LET'S TALK MONEY®

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Will you have enough money for retirement? According to a recent survey,* 57% of people reported that the total value of their retirement funds and investments was less than $25,000. This included 28% who had less than $1,000 accumulated for retirement. Setting aside money for retirement can be difficult when you have so many other financial demands. But making a commitment to your future can help you ensure that you have enough money for your retirement years.

Commit to Your FUTURE

Life gets in the way

Investing for retirement can take a backseat when you're busy raising a family, maintaining a home, paying off your own student loans and investing for your child's college education. But if you keep putting off investing for retirement, you risk not having the funds you'll need.

A little more can do a lot

Even small increases in the amount you invest for retirement can add up significantly over time. And the sooner you can start investing more, the better. Why? Because your retirement investments will have more time to potentially benefit from the power of compounding.

Spend less to invest more

Cutting back on your spending can free up more money for you to set aside for retirement. Track your day-to-day spending and look at your fixed expenses to see if you can find more affordable alternatives.

* *2015 Retirement Confidence Survey,* Employee Benefit Research Institute and Greenwald & Associates

BOOSTING YOUR BALANCE

Increasing the amount you contribute each month to your retirement plan or individual retirement account could mean more money available for your retirement years.

AN EXTRA $100 A MONTH GROWS TO:

$16,388 After 10 years

$46,204 After 20 years

$100,452 After 30 years

This is a hypothetical example used for illustrative purposes only. It is not representative of any particular investment vehicle and does not include any investment fees and expenses. It assumes a 6% average annual total return compounding monthly. Your investment results will be different. Tax-deferred amounts accumulated in a retirement plan are taxable upon withdrawal, unless they represent qualified Roth distributions. Source: DST, 2015

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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.

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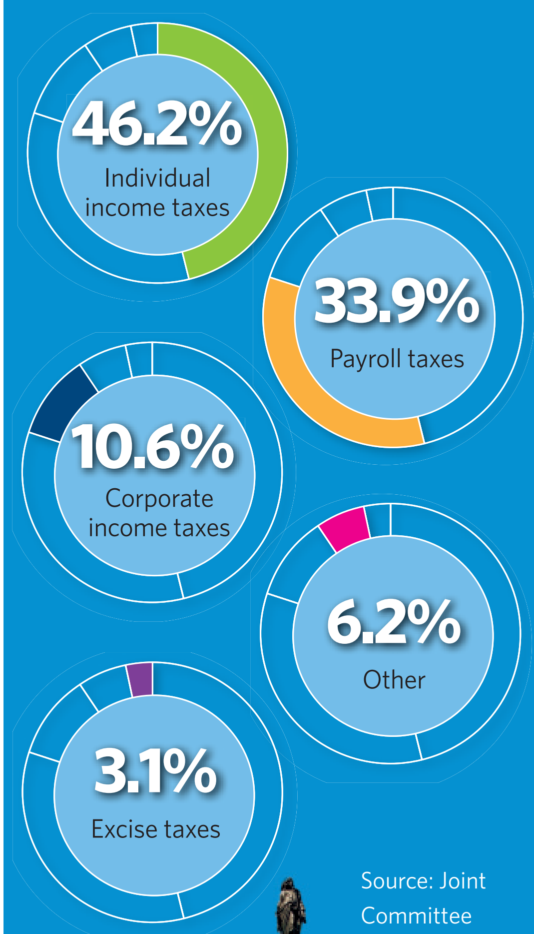
By the numbers:

HOW THE U.S. GOVERNMENT IS FUNDED



Source: Joint Committee on Taxation, 2015 (based on 2014 data)

Kids Count Big at Tax Time

Every year, the U.S. Department of Agriculture releases a report estimating the cost of raising a child born that year to the age of 18. According to the most recent report, the average cost of raising a child born in 2013 will be $245,340.* However, one place parents can get a break is from the IRS — a tax break, that is.**

Save with tax deductions

You may claim a personal exemption of up to $4,000 for yourself, your spouse and each of your qualifying dependents on your 2015 return. So a couple with two dependent children could be eligible to deduct up to $16,000 in exemptions.

