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FINANCIAL NEWS DIGEST

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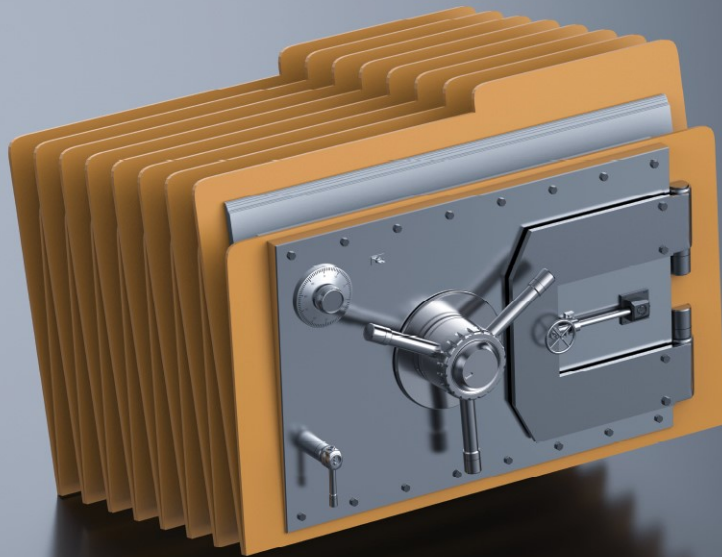


MONEYLINE

Protecting Documents Before Disaster Strikes

Courtesy of Horizon Wealth Strategies, LLC

There's no worse time to lose access to the documents you'll need to rebuild your life than in the aftermath of a natural disaster.

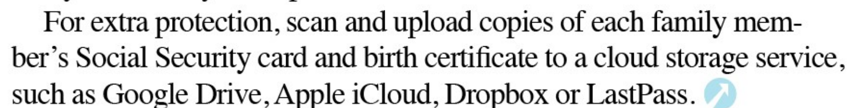
To prevent a document disaster on top of the natural one, you'll need to secure important papers.

Documents that are hard to replace typically are those used for identification, such as Social Security cards, birth certificates, passports, marriage licenses and divorce decrees. Securing those is crucial because you may need some of them to access your bank accounts and insurance policies.

These documents should be securely stored in a fireproof home safe or in a safe deposit box at your bank or credit union. Call to make sure your bank or credit union has safe deposit boxes available, because some have decided to eliminate them altogether.

Keep the key to the safe deposit box somewhere safe and accessible. Banks don't keep spare keys on hand for safe deposit boxes, so if you lose your keys, a locksmith will more than likely be called in to drill into your box at your expense.

For extra protection, scan and upload copies of each family member's Social Security card and birth certificate to a cloud storage service, such as Google Drive, Apple iCloud, Dropbox or LastPass.



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Everyone should consider having two bank accounts: A checking account for paying bills…and a savings account for emergencies, such as health-care needs or job loss. Couples need at least three accounts—one for each partner and one combined account. Partners should discuss how much money each of them should put into the comingled account. If you use a debit card, open a separate account tied to it – that way, if the card gets stolen, your entire checking account is not at risk.
Source: Clark.co

Retirement business ideas to consider: *Become a financial adviser* if you meet the educational and licensing requirements and have done well with your own money. *Be a consultant* if you are an expert in your field and well-connected with a network of companies. *Help startup companies with administrative tasks* if you have expertise in marketing, accounting, finance or other skills. *Become a landlord* if you can afford to buy properties and enjoy the idea of managing them. *B uy an existing business* if you find one in a field that you like that currently has clients. *Become a franchisee* for a company such as 7-Eleven, the UPS Store, Sonic Drive-in Restaurants or Great Clips. *Become an angel investor* if you want to help someone make a company successful and potentially receive a substantial payoff.
Source: NewRetirement.com

"The borrower is servant to the lender."
—Solomon

The Upside Of A Downturn

By Jill Schlesinger, Tribune Content Agency

With prices high and recession fears swirling, Americans are nervous. Instead of feeling helpless, now is a good time to highlight six potential upsides of a downturn in both the economy and financial markets.

