LET'S TALK MONEY®

January/February 2014

Fine-tuning Your Retirement Account for Life's Changes

If your life has changed — you've married or divorced, had a child, lost a spouse or suffered a financial setback — your retirement portfolio's risk level may no longer match your risk tolerance. And until you take action, you could be endangering your retirement security.

There's no better time than the beginning of a new year to review your retirement investments with your financial professional. Here are two important factors to consider in light of any life changes you've experienced since your last portfolio review.

Your time frame

If you have many years until retirement, you may want to increase your risk in exchange for the opportunity to earn potentially higher returns. With a long time frame, your investments should be able to recover from short-term market slumps. Your financial professional may recommend that you sell some lower risk investments (such as fixed income investments) and buy higher risk investments (such as stock investments) or invest a larger portion of new contributions to your retirement account in higher risk investments.

As you get closer to retirement, consider trimming the portion of your portfolio invested in higher risk investments and increasing the portion in lower risk investments. The idea is to reduce your exposure to risk and potentially preserve more of your retirement assets.

Your asset allocation

Asset allocation* is the way your investments are divided among the different asset classes. Over time, investment performance can alter your account's actual allocation. As a result, you may be exposed to more — or less — investment risk than you intended or is appropriate for your current situation.

If your asset allocation has changed more than you'd like, or changes in your situation make a different asset allocation more appropriate for you, selling investments in the overweighted asset classes and buying investments in the underweighted classes can bring your allocation back in line. (Rebalancing a portfolio can have tax consequences if done outside a retirement account.) Or you can direct new retirement contributions into the underweighted asset classes until your original allocation percentages are restored.

* Asset allocation does not guarantee a profit or protect against losses.

Tom Meaglia, ChFC®
Chartered Financial Consultant
Investment Advisor Representative
CLU®, AEP®, MSFS

Meaglia Financial Consulting
2105 Foothill Blvd. #B140
La Verne, CA 91750

Toll Free: (800) 386-3700
Bus: (909) 593-6105
Cell: (818) 681-8600
Fax: (909) 593-6120
meaglia@earthlink.net
MeagliaFinancialConsulting.com

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.

Investment Advisory through:
FUSION INVESTMENT ADVISORS, LLC, an SEC Registered Investment Advisor Firm.
870 S. Denton Tap Road, Suite 250
Coppell, TX 75019

CA Insurance Lic. #0567507

MEAGLIA FINANCIAL CONSULTING and LTM Publishing, Inc. are unrelated. This is an advertisement prepared by LTM Publishing, Inc. Articles are not written or produced by the named representative.

FINRA Reference FR2013-0806-0048/E 12/05/13

By the numbers:

MEDICAL IDENTITY THEFT

1.85 million number of victims

$22,346 average cost per victim

45% number of victims who paid provider or insurer for "stolen" services

12.1 months average time it took to resolve the theft

2014
JANUARY

Source: Poneman Institute© Research Report, *Third Annual Survey on Medical Identity Theft*, June 2012

Improving Your Health and Your Wealth

If you're sick about how much you're spending on medical expenses, here are some ideas for keeping your budget healthier by keeping health care costs down.

Stay in network. Using health care providers — doctors, specialists, health care facilities and medical labs — in your health insurer's network will likely keep your out-of-pocket costs down. Copays for out-of-network providers are generally higher.

Consider the urgency. If you need a doctor after normal office hours and it's not an emergency, going to an urgent care facility instead of an emergency room may save you money.

Maximize deductibles. If you've met your deductible for the year (or you're close), schedule additional medically necessary doctors' visits and/or procedures before year-end.

Negotiate costs. Providers charge different amounts, so investigate fees ahead of time. Also, if you're paying out of pocket, see if your provider will consider giving you a cash discount.

Shop around for prescription discounts. Compare prices and look for deals at your local pharmacies as well as online. Keep in mind that generic drugs are generally less expensive than the brand-name versions.

Take preventive measures. Early detection helps reduce medical costs, so don't skip annual checkups and preventive-care screenings. These services are often covered by insurance plans with no deductible or copay.

Commit to healthy living. Losing weight, eating healthy foods, exercising, stopping smoking — changes like these can help you stay out of doctors' offices and off expensive medications.

