Alton Securities
& Asset Advisors

February 2017

You have the opportunity to win a special 4 course dinner for 2 prepared by Ryan Gentelin at Gentelin's On Broadway or a VISA Gift Card (valued at $75). Enter the Spring 2017 drawing between March 1, 2017 & May 31, 2017 by visiting our website: www.altonsecuritiesandassetadvisors.com.

Alternate entry method: visit Gentelin's On Broadway and complete an entry form.

One winner will be selected at random on June 2, 2017.

Please be sure to share this opportunity with your friends and family– age 18 & older, limit one entry per person/household. All rules are available on the contest page.

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Power of the Roth IRA

The Roth IRA is a personal savings plan that offers certain tax benefits to encourage retirement savings. Contributions to a Roth IRA are never tax deductible on your federal income tax return, which means that you can contribute only after-tax dollars. Amounts contributed to the Roth IRA grow tax deferred and, if certain conditions are met, distributions (including both contributions and investment earnings) will be completely tax free at the federal level.

When Can It Be Used?

To contribute to an IRA, you must receive taxable compensation during the year. For purposes of the IRA contributions, taxable compensation includes wages, salaries, commissions, self-employment income, and taxable alimony or separate maintenance. Other taxable income, such as interest earnings, dividends, rental income, pension and annuity payments, and deferred compensation, does not qualify as taxable compensation for this purpose.

Strengths

Qualified distributions are completely tax free.

A withdrawal from a Roth IRA (including both your contributions and investment earnings) is completely tax free (and penalty free) if (1) made at least 5 years after you first establish any Roth IRA, and (2) one of the following also applies:

- You have reached age 59 ½ by the time of the withdrawal.
- The withdrawal is made due to qualifying disability.
- The withdrawal is made for first-time home-buyer expenses ($10,000 lifetime limit).
- The withdrawal is made by your beneficiary or estate after your death.

Withdrawals that meet these conditions are referred to as qualified distribution. If the above conditions are not met, any portion of the withdrawal that represents investment earnings will be subject to income tax and may also be subject to a 10% premature distributions tax if you are under age 59 ½ .

You can contribute to a Roth IRA after age 70 ½ .

Unlike traditional IRAs, you can contribute to a Roth IRA for every year that you have taxable compensation, including the year in which you reach 70 ½ and every year thereafter.

Your funds can stay in a Roth IRA longer than in a traditional IRA.

The IRS requires you to take annual required minimum distributions (RMD) from your traditional IRA beginning when you reach 70 ½ . These withdrawals are calculated to dispose of all of the money in the traditional IRA over a given period of time. Roth IRAs are not subject to the RMD rule. In fact, you are not required to take a single distribution from a Roth IRA during your lifetime. This can be a significant advantage in terms of your estate planning.

You can contribute even if covered by an employer-sponsored retirement plan.

Your ability to contribute to a Roth IRA does not depend on whether you or your spouse is covered by an employer-sponsored retirement plan. The fact that one of you is covered by such a plan has no bearing on your allowable contribution to a Roth IRA. This is in contrast to traditional IRAs, where your ability to deduct contributions may be limited if you or your spouse are covered by an employer plan. However, remember that your ability to make annual contributions to a Roth IRA does depend on your tax filing status and MAGI (modified adjusted gross income) for the year.

"Catch-up" contributions are allowed if you are at least 50

Individuals age 50 or older may make an additional yearly "catch-up" contribution up to $1,000 to a traditional or Roth IRA (over and above the regular contribution limit). The purpose of this provision is to help older individuals increase their savings as they approach retirement.

Tax References for 2016

Taxable income (i.e. income minus deductions and exemptions) between:

Married, Joint

$0-$18,550	10%
$18,550-$75,300	15%
$75,300-$151,900	25%
$151,900-$231,450	28%
$231,450-$405,100	33%
$413,350-$466,950	35%
over $466,950	39.6%

Itemized Deduction/
Personal Exemption Phaseout Begins

Married, joint	$311,300
Single	$259,400
Married, separate	$155,650
Head of household	$285,350

Long-term Capital Gains and Qualified Dividend Rates

10% and 15% brackets	0%
25%, 28%, 33% and 35% brackets	15%
39.6% bracket	20%
Capital gains on collectibles	28%
Unrecaptured 1250 depreciation	25%

IRA & Pension Plan Limits

IRA contribution

Under age 50	$5,500
Age 50 and over	$6,500

Phaseout for deducting IRA contribution

Married, joint	$98,000-$118,000 AGI
Single, head of household	$61,000-$71,000 AGI
Married, separate	$0-$10,000 AGI

Phaseout for deducting spousal IRA
$184,000-$194,000 AGI

Phaseout of Roth contribution eligibility

Married, joint	$184,000-$194,000 MAGI
Single, head of household	$117,000-$132,000 MAGI
Married, separate	$0-$10,000 MAGI

