Fall 2017 Edition

L&M FINANCIAL NEWS

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L&M Profile

L&M "*We Show Up!*"

L&M Financial representatives have been providing benefit programs and financial services to individuals, families, and small businesses since 1972, and through their affiliation with Securities America, Inc. since 2007. But we're not simply a team of financial planners managing money. We are trusted advisors, life coaches, and loyal partners. We truly care about our clients' well being. And we strive to build long-term relationships with each and every one of them. In other words, "we show up." By showing up, we help our clients make smart financial decisions – so they can enjoy life and focus on what matters most.

Through our offices in Buffalo, Rochester, and Binghamton, our nearly 100 employees and representatives, and the latest in technology, we offer our clients guidance that is consistent with their goals for the future. For more information, contact us at 716-839-1234 or 800-326-8410, or visit us online at www.lmfs.net.

Factor in more than your money as you start thinking about retirement

Think of retirement as a 3-legged stool. To fully enjoy it and all its wonderful potential, you have to strike a balance between your state of mind, your health, and your financial resources. Here are a few questions to consider that may help you decide when the time is right to transition to this next phase in your life.

What will you do to stay active in your retirement?

Whether you earn your daily bread in an office, plant, school, hospital, family business, or other place of employment – retirement will immediately press the question of what you're going to do when you wake up in the morning without a job to go to. As they say, be careful what you wish for!

Ride a bike, sink a putt, plant a bulb, see the sights – that could be just the ticket. You may be one of those lucky people who are never bored and are always able to stay active and happy. A recent study by a U.C. Berkeley professor revealed that many retirees experience a honeymoon period shortly after retirement. However, that soon fades and is often replaced by a case of the blues. On a twist of the old saying, all play and no work make Jack or Jill dull retirees.

What to do? Many retirees return to work in some capacity, not because they have to, but because they want to. Why? To stay mentally, physically, and socially active – three features of the "state of mind" leg of retirement. And others volunteer with non-profit groups in which they have a stake for the same reasons.

Bottom line: staying physically, mentally, and socially active has been proven time and again to be essential to happiness.

Will your health allow you do all the things you want?

As they say, "as long as you've got your health," everything else is secondary. But how many times have you seen someone retire only to suddenly get sick? That's why it's so important to take your health – and your health insurance – into account in deciding when to retire.

Some people are forced to retire early because of health issues. Does your job take a toll on

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Glossary

Catch-up Contribution

A type of retirement savings contribution that allows people over age 50 to make additional contributions to their 401(k) and / or individual retirement accounts.

Individual Retirement Account (IRA)

A personal retirement account set up by an employed person with an annual contribution that may be tax-deductible; earnings are taxed when withdrawn. Withdrawals can can start at age 59-½ (there is a penalty for withdrawal before that age) but must begin by age 70-½.

Roth IRA

An IRA that is funded with non-deductible contributions; but not taxed upon withdrawal.

Medicare

The federal health insurance program for people who are 65 or older, certain younger people with disabilities, and people with End-Stage Renal Disease (permanent kidney failure requiring dialysis or a transplant, sometimes called ESRD).

Millennial Generation

The demographic cohort with the early 1980s as starting birth years and the mid-1990s to early 2000s as ending birth years. The Millennial Generation is generally marked by an increased use and familiarity with communications, media, and digital technologies.

Age 50 or older? Make a "catch-up" contribution to your retirement plan.

If you're behind on saving for retirement and you were born in 1967 or earlier, IRS rules allow you to start contributing even more before-tax money to your retirement plan – even if your 50th birthday isn't until December 31, 2017!

For investors with 401(k), 403(b), and 457(b) Plans

If you're in a 401(k) plan, you can already contribute up to $18,000 a year pre-tax. But the catch-up provision allows you to sock away another $6,000 before taxes – a total of up to $24,000! The same allowances apply to 403(b) accounts for employees of schools and non-profits, 457(b) plans for government workers, and to solo 401(k)s for the self-employed.

Tip: Some 403(b) plans allow eligible employees with at least 15 years of service to potentially add up to $3,000 in additional elective deferrals each year, even if you're not 50 years old yet.