Avoiding Medical ID Theft

If your medical identity is compromised, it may cost you dearly — in more ways than one. In addition to affecting your insurance records and your credit report, the thief's medical information might get mixed in with yours, which could affect your treatment as well. Take the following precautions:

- Beware of scams, online and by phone, that offer free health services or products in return for health insurance or other personal information.
- When you receive an Explanation of Benefits (EOB) or Medicare Summary, review it carefully. Confirm the name of the provider, date of service and service provided.
- Keep copies of your medical records in a secure place.

If you think you've been victimized, send copies of your police report or identity theft report to your health insurer and the three national credit reporting agencies. You may even want to place a fraud alert on your credit files.

Can You Deduct It?

Ready or not, tax season is here. So now's the time to hunt for every tax deduction you can find. Here's some information you may find useful.

Volunteering. It may seem like you should be able to deduct the value of the services you donate to a nonprofit organization, but you can't. What you *can* deduct (if you itemize your deductions) are out-of-pocket costs you incur while you're performing services, such as the unreimbursed expenses of using your car to perform services (or a flat 14 cents per mile), plus tolls and parking fees.

Donating a used car. As with other charitable contributions, you must itemize your deductions to claim a deduction for a vehicle donation. If you donate a car worth more than $500 to a qualified charity, your deduction generally is the amount the charity receives when it sells the vehicle. The only way a deduction can be based on the car's fair market value at the time of the donation is if the charity uses the vehicle in its operations or materially improves it before selling it.

Student loan interest. Only the person obligated to pay interest on a student loan may deduct the interest (up to $2,500 annually; income and other limits apply). So, if you're making payments on behalf of your college student, only he or she can deduct the amounts — and only if he or she is no longer your dependent for tax purposes.

Kids and Taxes

Will your child have to pay income tax this year? It's possible. Unfortunately, the IRS doesn't let kids with investment income or earnings from a job off the hook.

Until kids reach a certain age, their unearned income is subject to the "kiddie tax" rules, which basically prevent parents from saving taxes on investment income by putting investments in a child's name so the income will be taxed at the child's lower tax rate. Under the rules for 2013, children owe income tax at their parents' highest marginal rate on unearned income of more than $2,000. Dependents get a $1,000 standard deduction (assuming they have only unearned income) for 2013.

Earned income is treated the same as an adult's. If income tax is due, children pay tax at graduated rates starting at 10%.

The rules are complicated, so be sure to consult your tax advisor.

This Branch Is Closing . . .

Do your kids think the National Bank of Mom & Dad is always open? Unless you're prepared to foot the bills indefinitely, once your children hit their teens, it's time they learn the value of money.

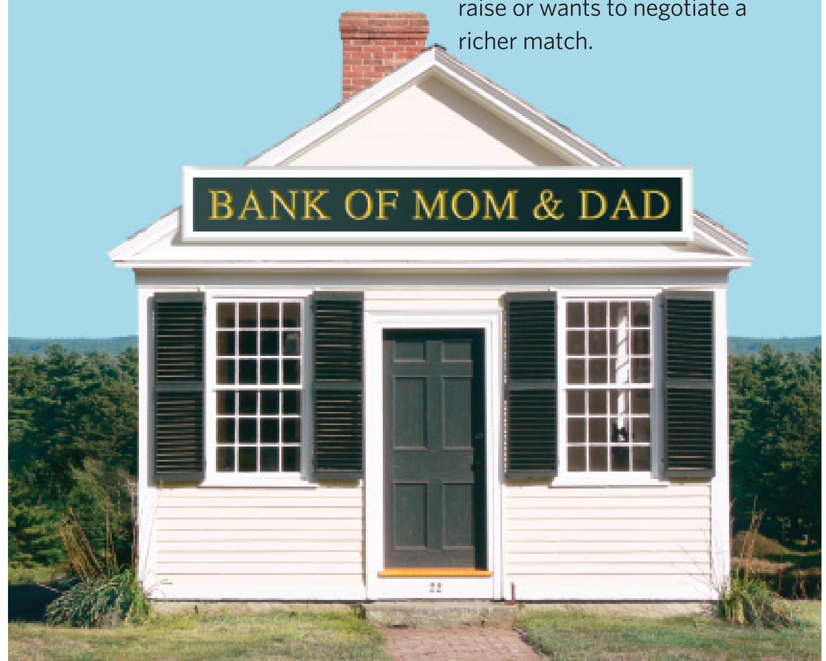
Provide a job

You can teach young teens about earning money right at home by setting up a chore list and a weekly allowance or hourly wage. Establish ground rules, outline expectations and cut back on unwarranted cash handouts. Save gift giving for special occasions.

