LET'S TALK MONEY®

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The average lifespan for men and women has increased dramatically in recent decades. Men born in 1970 can expect to live 67.1 years, while women born in the same year can expect to live 74.7 years. The life expectancies for males and females born in 1990 are, respectively, 71.8 years and 78.8 years.* Most working adults today should prepare for a retirement that could last 20, 30 or more years.

You may need all of your investments to fund your retirement. But what if you still want to leave some of your assets to your loved ones or to a favorite charity? Life insurance can help you provide the financial legacy or gift you've always wanted to provide.

Your financial legacy

Life insurance benefits, which are generally free of federal income taxes, may protect loved ones from future financial hardship and help them pursue their dreams. The benefits could also help fund a grandchild's education or your children's retirement years. With life insurance, you typically know how much money your loved ones will receive when you die because you can often select a policy tailored to you.

Your charitable legacy

Life insurance also allows you to financially support your favorite charity. By naming a charity as the beneficiary of your life insurance policy, you can leave a legacy of giving. Choosing this strategy allows you to change beneficiaries at any time. However, this strategy means that you won't be able to claim an income-tax deduction for the charitable gift and the insurance proceeds will be included in your gross estate for estate-tax purposes.

You can also give an existing life insurance policy as an outright gift to a charity. With this approach, you may be able to claim an income-tax deduction for your contribution. However, there may be limitations on your ability to change the beneficiary of the policy should you later change your mind.

* Centers for Disease Control, *Health, United States*, 2013

May You Live To Be 100!

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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.

Specializing in:
- Life Insurance
- Health Insurance
- Disability Insurance
- Medicare Plans

Time To Adjust Your Cost of Living?

Unless you're planning to move to a new location, you probably don't give much thought to how much it's costing you to maintain your lifestyle — your personal "cost of living." But your cost of living can change without a cross-country move. You might buy a car that's more expensive than your last one. Or you might start spending more on clothes or electronics or dining out. If expenses and spending creep up without a corresponding increase in income, you may need to make some adjustments to get your finances back on track.

Lower home and work expenses

Many of your living expenses are fixed. But you still may be able to find some cost-cutting opportunities. Here are some suggestions.

- Pack a lunch to take to work and bring drinks from home.
- Lower your utility bills by turning down the thermostat in the winter and raising it in the summer. Replace broken appliances with energy-efficient models. (You might spend more initially, but you'll realize long-term savings.) Use energy-saving lightbulbs and programmable thermostats.
- Save on transportation costs (and be environmentally friendly) by walking, riding your bike or carpooling to work.
- Shop around for deals on cell phone, cable and Internet service.
- Shop carefully when doing home improvements.

Shave interest payments

Reducing your debt means you'll pay less interest. Following these suggestions can make a big difference over time.

- Think twice about buying nonessentials.
- Leave your credit cards at home and pay with a debit card or cash.
- Pay off credit card balances one at a time, beginning with the card with the highest interest rate. Alternatively, see if you can consolidate your debts on one credit card with a low interest rate.
- Pay yourself first by building up an emergency fund to cover three to six months' worth of expenses.

Reduce food spending

You have to eat, and eating well helps promote good health. Still, there are some opportunities to save money. Here are a few.

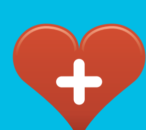
- Make a grocery list and stick to it.
- Don't take the kids food shopping (if possible).
- If you go out to eat, make it lunch instead of dinner.
- Learn to cook.
- Plant a garden.

By the numbers:

AMERICAN SPENDING TRENDS

59% are spending more on groceries

45% are spending more on utilities



42% are spending more on health care

SPENDING MORE

26% are spending less on dining out

26% are spending less on travel

20% are spending less on electronics

SPENDING LESS

Source: *Gallup.com*, June 2014

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It's W-2 Season!

If seeing a robin means spring has sprung, then the arrival of your W-2 (officially Form W-2, *Wage and Tax Statement*) signals the beginning of tax-filing season.

Check it over

The information on your W-2 also goes to the Social Security Administration, so you might want to make sure your name and Social Security number are correct and the amounts in the various boxes match those on your year-end paystub(s).

Box 12

Speaking of boxes, there are several types of compensation and benefits reported in Box 12 (check the back of your W-2 for a list of codes). If you see an amount coded DD, it represents the cost of employer-sponsored health care (if provided). Not all employers are required to provide this information at this point, but if there is a dollar amount, don't worry. It's for your information only and it is *not* taxable.

Keep or pitch?

The IRS recommends keeping W-2s for three years after the deadline for filing the related income-tax return. However, you might want to hang on to them significantly longer — in case of a dispute with Social Security over your work record or wages.

No Waiting for These REWARDS

It's not easy to keep investing for retirement. But someday, you'll be really glad you did. Until then, there are some tax breaks that help sweeten the deal. Here are three ways you may be able to benefit:

- When you make pretax contributions to your employer's retirement plan, you don't pay federal income taxes on the amount you contribute until the money is distributed.*
- You don't pay taxes on the earnings your retirement account generates until you take a distribution. Not having to pay income taxes immediately on earnings can help your account grow.
- In order to encourage people to save for retirement, the government offers a tax break known as the Saver's Credit. When you file your income-tax return, you may be eligible to take a tax credit worth 10%, 20% or 50% of up to $2,000 of what you contribute to your retirement plan ($4,000 for joint filers). Eligibility depends on your adjusted gross income (AGI).

** Some retirement plans also offer a Roth contribution option. Unlike pretax contributions, Roth contributions do not offer immediate tax savings. However, qualified Roth distributions are not subject to federal income taxes when all requirements are met.*

To File or Not To File

That is the question you may be asking if you're the parent of an unmarried dependent student. The answer is, "It depends." Students *have to file* a tax return if their income, earned and/or unearned, exceeds certain limits (check with your tax advisor). They might *want to file* if they can get some money back from the IRS (e.g., income taxes withheld from their wages).

LET'S TALK INSURANCE

Q. I've owned a permanent life insurance policy for several years. I'm not sure whether to keep the policy I have or buy a term life insurance policy. What are the deciding factors?

A. You can own multiple life insurance policies. The decision to add one more or boost your existing coverage should be based on your needs, any important life changes that recently occurred and affordability. For example, your current permanent policy may be adequate to pay burial and funeral expenses and provide for your family. However, you may have a child ready to head off to college. In that case, you may want to add an affordable term life insurance policy that would help cover college tuition payments in case anything should happen to you.

Q. Will I be required to have a physical exam to obtain life insurance?

A. It depends. Not every person who buys life insurance is required to have a physical. In general, the higher the death benefit, the greater the likelihood the insurance carrier will ask for a physical.

If you are required to have a physical, the insurance company will send a nurse or other medical professional to your home to conduct the exam. That person will typically ask you questions about your and your family's health history. He or she will also take your blood pressure, measure your height and weight and may take blood and urine samples. The insurance company underwriters will use this information to determine how much you will pay every year in premiums for your policy (known as your "rate class").

If you don't qualify for a preferred rate based on the results of your physical, you can ask to take the medical exam again at a later date.

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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