SEP contribution

Up to 25% of compensation, limit	$53,000
Compensation to participate in SEP	$600

SIMPLE elective deferral

Under age 50	$12,500
Age 50 and over	$15,500

401(k), 403(b)*, 457 and SARSEP elective deferral under age 50	$18,000
401(k), 403(b)*, 457** and SARSEP elective deferral age 50 and over	$24,000

Annual defined contribution limit	$53,000
Annual defined benefit limit	$265,000
Highly compensated employee	$120,000
Key Employee in top heavy plans makes	$170,000
Annual compensation taken into account for qualified plans	$260,000

* Special increased limit may apply to certain 403(b) contributors with 15 or more years of service.

** In last 3 years prior to year of retirement, 457 plan participant may be able to double elective deferral if needed to catch-up on prior missed contributions, but if they do, they cannot use catch-up.

Should I Invest in a Roth IRA or a Traditional IRA?

There is no easy answer to this question. Traditional IRAs and Roth IRAs share certain general characteristics. Both feature tax-deferred growth and allow you to contribute up to $5,500 in 2017 (unchanged from 2016) of earned income, plus an additional $1,000 “catch-up” contribution if you are 50 or older. Both allow certain low and middle-income taxpayers to claim a partial tax credit for amounts contributed. But important differences exist between these two types of IRAs. In fact, the Roth IRA is in some ways the opposite of the traditional IRA.

A traditional IRA allows anyone with earned income who is under age 70 ½ to contribute the maximum $5,500 in 2016 and 2017, plus catch-up if eligible. However, your ability to deduct traditional IRA contributions will depend on your annual income, your filing status, and whether you or your spouse is covered by an employer-sponsored plan. You may be able to deduct all, a portion, or none of your contribution for a given year. Any distribution from a traditional IRA will be subject to income taxes to the extent that the distribution represents earnings and deductible contribution. You may also be hit with a 10 percent early withdrawal penalty if you draw money out before age 59 ½ (there are exceptions to this rule). Beginning at age 70 ½, you must begin to take annual distributions from a traditional IRA.

With a Roth IRA, no age limitation applies to contributions. As long as you have taxable compensation and qualify, you can contribute to a Roth IRA even after age 70 ½. However, your ability to contribute and the amount you will be able to contribute (up to the annual limit) will depend on your income and tax filing status. Although Roth IRA contributions are not tax deductible, Roth IRAs have other advantages. You are not required to take distributions from a Roth IRA at any age, which gives you more estate planning options. Another key strength: Qualified withdrawals will avoid both income tax and the early withdrawal penalty if certain conditions are met. Nonqualified withdrawals will be taxed and penalized only on the earnings portion of the withdrawal, since the principal is your own after-tax money.

Your personal goals and circumstances will determine which type of IRA is right for you. If you wish to minimize taxes during retirement or preserve assets for your heirs, a Roth IRA may be the way to go. A traditional IRA may make more sense if you can make deductible contributions and want to lower your taxes while you’re still working.

Taxpayers have until ***Tuesday April 18, 2017*** to file their 2016 returns and pay taxes due. The deadline is later this year due to several factors. The usual April 15 deadline falls on a Saturday this year, which would normally give taxpayers until at least the following Monday. However, Emancipation Day, a D.C. holiday, is observed on Monday, April 17, giving taxpayers nationwide an additional day to file. By Law, D.C. holidays impact tax deadlines for everyone in the same way federal holidays do.

The later tax deadline extends the last day to make 2016 IRA contributions to April 18 as well.

Augie's Recipe Corner

Here is an easy recipe that I am happy to share. It makes a great dish for any sports party, guy's night, or family dinner.

Augie's Chili-Dog Casserole

2—15 oz. Cans of Chili with Beans (I use Hormel Hot & Spicy.)

1— 16 oz. Pkg. Beef Frankfurters (I prefer Ball Park.)

10— 8 inch Flour Tortillas—the fajita sized one

1— 8 oz. Pkg. Shredded Cheddar Cheese

Preheat oven to 425 degrees.

Spread one can of chili in the bottom of a 9 x 13 baking dish. Roll up franks inside the tortillas. Place in the baking dish on top of the chili with seams down. Top with remaining can of chili and sprinkle with cheese.

Cover baking dish with aluminum foil and bake for 30 minutes.

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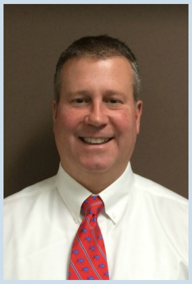
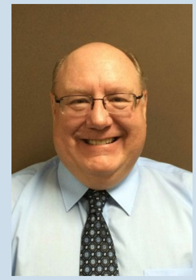


Matt Maberry



Augie Wuellner

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