Alton Securities
& Asset Advisors

December 2016

Merry Christmas & Happy New Year
from everyone at
Alton Securities & Asset Advisors

Holiday Hours:

Monday December 26th — OFFICE CLOSED

Monday January 2nd — OFFICE CLOSED

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Content:

Year-End Checklist

Now may be an ideal time to consider year-end tax strategies that may benefit you, and plan for the year ahead. Please discuss any ideas and questions with your financial advisor.

General Wealth Management Strategies — Offset Capital Gains and Defer Income

- Harvest your losses by selling taxable investments, keeping in mind short-term losses are most effective at offsetting capital gains. Note: wait at least 31 days before buying back a holding sold for a loss to avoid the IRS wash sale rule.
- Take your deductions this year (pay your 2016 Q4 state income tax payment, medical expenses, deductible interest and alimony payments before January 1, 2017).
- Evaluate if you should delay purchasing mutual fund shares until after January 1, 2017 to avoid capital gains taxes on brand new investments.
- Defer your year-end bonus, the sale of capital gain property and receipt of distributions to delay income to the following year.
- Increase your W-2 federal income withholding amount in preparation of a significant tax bill or to avoid the under-withholding tax penalty.
- If you are subject to the Alternative Minimum Tax (AMT), or if you are close to being in the Alternative Minimum Tax, you should speak with your CPA or other tax advisor before implementing these strategies.

Retirement Planning — Seize Opportunities and Avoid Missteps

- Avoid mandatory tax withholding by making a direct rollover distribution to an eligible retirement plan, including an IRA.
- If you are 50 or older, take advantage of catching up on IRA contributions and certain qualified retirement plans.
- Maximize your IRA contributions.
- Convert from a Traditional IRA to a Roth IRA.
- Avoid taking IRA distributions prior to age 59½ otherwise a 10% early withdrawal penalty may apply.
- Consider increasing your 401(k) and retirement account contributions.
- Take your Required Minimum Distribution (RMD) if you are past the age of 70½ .
- Determine the optimal time to begin taking Social Security benefits, which you can apply for between ages 62 – 70.
- Explore taking employer stock under favorable tax rules.

Gifting — Give to Loved Ones and Those in Need

- Gift up to $14,000 per individual in federal tax free gifts.
- Contribute to charities using appreciated stock in place of cash to reduce capital gains in your portfolio while generating an income tax deduction.
- Give an outright charitable gift of cash for an immediate income tax deduction.
- Set up a Donor Advised Fund for an immediate income tax deduction and provide immediate and future donor gifting to charity over time.
- Set up a Private Foundation for an immediate income tax deduction and provide complete control over current and future charitable giving.
- Make a will or trust bequest so that the estate can take both income and estate tax deductions.
- If you are over 70½ in 2016 and would like to make a donation to charity from your IRA, you can donate up to $100,000 under favorable tax provisions as of 2016.

Planning for 2017 — Set Yourself Up for Success in the Upcoming Year

- Discuss major life events with your advisor, such as a marriages or divorces, births or deaths in the family, job or employment changes, and significant elective expenses (real estate purchases, college tuition payments, etc.).
- Send capital gains and investment income information to your accountant for a more accurate year-end projection.
- Ensure your account paperwork, risk tolerance and investment objectives are up to date with your advisor.
- Revisit contribution amounts to your 529 Plan college savings accounts.
- Review Medicare Part D plan, make a change during open enrollment, which begins in October.
- Double check your beneficiary designations and update as necessary.
- Check your Health Savings Account contributions for 2017, and confirm you've spent the entire balance in your Flexible Spending Accounts.

Changing Jobs? Take Your 401(k) and Roll It

If you've lost your job, or are changing jobs, you may be wondering what to do with your 401(k) plan account.

What will I be entitled to?

If you leave your job (voluntarily or involuntarily), you'll be entitled to a distribution of your vested balance. Your vested balance always includes your own contributions (pretax, after-tax, and Roth) and typically any investment earnings on those amounts. It also includes employer contributions (and earnings) that have satisfied your plan's vesting schedule.

In general, you must be 100% vested in your employer's contributions after 3 years of service ("cliff vesting"), or you must vest gradually, 20% per year until you're fully vested after 6 years ("graded vesting"). Plans can have faster vesting schedules, and some even have 100% immediate vesting. You'll also be 100% vested once you've reached your plan's normal retirement age.

It's important for you to understand how your particular plan's vesting schedule works, because you'll forfeit any employer contributions that haven't vested by the time you leave your job. Your summary plan description (SPD) will spell out how the vesting schedule for your particular plan works. If you don't have one, ask your plan administrator for it. If you're on the cusp of vesting, it may make sense to wait a bit before leaving, if you have that luxury.

Don't spend it, roll it!

While this pool of dollars may look attractive, don't spend it unless you absolutely need to. If you take a distribution you'll be taxed, at ordinary income tax rates, on the entire value of your account except for any after-tax or Roth 401(k) contributions you've made. And, if you're not yet age 55, an additional 10% penalty may apply to the taxable portion of your payout. (Special rules may apply if you receive a lump-sum distribution and you were born before 1936, or if the lump-sum includes employer stock.)