1. Emergency Reserve funds are cool again. A self-funded safety net can be the difference between tossing and turning and getting a good night's sleep.

So, while the economy is still growing, make sure that your emergency reserve fund can cover 6-12 months of living expenses. If you're already retired, increase it to 1-2 years' worth of expenses, to avoid being forced to sell assets at lower levels just to pay the bills.

2. Reducing credit card (or any high interest) debt may be the best investment of 2022. The idea of paying down a 15-20% credit card balance is even more compelling when financial markets are in disarray.

You may find that the return that debt pay down delivers is not just good for your balance sheet, it could end up being your best investment of the year.

3. Ongoing contributions make you bold. It's tough to be brave about investing amid a market collapse. That's why putting a set amount of money into a portfolio, like you do when you contribute to an employer-based retirement plan, can help you sock away your hard-earned dollars, even when you would really prefer to stash your cash under the proverbial mattress.

4. Roth conversions are more compelling. If you have a traditional (pre-tax) retirement account, market losses may make a conversion into a Roth a little less burdensome. As an example, if the account was worth $10,000 at the beginning of the year and is now worth $7,500, a conversion today would add less to your taxable income.

Ideally, whatever you convert keeps you in a reasonable tax bracket and for this to work, you need to have non-retirement funds available to pay the tax due.

Roth assets grow tax-free and when you retire and withdraw the money, there will be no tax due. Because Roth plans are not subject to Required Minimum Distributions (RMDs), you can use them to help control future taxation of Social Security benefits and/or increased costs of Medicare, which are income tested.

5. Your job may be a ballast against uncertainty. The current labor market remains strong, despite reports of some former growth companies pulling back on hiring.

That said, if a slowdown is coming, consider up-skilling yourself, either through free platforms, or see if your company will foot the bill for a certificate program. Don't forget to spend time on your network so that it can be activated if your situation changes.

6. Side hustles could come in handy. During the pandemic, many people found time to create another stream of income — on the side. These side hustles became a way to make a little bit of money, while also being a way to channel creative energy. Many who idled these projects should consider firing up their side hustles to bring in extra income and to exert some control over their financial lives.

Who Can Still Stretch An Inherited IRA

By Rivan Stinson, Kiplinger's Personal Finance

The SECURE Act of 2019 introduced many significant changes to retirement plans in the United States, including the elimination of the so-called "stretch" IRA for many non-spouse beneficiaries.

It used to be that if you inherited, say, an IRA from a deceased parent, you could stretch the disbursements from that account over your lifetime. Doing so amplified the tax-advantaged growth potential of the funds in the account. Under the SECURE Act, you're required (with certain exceptions) to take those distributions — and pay tax on them if it's a traditional IRA — over a period of 10 years.

Like other aspects of the SECURE Act, this change has confused many retirees and beneficiaries. IRA expert Ed Slott regularly discusses the law's implications on his website and in other venues. He has outlined the following implications of the SECURE Act.

The SECURE Act eliminated the stretch IRA for most beneficiaries because Congress wanted to collect income taxes on IRA inheritances faster. Under the 10-year rule, a beneficiary can choose not to withdraw funds from the inherited IRA within the first nine years after the death of the IRA owner; however, by the end of the 10th year, they will have to withdraw all the funds remaining in the account and pay taxes on the distribution.

However, some beneficiaries, known as eligible designated beneficiaries (EDBs) can still use the stretch IRA. EDBs are allowed to extend the required minimum distributions (RMDs) over their expected life based on their age in the year after the death of the IRA owner. The withdrawals would be required yearly and would be determined by IRS' actuarial tables. With a traditional IRA, that would result in tax due each year on the distributions.

If the account owner dies before the required beginning date (RBD) (which means the owner was not required to take RMDs yet), an EDB could elect the 10-year rule. (Some beneficiaries might find an advantage in not being required to take distributions for nine years.) However, upon making this election, the stretch option would no longer be available.

