LET'S TALK MONEY®

March/April 2015

The more you know about individual retirement accounts (IRAs), the more effectively you can use an IRA as a retirement investing tool. See how many of these IRA facts you know.

Four Things
You May Not Know About IRAs

1 Almost anyone can contribute to an IRA. Essentially, anyone who has earned income — wages, commissions, tips and bonuses — can open and contribute to an IRA. You can even contribute if you have a retirement plan at work.*

2 There's still time to contribute for 2014. You have until April 15, 2015, to open an IRA and contribute up to $5,500 for 2014. You can also contribute up to $5,500 for 2015. If you're age 50 or older, you can contribute up to an additional $1,000 for 2014 and for 2015.

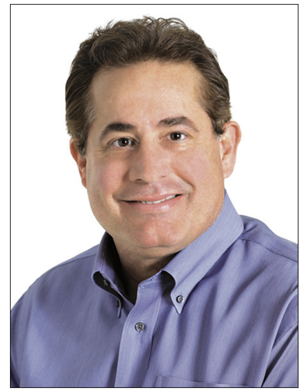
3 You can contribute for your spouse. As long as you have sufficient joint earned income to cover it, even a spouse who has no or low earnings for the year can contribute up to the maximum amount to an IRA. Together, you may be able to contribute up to $11,000/$13,000 for 2014 and for 2015.

4 Your IRA rollovers may be limited. You can make only one indirect IRA rollover a year. With an indirect rollover, you receive your IRA money and transfer it to a new IRA yourself. You must complete the transfer within 60 days of receiving your distribution to avoid tax consequences. Previously, you could make one indirect rollover a year *per IRA owned*. You can still make as many direct transfers as you want. With a direct transfer, the trustee of your old IRA transfers your money directly to the trustee of your new IRA, with no tax consequences.

How did you do? Whether you knew all or none of them, now is a good time to talk with your financial professional about the retirement investment opportunities an IRA offers.

* You can't contribute to a traditional IRA after you reach 70½, even if you're still working.

FINRA Reference FR2014-1007-0160/E 02/03/15



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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.

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.

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

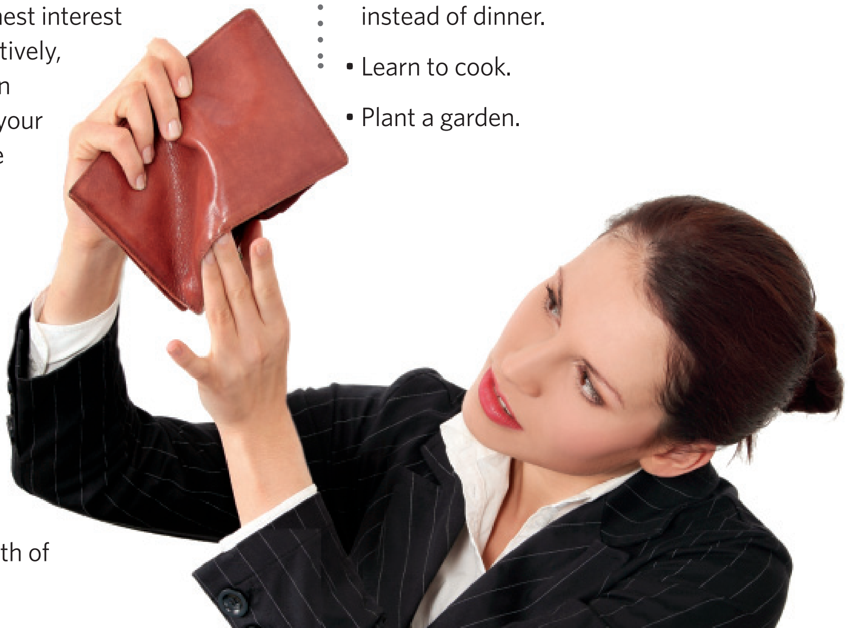
Reducing your debt means you'll pay less interest. Following these suggestions can make a big difference over time.

- 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

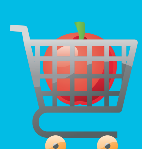
You have to eat, and eating well helps promote good health. Still, there are some opportunities to save money. Here are a few.

- 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

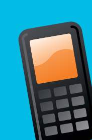
45% are spending more on utilities

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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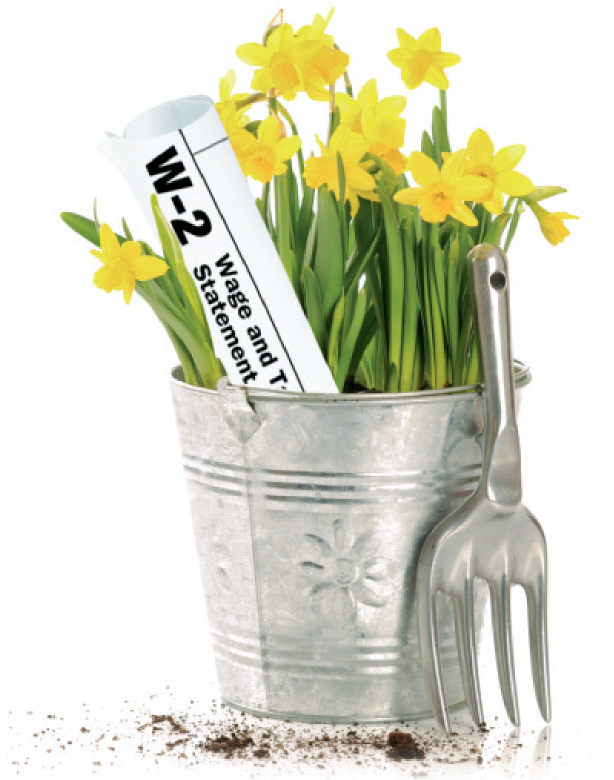

It's W-2 Season!

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 RETIREMENT

Q. I'm new to retirement investing and am thinking of opening a Roth IRA. I want to know more about the five-year holding period requirement for withdrawing account earnings tax free. Can you fill me in?

A. The five-year holding period requirement is met on the fifth anniversary of the first day of the tax year for which you make your first Roth IRA contribution. So, if you first contribute to a Roth IRA in May 2015, you'll meet the holding period requirement on January 1, 2020. Moreover, that same 2020 date would apply to subsequent contributions you make to that Roth IRA or any other Roth IRA. However, the five-year holding period isn't the only requirement for withdrawing earnings tax free. You need to be age 59½ or older or the withdrawal has to be because of your death or disability or for qualified first-time home buyer expenses. Because Roth *contributions* are made after tax, you can withdraw them at any time tax and penalty free.

Q. I recently took a job with a company that has an employer-sponsored retirement plan. Is it true that once I join my employer's retirement plan, I can no longer deduct contributions to my traditional individual retirement account (IRA)?

A. Not necessarily. But, for people who actively participate in their employer's retirement plan, IRA deductions are limited based on modified adjusted gross income (see table). Even if you can't make deductible contributions to your IRA, you can still make nondeductible ones.

Plan participants who are	Full deduction	Partial deduction	No deduction
	2015 modified adjusted gross income		
Unmarried	$61,000 or less	$61,001 to $70,999	$71,000+
Married filing jointly	$98,000 or less	$98,001 to $117,999	$118,000+
Married filing separately	N/A	$0 to $9,999	$10,000+
Non-participant spouses whose spouses are plan participants	$183,000 or less	$183,001 to $192,999	$193,000+

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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