If your vested balance is more than $5,000, you can leave your money in your employer's plan until you reach normal retirement age. But your employer must also allow you to make a direct rollover to an IRA or to another employer's 401(k) plan. As the name suggests, in a direct rollover the money passes directly from your 401(k) plan account to the IRA or other plan. This is preferable to a "60-day rollover," where you get the check and then roll the money over yourself, because your employer has to withhold 20% of the taxable portion of a 60-day rollover. You can still roll over the entire amount of your distribution, but you'll need to come up with the 20% that's been withheld until you recapture that amount when you file your income tax return.

Should I roll over to my new employer's 401(k) plan or to an IRA?

Assuming both options are available to you, there's no right or wrong answer to this question. There are strong arguments to be made on both sides. You need to weigh all of the factors, and make a decision based on your own needs and priorities. It's best to have a professional assist you with this, since the decision you make may have significant consequences--both now and in the future.

If you find yourself facing this situation, call your financial advisor for assistance.

Financial Planning for Women

We all know men and women are different in some fundamental ways. But is this true when it comes to financial planning? In a word, yes. In the financial world, women often find themselves in very different circumstances than their male counterparts. Everyone wants financial security. Yet women often face financial headwinds that can affect their ability to achieve it. The good news is that women today have never been in a better position to achieve financial security for themselves and their families. More women than ever are successful professionals, business owners, entrepreneurs, and knowledgeable investors. Their economic clout is growing, and women's impact on the traditional workplace is still unfolding positively as women earn college and graduate degrees in record numbers and seek to successfully integrate their work and home lives to provide for their families. So what financial course will *you* chart?

As women continue to earn money, become the main breadwinners for their families, and run their own businesses, it's vital that they take steps to protect their assets, both personal and business. Without an asset protection plan, a woman's wealth is vulnerable to taxes, lawsuits, accidents, and other financial risks that are part of everyday life. But women may be too busy handling their day-to-day responsibilities to take the time to implement an appropriate plan.

In the past, women may have taken a less active role in household financial decision making. But, for many, those days are over. Today, women have more financial responsibility for themselves and their families. So it's critical that women know how to save, invest, and plan for the future. Here are some things women can do:

Take control of your money. Create a budget, manage debt and credit wisely, set and prioritize financial goals, and implement a savings and investment strategy to meet those goals.

Become a knowledgeable investor. Learn basic investing concepts, such as asset classes, risk tolerance, time horizon, diversification, inflation, the role of various financial vehicles like 401(k)s and IRAs, and the role of income, growth, and safety investments in a portfolio. Look for investing opportunities in the purchasing decisions you make every day. Have patience, be willing to ask questions, admit mistakes, and seek help when necessary.

Plan for retirement. Save as much as you can for retirement. Estimate how much money you'll need in retirement, and how much you can expect from your savings, Social Security, and/or an employer pension. Understand how your Social Security benefit amount will change depending on the age you retire, and also how years spent out of the workforce might affect the amount you receive. At retirement, make sure you understand your retirement plan distribution options, and review your portfolio regularly. Also, factor the cost of health care (including long-term care) into your retirement planning, and understand the basic rules of Medicare.

Advocate for yourself in the workplace. Have confidence in your work ability and advocate for your worth in the workplace by researching salary ranges, negotiating your starting salary, seeking highly visible job assignments, networking, and asking for raises and promotions. In addition, keep an eye out for new career opportunities, entrepreneurial ventures, and/or ways to grow your business.

Seek help to balance work and family. If you have children and work outside the home, investigate and negotiate flexible work arrangements that may allow you to keep working, and make sure your spouse is equally invested in household and child-related responsibilities. If you stay at home to care for children, keep your skills up-to-date to the extent possible in case you return to the workforce, and stay involved in household financial decision making. If you're caring for aging parents, ask adult siblings or family members for help, and seek outside services and support groups that can offer you a respite and help you cope with stress.

Protect your assets. Identify potential risk exposure and implement strategies to reduce that exposure. For example, life and disability insurance is vital to protect your ability to earn an income and/or care for your family in the event of disability or death. In some cases, more sophisticated strategies, such as other legal entities or trusts, may be needed.

Create an estate plan. To ensure that your personal and financial wishes will be carried out in the event of your incapacity or death, consider executing basic estate planning documents, such as a will, trust, durable power of attorney, and health-care proxy.

A financial professional can help

Women are the key to their own financial futures--it's critical that women educate themselves about finances and be able to make financial decisions. Yet the world of financial planning isn't always easy or convenient. In many cases, women can benefit greatly from working with a financial professional who can help them understand their options and implement plans designed to provide women and their families with financially secure lives.

Merry Christmas

Amy's Recipe Corner

Are you looking for an easy snack recipe for your next holiday get together? Here is one that my kids love.

White Chocolate Party Mix

Amy Kulish
Administrative Assistant

5 Cups Cheerios

5 Cups Corn Chex Cereal

2 Cups Salted Peanuts

1 Pound Red & Green Plain M&M's

1—10oz. Package Mini Pretzels

2—12oz. Packages White Baking Chips

3 Tablespoons Canola Oil

In a large bowl, combine the first 5 ingredients. Set aside. In a microwave-safe bowl heat chips and oil at 70% power for 1 minute, stirring once. Microwave on high for 5 seconds. Stir until smooth. Pour over cereal mixture and mix well. Spread onto 3 baking sheet lined with waxed paper. Cool. Break apart. Store in an airtight container.

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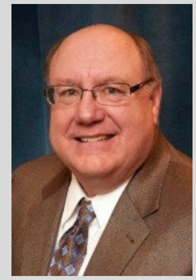
Matt Maberry



Augie Wuellner

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