Roth and Traditional IRA Plans

Money contributed to Roth IRAs is not tax deductible, but withdrawals in retirement are tax-free. The 2017 contribution limit for both Roth and Traditional IRAs is $5,500, but the IRS also allows individuals with these plans to contribute an additional $1,000 as "catch up" contributions. That's $1,000 more than the limit for the under-50 crowd. Just note that other eligibility rules still apply, so consult with your L&M financial advisor if you have any questions.

Tip: Unlike traditional IRAs, you can make contributions to your Roth IRA after age 70 ½, and, you can leave amounts in your Roth IRA as long as you live.

Simple Plans, SEP Plans, and Health Savings Accounts

The 2017 contribution limit for SIMPLE IRA plans is $12,500, with an additional $3,000 as a catch-up limit: a total of $15,500. SEP Plans, on the other hand, do not have a catch-up provision. But if you have a Health Savings Account, you are in luck. You can make $1,000 a year extra in pre-tax catch-up contributions to your HSA, but you're not eligible to make those until you're 55.

Bottom line – catch up but read the fine print. Watch for different catch-up rules for different types of retirement accounts. But don't let that stop you from taking advantage of this boon to your retirement savings. Note that the contribution limits listed above are maximums. Ask your L&M financial advisor for more information.

Fall 2017 Quiz

Answer all three questions correctly and you'll be entered to win a certified kosher, cinnamon walnut *My Grandma's of New England* coffee cake delivered right to your door. Email your answers to quiz@lmfs.net or print them on the enclosed reply card and submit by October 11th to be eligible.

1. How many times do the words "The United States of America" appear on a $100 bill?
2. When and where did the term "millionaire" first appear?
3. According to Forbes Magazine, four of the five richest people in the world are from the United States. Who is the one non-US citizen and where is he from?

Summer Quiz Answers:

1. The Revenue Act of 1913
2. Civil War
3. 94%

The Financial *funnies*

Mother had decided to trim her household budget wherever possible, so instead of having a dress dry-cleaned she washed it by hand.

Proud of her savings, she boasted to my father.

"Just think, Fred, we are ten dollars richer because I washed this dress by hand."

"Good," my dad quickly replied. "Wash it again!"

"I can't afford to die; I'd lose a fortune."

– George Burns

Recipe for Success

Cinnamon Baked Apples

Ingredients

1 teaspoon butter
2 tablespoons brown sugar
3 teaspoons vanilla sugar
3 teaspoons ground cinnamon
1 teaspoon ground nutmeg
6 large apples – peeled, cored, and sliced
3 ½ tablespoons water

Directions

Preheat oven to 350 degrees F (175 degrees C). Grease a large baking dish with the butter.

Mix brown sugar, vanilla sugar, cinnamon, and nutmeg in a small bowl.

Layer about ⅓ of the apples in prepared baking dish; sprinkle with ⅓ of the sugar mixture. Repeat layers twice more.

Bake in preheated oven for 30 minutes.

Pour water over apples and continue baking until tender, about 15 minutes more.

Perfect for a cool fall night!

3 Tips To Help Millennials Save Money for Retirement

Q: "How many Millennials does it take to screw in a lightbulb?"
A: "One. He holds it in place while the world revolves around him."

If you think the gist of this joke is that Millennials act entitled, you could flip it by saying that's just a half-full take on their confidence and optimism.

No matter how you look at the generation that came of age at the turn of the century, Millennials have time on their side when it comes to financial planning. Here are some tips to help the Millennial in your life make the most of his or her retirement savings.

1. Leverage compound interest by investing early and regularly

If you're a Millennial yourself, the first place to focus is on how much money you'll need by the time you retire. (There are dozens of online retirement calculators that can help you determine this number.) As an action step, just figure out how much you'll need, then adjust your savings accordingly.

Here's an easy example that shows how investing early and consistently makes money grow. If you were to invest $6,000 a year for 30 years ($180,000) with a return of 6%, you'd end up with $503,000. That's the power of compound interest.

