BELTZ IANNI & ASSOCIATES

Speaking of…

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A RESOLUTION REVOLUTION

It's that time again — time to reflect on the past, look ahead to the future, and resolve to eat better, exercise daily, and generally improve every aspect of your life during the coming year. Sound familiar? Why not try a different approach this year? Choose one resolution and make it happen. Resolving to improve your financial well-being may help you take control and improve the quality of your life in many ways.

Take a look back at this past year. Did most of your money go to meet day-to-day expenses, unexpected car and home repairs, and lots of random purchases? How much did you put toward your financial goals? If you're like lots of people, short-term expenses often take priority over long-term goals. However, if you don't take steps to change your habits now, you may never reach your financial goals.

Step 1: Identify

Stop and think about what you want for your future. Do you want to buy a house, send your children to college, travel the world? Think about your current finances. Do you have an emergency fund? Are you paying off your debt? Start the year by identifying your top financial objectives and ranking them in order of importance.

Step 2: Focus

Next, realize that you probably will have to make difficult choices. For example, if you decide to save a certain amount each month for your son's college education, don't use the money to pay for his soccer camp this summer. Put discretionary expenses on hold until you've provided for your important financial goals. However, remember that your family's basic needs — housing, food, and health care — always take precedence.

Step 3: Enlist Help

Teamwork can help. Be sure to work with your spouse or significant other to identify and prioritize your financial goals. Otherwise, you may find that you're working to achieve conflicting goals and, ultimately, accomplishing nothing. Discuss long-term plans with your children and make them part of the decision-making process. It will help them learn money management skills, and it will help them understand why certain choices are being made. For example, the reason they can't spend $150 for sneakers: You're saving for their college tuition!

A HOLIDAY GIFT FOR YOUR TEEN: DON'T OPEN 'TIL 2067

What kind of holiday gift may benefit your child 50 years from now? A contribution to a Roth individual retirement account (IRA) has the potential to become a source of retirement income long after this year's latest video game console is part of a landfill.

Is Your Teen Eligible?

To open a Roth IRA, your child must have earned income equal to the amount contributed to the Roth. In 2017, the maximum contribution is your child's earned income for the year or $5,500, whichever is less. Income from a part-time or summer job or from odd jobs, such as babysitting or yard work, qualifies. And the good news is teens don't have to use their own money to fund the IRA. As long as your child has earned income, anyone can contribute the funds.

Retirement and More!

A Roth IRA can help with more than just retirement savings. Since they're made after taxes have been taken out, contributions to a Roth IRA can be withdrawn tax free. Earnings generally can't be withdrawn prior to age 59 ½ without payng tax and a 10% penalty. But there are exceptions. Earnings may be withdrawn penalty free—but not tax free—when money is used for college expenses. And, after a five-tax-year holding period, up to $10,000 of earnings may be withdrawn tax and penalty free to pay first-time homebuying expenses.

(continued)

A HOLIDAY GIFT (continued)

A Flexible Investment

One advantage of a Roth IRA is that minimum withdrawals aren't required during the account owner's lifetime. If your child doesn't need the money for retirement or another purpose, the account can potentially keep growing income tax free for years to come. When passed to a future generation, a Roth IRA retains its tax advantages, although beneficiaries generally must take annual required minimum distributions.

Beyond Teens

Your child doesn't have to be a teen to be the recipient of a Roth IRA. Children who earn money from odd jobs are also eligible. Just be sure your child keeps good records and declares any income at tax time that doesn't come from a salaried job. *Be sure to consult a professional before taking action.*

SOCIAL SECURITY CHECKS ARE GOING UP 2 PERCENT IN 2018!

In October, the Social Security Administration announced a 2% benefit increase for 2018. According to the SSA. "Monthly Social Security and Supplemental Security Income (SSI) benefits for more than 66 million Americans will increase."

"The 2% cost-of-living adjustment (COLA) will begin with benefits payable to more than 61 million Social Security beneficiaries in January 2018. Increased payments to more than 8 million SSI beneficiaries will begin on December 29, 2017. (Note: some people receive both Social Security and SSI benefits) The Social Security Act ties the annual COLA to the increase in the Consumer Price Index as determined by the Department of Labor's Bureau of Labor Statistics."

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History of Automatic Cost-Of-Living Adjustments (COLA)

The purpose of the COLA is to ensure that the purchasing power of Social Security and Supplemental Security Income (SSI) benefits is not eroded by inflation. It is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) from the third quarter of the last year a COLA was determined to the third quarter of the current year. If there is no increase, there can be no COLA.

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The CPI-W is determined by the Bureau of Labor Statistics in the Department of Labor. By law, it is the official measure used by the Social Security Administration to calculate COLAs. Congress enacted the COLA provision as part of the 1972 Social Security Amendments, and automatic annual COLAs began in 1975. Before that, benefits were increased only when Congress enacted special legislation. Beginning in 1975, Social Security started automatic annual cost-of-living allowances. The change was enacted by legislation that ties COLAs to the annual increase in the CPI-W. The change means that inflation no longer drains value from Social Security benefits. *Source: Social Security Administration, https://www.ssa.gov/cola/*