be eligible to make spousal IRA contributions, you must have earned income at least equal to the amount of the contribution(s). For contributions to a traditional IRA, your spouse must be under age 70½ in 2013 (the tax year for which the contribution is made).

Roth spousal IRA

If you're unable to make deductible contributions to a traditional IRA, you may want to contribute to a Roth spousal IRA instead. Roth contributions are not tax deductible. But at retirement, withdrawals from the Roth IRA will be tax free if certain requirements are met. (Withdrawals from traditional IRAs are taxable except to the extent of any nondeductible contributions.) Income limits also apply to Roth contributions.

Talk with us about what type of IRA may be best for you and your spouse. You have until April 15, 2014, to open and fund an IRA for 2013.

We Value Your Input...

Your feedback is very important to us.
If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

Recyclable
2013/06 RET
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