2. Consider a Roth IRA

A Roth account could be ideal for someone early in their career, working under the assumption

that they're earning less now (and therefore paying a lower tax rate) then they will be when they withdraw the money later in life. Here's why.

Traditional 401(k)s and IRAs allow you to contribute money tax-free but you have to pay taxes when you eventually withdraw the money to pay for expenses in retirement.

A Roth IRA reverses the taxation sequence. Your contributions into the account are taxed, but your withdrawals are not (assuming you meet all the qualifications).

3. Take advantage of your employer match

Most employers who offer a 401(k) plan will match at least some of your contributions.

Typically, employers will match your contributions up to a certain amount – say, 5% of your salary.

Ask your HR department for information, and once you find out how much your employer will match, make sure you're contributing at least that much each year. If you don't, you're throwing away free money!

L&M by any other name...

Many companies offer insurance, financial planning, or advice on investing in the stock market. But representatives of L&M are experienced not only in these three areas, but in many more as well. L&M Financial representatives have been providing a broad range of financial planning and benefits programs to many people across New York State since 1972.

Available products and services are:

- Financial and estate planning
- Long-term care planning
- Pre- and post-retirement counseling
- Tax-favored investments
- Mutual funds
- Equities
- Life insurance
- Disability insurance
- Group insurance
- Funding for education
- 401(k)
- 403(b) Tax Sheltered Annuities
- 457(a) Deferred Compensation
- Individual Retirement Accounts
- Third party administration/ payroll deduction services

L&M representatives offer workshops, seminars and, of course, individual meetings in an effort to educate you about effective ways to help establish a secure financial future.

Resources to Help You

Retirement planning is hard work. That's why we've put together some resources for you online. For tips and information related to this topic, go to www.lmfs.net/resources and click on Articles of Interest in the left-side navigation. Here are a few sample headlines:

• Transferring IRA Money to a Health Savings Account

• Think You Can Phase Into Retirement? Think Again

• The Advantages of a Tax-Free Transfer From an IRA to Charity

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L&M FINANCIAL

L&M Gives Back to the Community

Among the causes L&M supported this past summer were the Leukemia & Lymphoma Society; and benefitting Roswell Park Cancer Institute, the Ride For Roswell and The Gerry Gentner "Just Show Up" Memorial Golf Tournament.

June 23/24 – The Ride For Roswell. *(Left) Ruth and Gregg Lipsitz with event founder Mitch Flynn at the Ride Opening Ceremony at UB. (Above) L&M Financial Advisor and top fundraiser Matthew Burwick (l) and Dominick Lanuti rode in honor of Matt's mother.*

August 1 – Leukemia & Lymphoma Society pancake fundraiser. *Attendees included (l to r) Kathy Hook, Deidre Batson-Briggs, and Jamie Cuthbert.*

August 13 – The Gerry Gentner "Just Show Up" Memorial Golf Tournament. *100 golfers played to benefit Roswell Park. Above left: Paul Pass, Matthew DeVincentis, Joe Lipsitz, Gregg Lipsitz, and Russ Lipsitz. Above right: Sally Gentner, Laura DiGiulio, Jackie DiGiulio, Judy Campbell, and Caroline Anderson.*

Thinking About Retirement

Continued from Cover

your mind or body? Hold that thought close as you contemplate retirement. You don't want to retire only to have to focus all your energy on your health.

Bottom line: carefully assess your health and the cost of health care when making the decision about when to retire.

Your money: what's the magic number?

How much money do you need to have a successful retirement? Factor in your life expectancy (There's a good calculator at www.ssa.gov.) Factor in your sources of income – savings, pensions, IRA or 401(k) accounts, and social security are typical for many Americans. And then factor in your cost of living.

One rule of thumb is that you'll probably need 70 - 80% of your current income to maintain your standard of living. A second is that you should only withdraw less than 5% of your retirement nest egg each year to avoid running out of money. (Keep in mind that inflation and interest rates and a myriad of other variables may affect that number.)

Bottom line: there is no magic number for retirement savings. But knowing your sources of income, deferring social security benefits as long as you can, and consulting with your L&M financial advisor can help you plan ahead.

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www.lmfs.net