

RETIREMENT *IN* SIGHT

Presented by Matthew Jehn, CFP

MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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“The secret of staying young is to live honestly, eat slowly, and lie about your age.”

- Lucille Ball

TRAVEL TIP

Dress like a local

To look less like a tourist on your next trip, wear appropriate attire for the region of the world you plan to visit. This can show respect for a culture as well as its customs and norms; it can also make you seem less ripe for the picking to any criminals.

BRAIN TEASER

The Banker's Riddle.

Whoever makes it, tells it not.
Whoever takes it, knows it not.
Whoever knows it, wants it not.
What is it?*

DID YOU KNOW?

The first footballs were pointless

The earliest footballs were round like a basketball, but they often lost air pressure and became lopsided during games. By the early 1900s, teams had gotten used to the constant deflation, and pointed ends crept into the design, so that footballs could spiral as they were thrown (the forward pass was becoming popular).⁴

Could Some Simple Moves Help You Reduce Your Taxes?

Quite possibly. Elaborate tax management strategies aside, you might find ways to cut your tax bill for 2016 and beyond through a few, straightforward steps.

One step is to direct more of your retirement assets into tax-free investment vehicles or investments. Think Roth IRAs. Think fixed-income securities issued by federal, state, or municipal governments. Another step is to save money as you downsize – perhaps the stuff you give away can take the form of a charitable contribution, which you can itemize and deduct. You could also donate appreciated securities to a charity or make a charitable IRA gift. Do you have a home loan? Deduct what mortgage interest you can. Exploit the medical expense deduction.

As you try to minimize taxes, you should also acknowledge their impact. Are you in the 15% tax bracket? If so, a \$30,000 withdrawal from a traditional IRA will result in around \$4,500 of income tax. Pension plan withdrawals are taxable. Even a portion of the payments you receive from a privately arranged, long-term income contract may be taxed. Learning to live with taxes while you live without a salary can be frustrating, but you have no choice.^{1,2}

Who's Increasingly Driving the Gig Economy? Baby Boomers.

The next Uber or Lyft driver you see may be over 55. In fact, you may have considered joining their ranks. While ride-sharing, dog-walking, crafts-selling, and errand-running income streams are usually associated with millennials, a new study jointly conducted by Harvard University and Princeton University economists shows that the biggest jump in alternative work arrangements among Americans has occurred in the 55-75 age bracket.

These side income streams are well-known for their flaws, but they do offer retirees and pre-retirees a chance to earn some money without the rigors of traditional employment – which may be ideal for a senior who volunteers or provides caregiving. The sense of purpose can be tangible, and the social engagement may lead to further opportunities. Disadvantages of being an independent contractor are offset by the appeal of informal and relatively easy routes toward additional retirement money.³

On the BRIGHT SIDE

If you are an IRA owner facing a Required Minimum Distribution, remember that you may gift up to \$100,000 in IRA assets to charity. That charitable donation can count toward your RMD, and it will not be counted in your adjusted gross income.²

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*** TRIVIA ANSWER: Stumped? Contact me for the answer! 614-842-6090**

CITATIONS.

1 - fool.com/retirement/2016/10/10/5-tax-tips-for-retirees.aspx [10/10/16]

2 - kiplinger.com/article/taxes/T055-C000-S002-year-end-tax-moves-to-limit-your-2016-tax-bill.html [12/16]

3 - money.usnews.com/money/personal-finance/articles/2016-10-12/why-baby-boomers-are-getting-into-the-gig-economy [10/12/16]

4 - todayifoundout.com/index.php/2015/01/26-fascinating-football-facts/ [1/26/15]