If you took out loans for your child's college expenses, you may be able to deduct student loan interest payments of up to $2,500 annually. Generally, the loans must have been used to pay the expenses of degree candidates (undergraduate or graduate) enrolled at least half-time. These exemptions phase out for higher income taxpayers.

And there are tax credits

Tax credits can offer even greater savings than deductions because they provide a dollar-for-dollar reduction in the taxes you owe. One important credit is the child tax credit. You may claim a credit of up to $1,000 for each child who is a dependent and under 17 years old. (Other restrictions apply.)

There's also the child and dependent care credit, which allows you to take a credit equal to a percentage of eligible child care expenses (up to $3,000 of expenses for one child and $6,000 for two or more). Your expenses must have been incurred to allow you and your spouse to work. For higher income taxpayers, the credit is limited to 20% of eligible expenses.

Two additional credits can help with college expenses. The American Opportunity Tax Credit allows you to take a credit for the payment of qualifying undergraduate tuition and fees. The credit can be as much as $2,500 for each eligible student in your family. The Lifetime Learning Credit is available for the payment of undergraduate or graduate tuition and fees or qualifying job training. The maximum credit is $2,000 per taxpayer return. However, the same student's expenses may not be used for both credits. (Other restrictions apply.)

Finally, there is a tax credit of up to $13,400 (for 2015) to help adopting parents cover certain expenses.

Your tax professional can help you determine which tax deductions and credits may be appropriate for your situation.

* U.S. Department of Agriculture, Expenditures on Children and Families, 2014

** All deductions and credits discussed in this article are either partially or fully phased out for higher income taxpayers.

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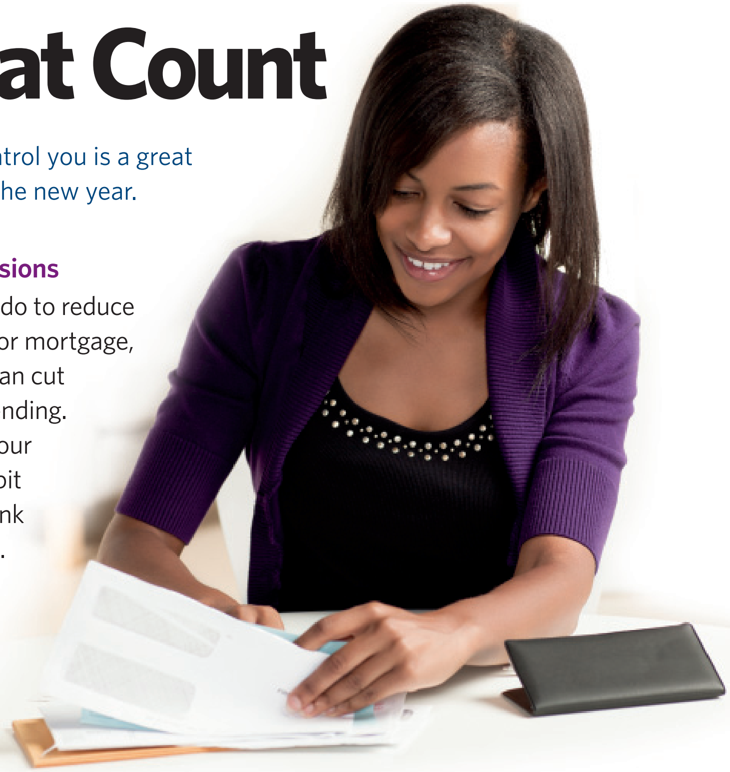
Financial Resolutions That Count

Resolving to control your finances rather than letting your finances control you is a great way to start 2016. Here are some financial resolutions to consider for the new year.



