LET'S TALK MONEY®

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More than 20 million Americans have already made the decision to take advantage of a Roth individual retirement account (IRA). Isn't it time *you* checked out the Roth IRA's distinct advantages and how a Roth — or traditional — IRA can help you prepare for retirement?

To Roth or Not To Roth?

You may be eligible to open and contribute to a Roth IRA even if you're covered by an employer's retirement plan. For 2014, eligibility is phased out with adjusted gross income between $114,000 and $129,000 (single) and $181,000 and $191,000 (married filing jointly).

No tax on earnings

One of the most attractive features of a Roth IRA is that if all requirements are met, you won't have to pay federal income tax on your IRA earnings, even when you withdraw them. Among these requirements: The earnings must remain in your Roth IRA for a five-year period before you withdraw them. If you don't meet the requirements, you'll have to pay income tax on any earnings you withdraw, along with a 10% early withdrawal penalty if you're younger than age 59½. Check with your tax advisor. You also pay no tax on withdrawals of your contributions because they're taxed before you make them. The longer you have until retirement, the more you may benefit from a Roth IRA's tax-free potential growth. With a traditional IRA, earnings accumulate *tax deferred*. You have to pay tax when you withdraw them.

No mandatory distributions

Unlike a traditional IRA, a Roth IRA requires no mandatory distributions during your lifetime. Your account can potentially grow tax free for as long as you want it to. Your designated beneficiary generally will have to take required minimum distributions based on his or her life expectancy.

A tax deduction with a traditional IRA

If your employer doesn't offer a retirement plan, a traditional IRA may be a good choice. Generally, you can deduct contributions made to a traditional IRA if neither you nor your spouse is covered by a retirement plan at work. If either you or your spouse is eligible to participate in an employer's plan, the deduction is phased out when AGI reaches certain levels.

There's still time

Talk with your financial professional about which IRA would be best for you. You have until April 15, 2014, to open and contribute up to $5,500 — $6,500 if you're age 50 or older — to an IRA for 2013.

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 35 years, Tom has been helping clients with financial coaching, investing for retirement, and estate planning.

FINRA Reference FR2013-1011-0391/E 01/31/14

Many Happy Returns

Thanks to computers, software programs and the Internet, filing your income-tax return is easier than it used to be. One big advantage is that using software can help reduce the number of mistakes. According to the IRS, taxpayers who file paper returns are about 20 times more likely to make a mistake than those who file electronically. Still, e-filing isn't foolproof. So no matter how you file, review your return before sending it off.

Name that taxpayer

You might think it's impossible to use the wrong name on your tax return. But it's not — for this simple reason: The IRS is looking for the name that appears on your Social Security card. Things can get complicated if you use your middle initial sometimes and your full middle name at other times. Name changes due to marriages, divorces, adoptions, etc., also create confusion.

Number no-nos

Math mistakes are unlikely if you use software to file. That's not the case if you file a paper return. So if you file the old-fashioned way, double-check your numbers. One blunder software can't prevent is a mistake in your bank's routing and account numbers. Get one of those wrong and you could end up waiting a long time for your refund.

The Forms 1099 and W-2 you receive also go to the IRS, where computers match them up with your return. Should you happen to get a 1099 that isn't yours or has incorrect information, contact the issuer as soon as you discover the error and ask that a corrected form be generated. Copies should automatically go to you and the IRS. A mismatch that goes uncorrected could cause problems.

Sign here

You can mistakenly submit an unsigned (and therefore invalid) paper return, but you can't mistakenly submit an unsigned return electronically. That's another advantage of e-filing. However, for security purposes, you'll need a personal identification number (PIN) to e-sign your e-return. As long as you have your prior year's tax return to prove you are who you say you are, there won't be a problem.

The chosen 1%

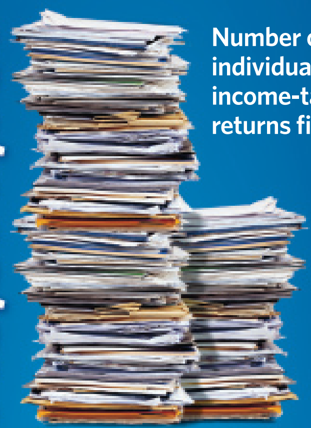
The odds of your tax return being singled out for an audit are quite low. Only about 1% of all individual 2011 returns (the latest data available) were audited. The number might be higher if the IRS had more resources and personnel — but it doesn't. Even if you are chosen for an audit, if you've provided accurate information and have the documents to back it up, you have nothing to worry about. Generally, you should keep copies of your federal and state income-tax returns and any information used to prepare them for six years.