The following individuals are defined as EDBs:

- Surviving spouses
- Minor children of the account owner until age 21 (grandchildren don't qualify)
- Disabled individuals, as defined by IRS
- Chronically ill individuals
- Individuals not more than 10 years younger or older than the IRA owner

If you are a designated beneficiary and inherited prior to 2020, you are considered to be an EDB and can use the stretch option. EDB status is established on the date of the account owner's death and cannot be changed. You should always reach out to your tax advisor before making any decisions.

"So far I've got $900 saved for my retirement plus 250,000 little packets of sugar, ketchup and crackers."

Worried about counterfeit gold? Buy American Eagle one-ounce gold bullion coins—not gold bullion bars, advises Scott A. Travers. Chinese fraudsters are producing impressive counterfeit gold bars from tungsten, which shares gold's specific gravity. One-ounce American Eagle bullion coins, produced by the US Mint, are safer than bars. Purchase the coins in person from a reputable dealer, and ask him/her to use a Sigma Metalytics electromagnetic-wave tester in your presence.
Source: USGoldExpert.com

Watch out for "shrinkflation." Manufacturers hope that customers won't notice they're paying the same amount for less product if they keep the outside package the same size "shrinkflation.' *Example:* A tube of toothpaste that previously held 7.2 ounces now contains only five ounces of toothpaste—but the tube is the same size. *Self-defense:* Check unit pricing—the retail price of the item per unit, such as per ounce. Consider buying store brands, which cost less than nationally advertised brands. Beware especially of products marked "new and improved"—the phrase often means that the package is new and contains less product or costs more.
Source: Clark.com

"The safe way to double your money is to fold it over once and put it in your pocket."
—Frank Hubbard

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Social Security Claiming Strategies For Couples

By David Rodeck, Kiplinger's Personal Finance

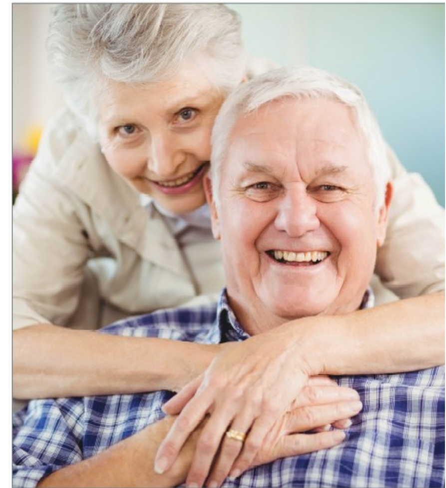
If someone offered you a million bucks, chances are you'd want to get the best use of this windfall.

Since it's listed as a monthly benefit, it doesn't seem like a big amount. Yet for a couple to generate that payment in, inflation-adjusted lifetime income, they might need a portfolio north of $1.5 million.

Here are some things worth knowing for couples—married or divorced.

There are three potential Social Security benefits for married people: the one based on an individual's own work history; a spousal benefit, which can be up to 50% of what a higher-earning spouse receives at full retirement age (67 for those born in 1960 or later); or a survivor benefit worth up to 100% of a deceased spouse's last payment. You are entitled to only one benefit at a time, and you can claim a spousal benefit only if your spouse has filed for Social Security.

Retirement benefits are reduced by as much as 30% if you claim Social Security at the earliest age possible—62—rather than your full retirement age. And for every year you delay benefits beyond your full retirement age, your benefit will increase 8% before maxing out at age 70.



Many retirees claim as soon as possible figuring they should get something while they can but doing so locks in a smaller benefit for the rest of their life.

Of course, there's no single "right" time to claim Social Security. The ideal age generally depends on your marital status, health and the need for retirement income.

If divorced, you may be eligible for a spousal or survivor benefit based on your ex's earnings history when you retire. The marriage must have lasted at least 10 years and you cannot have remarried.