Start with a clean slate

If your finances aren't in the best shape, let go of any guilt or blame. A fresh start means looking ahead, not behind at past mistakes. If you're in a financially committed relationship, make sure you and your partner are on the same page.

Embrace limits and goals

To properly plan ahead, you need to set limits and establish goals. The two most important goals are having an emergency fund (ideally with enough to cover three to six months' worth of expenses) and putting money away for retirement (throughout your working career). Next, get started on any other goals you want to tackle (house, car, college, etc.).

Challenge spending decisions

There's not much you can do to reduce your fixed expenses (rent or mortgage, utility bills, etc.), but you can cut down on discretionary spending. Every time you reach for your wallet or your credit or debit card to buy something, think about whether you need it. Ask yourself what's more important — spending or saving?

Reduce risks

No matter how much money you've put away, it might not be enough to help you and your family weather a critical illness or disability — or worse. Don't find out the hard way how long your money would last. Talk with your financial professional soon about disability income and life insurance.

Nobody's perfect — including the Social Security Administration. So it's a good idea to verify your earnings every year. Just go to *www.socialsecurity.gov*, click on *my* Social Security and log in to your account (or set one up if you don't have one). Then compare the amount in Box 3 on your Form W-2* with the earnings Social Security has posted for you that year. If you prefer to receive a paper *Social Security Statement* by mail, there is a link to click for instructions.

* Plus the amount in Box 7 if you report tips to your employer

Hacked!

Keeping personal data secure is becoming more and more difficult. If you're ever involved in a widespread data breach or you're targeted individually, don't waste any time. Do the following.

- If you believe your Social Security number has been stolen: Obtain your credit report (from Equifax, Experian or TransUnion) and check for any accounts or charges you don't recognize. Consider either getting a credit freeze or adding a fraud alert for your accounts.
- If your credit card information is hacked: Cancel your card and ask the credit card company to issue you a new one. Review both your credit report and monthly statements for any unusual activity.
- If you have been the victim of identity theft: Contact the companies where fraud has occurred and ask them to close or freeze your accounts. Obtain your credit report and a fraud alert. Change your logins and passwords for your accounts, and report the identity theft to both the Federal Trade Commission (FTC) and your local police department.

It's very important to document your efforts and keep copies of all correspondence.

LET'S TALK RETIREMENT

Q. I see so many different statistics on the Internet about the number of years people live in retirement. Can you give me a good idea of how long of a retirement I should prepare for?

A. You should prepare for a long retirement. According to data compiled by the Social Security Administration, a man reaching age 65 today can expect to live, on average, to age 84.3. And a woman who is age 65 can expect to live, on average, to age 86.6. Keep in mind, those are just averages. One in every four 65-year-olds will live past age 90, and one out of 10 will live past age 95.

As you plan for your retirement, you should take into account when you plan to retire — early, at your full retirement age or later — your health and family longevity. To get an estimate of your life expectancy, use the Social Security Administration website life expectancy calculator at *www.socialsecurity.gov/OACT/population/longevity.html*.

Your financial professional also can help you prepare for your retirement.

Q. I recently joined my employer's retirement plan. When I looked at my first statement, it said I'm not "vested" in all the money in my retirement plan. Can you explain what this means?

A. "Vesting" means ownership. You are 100% vested in your own retirement plan contributions. So whatever money *you* contribute is yours and cannot be forfeited or taken back for any reason. Employers, however, have different vesting requirements that apply to their contributions to your account. Certain retirement plans, such as 401(k) and profit sharing plans, can have a vesting schedule. Examples of vesting schedules include 100% vesting after three years of service, as defined by the retirement plan (generally 1,000 hours worked over 12 months), and a schedule that increases the employee's vested percentage for each year of service. All employees must be 100% vested by the time they reach normal retirement age under the retirement plan. Your Summary Plan Description will describe the vesting schedule for your retirement plan.

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