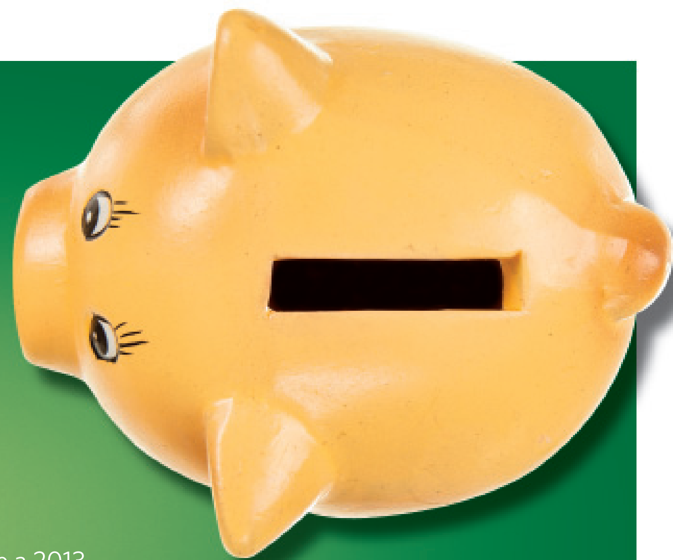
Offer an incentive

Encourage your teen to open a savings account. Add some incentive by matching all or a portion of the amount your child saves, including cash gifts from other family members.

You'll know you're on the right track when your teen asks for a raise or wants to negotiate a richer match.



Let's Talk RETIREMENT



Q **I'm determined to invest more for retirement this year. How much can I contribute to my employer's 401(k) plan?**

A In 2014, the maximum amount an employee can contribute to a 401(k) plan is $17,500, plus a $5,500 catch-up contribution if age 50 or older — the same as in 2013. These annual limits are subject to inflation adjustments. Check with your employer. Some plans have lower contribution limits, and not all plans allow catch-up contributions.

Q **Can I contribute to my employer's plan and an individual retirement account (IRA)?**

A Yes, you (and your spouse) have until April 15, 2014, to open and make a 2013 contribution of up to $5,500 to a traditional or Roth IRA regardless of participation in an employer's retirement plan — $6,500 if you're age 50 or older. You (and/or your spouse) must have earned income equal to or greater than your IRA contribution amount.

Once your modified adjusted gross income reaches certain levels, though, your income-tax deduction for contributions to a traditional IRA may be phased out if either you or your spouse participates in an employer's plan. Those income levels? For unmarried plan participants, $59,001 to $68,999, with no deduction available once income reaches $69,000 (in 2013). For married plan participants filing jointly, the phaseout range is $95,001 to $114,999, with no deduction available once income reaches $115,000. Individuals who don't participate in an employer plan but have a spouse who does see their deduction phased out between $178,001 and $187,999, with no deduction available once income reaches $188,000.

Note that other income limits restrict some people from contributing to a Roth IRA, whether or not they participate in an employer's plan. Talk with your financial professional.

This advertisement is not intended as legal or tax advice and may not be relied on for purposes of avoiding federal tax penalties. All individuals, including those involved in the estate planning process, are advised to meet with their tax and legal professionals. The individual sponsoring this newsletter will work with your tax and legal advisors to help select appropriate product solutions. We do not endorse or guarantee the content or services of any website mentioned in this newsletter. We encourage you to review the privacy policy of each website you visit. Limitations, restrictions and other rules and regulations apply to many of the financial and insurance products and concepts presented in this newsletter, and they may differ according to individual situations. The publisher and individual sponsor do not assume liability for financial decisions based on the newsletter's contents. Great care has been taken to ensure the accuracy of the newsletter copy at press time; however, markets and tax information can change suddenly. Whole or partial reproduction of Let's Talk Money® *without the written permission of the publisher is forbidden.*

© LTM Publishing, Inc., 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
2014/01 RET
P-8633 om027172