By the numbers:

AUDIT STATS

Federal income-tax returns

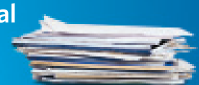
143,399,737



Number of individual income-tax returns filed

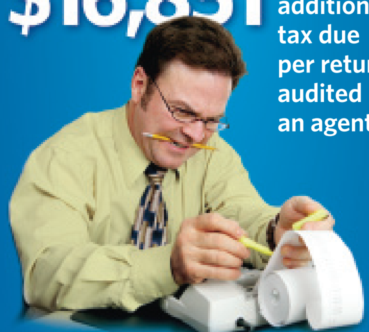
1,481,966

Number of individual income-tax returns audited



$16,851

Average additional tax due per return audited by an agent



Average additional tax due per return audited by mail

$8,241

Source: *Internal Revenue Service Data Book, 2012,* IRS Publication 55B (Rev. 3-2013), 2011 data

Lessons in Paying for College

If college spending is any indication, the aftershocks of the Great Recession are beginning to fade. While parents are still worried about being able to pay for college, a 2013 survey* revealed they were slightly less worried than in the three previous years. However, their willingness to spend on college hasn't rebounded. Parents' average out-of-pocket spending for the 2012-2013 school year was $5,727, down 35% from $8,752 in 2010.

The survey also showed that:

- The average amount paid for college rose slightly to $21,178 (up from $20,902 in 2011-2012).
- Grants and scholarships paid 30% of the cost, providing an average amount of $6,355 per family.
- For their part, students took out an average of $8,815 in federal loans.

* *How America Pays for College 2013*, Sallie Mae's National Study of College Students and Parents

Time To Wise Up

As a generation, Baby Boomers have been making headlines since the 1960s. These days, the headlines are about whether they're ready for retirement. But what about the other two generations in the work force? What are Generation X and Generation Y doing about retirement?

Not ready?

According to a study,* the younger generations don't seem all that serious about saving for retirement. Asked to give their top ten reasons for saving, only 46% of Gen Xers ranked retirement as most important. Only 31% of Gen Yers put retirement at the top; 41% said saving for vacation and travel was most important.

Get ready!

If you're a member of Gen X or Gen Y (or your children are), don't wait any longer to make saving for retirement a priority. Look for ways to reduce unnecessary spending. Invest more for retirement. Assess your current job and career goals. The more you do now, the better your chances of being ready when the time comes to retire.

* *Sowing the Seeds for Retirement: Gen X and Gen Y Markets* (2013), LIMRA

Spring Cleaning with a Twist

Drop that mop! You can get more bang for your buck from spring cleaning your finances than spring cleaning your house. Here are some tips.

Tidy up your financial accounts. If you have several different financial accounts, it's a good idea to consolidate. It's simpler to keep track of one or two accounts. And having all your money with one institution may earn you better perks, such as a higher interest rate and/or lower fees.

Refresh your life insurance policy. You should check your life insurance coverage regularly — and *any time* there's been a life change, such as a new baby, a change in marital status, a death, etc. For the sake of your loved ones, sit down with your financial professional and review your needs.

Stop money leaks. Missing credit card payments and overdrawing your financial account are expensive mistakes. Setting up a system to keep track of your finances will help you avoid costly and unnecessary fees.

LET'S TALK RETIREMENT

Q. I'm just starting out and trying to contribute the maximum amount to my individual retirement account (IRA). Sometimes it's hard. But I heard I could get part of my contributions back by claiming the "saver's credit" on my federal income-tax return. Can you tell me more?

A. Sure. When you contribute to an IRA or an employer-sponsored retirement plan, you may be eligible to claim a saver's credit worth up to $1,000 for single taxpayers or $2,000 for married couples filing jointly. The credit is based on the applicable percentage below times a maximum contribution of $2,000 per person. To qualify, you must meet income limitations and be over age 18. Also, you cannot have been a full-time student in the tax year for which you're claiming the credit and cannot be claimed as a dependent on another person's return for that year.

Like other tax credits, this credit reduces your tax liability dollar for dollar. Claiming the saver's credit could significantly reduce the amount of taxes you owe. If you receive a refund of 2013 taxes, consider using it to maximize your 2014 IRA contribution. Or if you receive it in time, you can use it to top off your IRA for 2013. You have until April 15, 2014, to open and contribute to an IRA for 2013. Consult your tax professional for complete details on how the saver's credit applies to your situation.

2013 Saver's Credit Income Ranges

Credit	Married Filing Jointly	Head of Household	Single, Married Filing Separately
50%	$35,500 or less	$26,625 or less	$17,750 or less
20%	$35,501 - $38,500	$26,626 - $28,875	$17,751 - $19,250
10%	$38,501 - $59,000	$28,876 - $44,250	$19,251 - $29,500
0%	over $59,000	over $44,250	over $29,500

Income ranges may be adjusted for inflation in future tax years.

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.

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