THE ADVANCED CONNECTION

February 2020

ADVANCED WEALTH MANAGEMENT

2020 Update: Increased 401(k) Contribution Limits

Happy New Year! A new decade is underway, and with it, new rules regarding retirement accounts. One of those changes is that 401(k) contribution limits are increasing, from $19,000 in 2019 to $19,500 in 2020. For those age 50 and older, the catch up contribution limit is also increasing from $6,000 to $6,500. As a result, people who are already maxing out their 401(k) contributions each year will be able to save more towards their retirement goals going forward.

For those who do not max out their 401(k) each year, but instead choose to defer a portion of each paycheck, we suggest you consider making a New Year's resolution to increase your contribution just a little bit. An increase of 1%, for example, is unlikely to disrupt your budget too severely—you may even find you don't notice those extra dollars missing each month! But what may seem like a small amount now can have a significant impact on your 401(k) balance in 10 or 20 years.

Furthermore, you can revisit this idea annually. If you can increase your retirement savings a little bit each year, you can ease your way up to a level of savings that might otherwise seem unmanageable at the outset. Your future self will thank you!

Traci on the Board of the Financial Planning Association

We are very excited to announce that Traci has been elected to the Board of Directors of the Financial Planning Association of Oregon and Southwest Washington! Nationally the FPA is the largest member organization in the financial planning field and has played a very important role in the advancement of financial planning as a profession. Our local Oregon and SW Washington chapter is one of the most active chapters in the country, and it has a strong reputation as a trusted resource in the Portland community. FPA provides member benefits for financial professionals including conferences, events, continuing education, and networking. In addition, locally the organization provides pro bono financial planning services and other community support, both directly to the public and through collaboration with other non-profits.

Traci was elected by the members at the annual meeting in November, and on January 1st she officially started her new role as Membership Director. We are excited that she received this honor, and also appreciative of the volunteer time and effort that the role requires. Bob and Ted know first-hand how serving on this large and active board can be demanding, as they both served on the FPA board in the past as board members as well as president and chairman.

Congratulations Traci, and thank you for your work advancing the financial planning community!

Another Honor for Our Team!

Ted was once again named as a Best-In-State Wealth Advisor by Forbes Magazine!* This honor is truly a reflection of our entire team here, and the wonderful clients that we serve. Click here to read more.

Investor360°

Tax Documents for Your Investment Accounts

You can access tax documents related to your accounts in Investor360° before they arrive in the mail! Click the button above to log in to your accounts, and as always, give us a call if you need help getting logged in.

Tax documents are being processed, and you should receive all your documents by the end of February. If you have a non-retirement brokerage account with National Financial Services, it is important to be aware that you could be issued revised Form 1099 tax documents. We encourage you to consider delaying filing your taxes until closer to the April 15th deadline, to avoid the possibility of needing to refile your return due to a corrected 1099.

If you have any questions, please reach out to our office. We are here to help!

HALEYS' COMMENTS

The SECURE Act & You | Bob Haley

At almost the very last moment, the 2019 Congress passed a new tax bill, which is called (for some reason) the SECURE Act. There were changes in the College Savings Plans (529 Plans), which we will discuss in a later newsletter. There were other provisions which affect taxpayers and investors, but we will deal here with the changes in Required Minimum Distributions (RMDs) and inherited IRAs.

The age to start the RMDs has been raised - a bit. Under the old law, one had to start withdrawing a specified minimum amount in the year in which the taxpayer turned 70 1/2. Now, under the SECURE Act, one must take the first RMD in the year in which they turn 72. No longer do those born July 1st and later in the year get to delay their RMD to the next calendar/tax year.

Who does not get the benefit of this change? Individuals who turned 70 1/2 in 2019 or earlier.

The RMD change is a timing issue and not, in the grand scheme of things, that big a deal. But what happened to inherited IRAs is...major!

Under the old rules, when a non-spouse inherited an IRA/401k-type of account, they could keep the tax deferral for the rest of their lives, subject to an RMD requirement of a formulaic amount each year. Under the Secure Act, beneficiaries other than spouses must completely empty out their inherited retirement plan accounts within 10 years. They can take it evenly over 10 years, or sporadically, or all at once at any time, but by the time 10 years has passed the entire inherited IRA/401k-type account needs to have been distributed.

This changes significantly the estate planning options available to people with young children, and/or those with very large IRA/401k-type accounts. We will work with each of you to help you understand how best to address this issue. We will do this the next time we have an in-depth review of your financial life. If you would like to discuss this sooner, please reach out and schedule an appointment, in-office or by phone.

Time to Revisit Your "Set it and Forget it" Plan? | Ted Haley

The early months of the year are traditionally a great time to review our goals and to make sure we are on track to achieve them. Every family's financial plan is a little different, but people often like to look for "golden rules" around which to plan their financial goals. Here at Advanced Wealth Management we feel there are very few actual golden rules that apply to every situation, but there are some good goals that would benefit most people. I was recently quoted in a Yahoo Finance article entitled *4 Expert-Approved Rules to Make the Most Money in the New Year*. If you are interested you can click here. It is a fairly short read, and has some good targets for most people, such as aiming to save 10% of your salary (that is often including the employer match in a retirement plan, if available), keeping six months' worth of living expenses in an emergency fund in a bank, and keeping your housing expenses less than 30% of your take-home pay. It also highlights the benefits of automating your finances, such as automatic payments to pay off credit cards and monthly savings into bank or investment accounts.

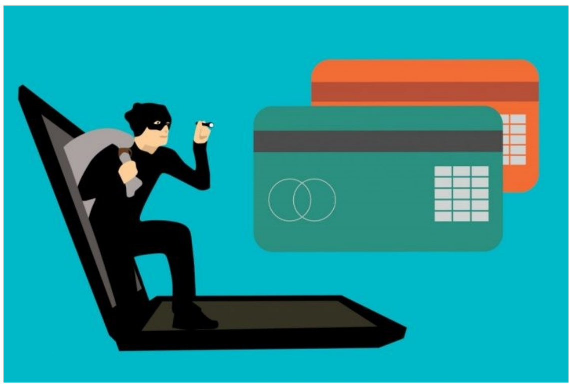
We agree with and support all the ideas discussed in the article, but we actually see that last point of automation trip people up from time to time. Many times people set up an automatic plan, such as deferring a certain amount to their retirement plan at work or an automatic transfer to their savings account, but then fail to revisit the decision with enough frequency. It is an easy pitfall to make a great decision and then mentally check that box and think the task is complete. That can mean that as our lives change, incomes increase, and expenses change, we can miss opportunities to improve and optimize our plans. So, with New Year's resolutions and upcoming spring cleaning, we would encourage you to revisit your plans, your savings, your expenses, and your automated finances, to ensure that you are on the best possible path to make 2020 your best financial year yet!

Connect with Bob

Connect with Ted

Connect with Traci

Identity Theft



The following tips and suggestions are written from Veronica's personal experience when someone used her Social Security number online in December 2018 to try and open credit cards for Amazon, Kohls, and Samsung Financing. Almost 2 years later she is still closely monitoring her mail and checking her credit report because unfortunately her Social Security number will always be compromised.

What can you do if this happens to you?

Check your mail regularly and carefully to be aware of companies trying to notify you that someone is trying to use your credit (even if it looks like junk mail, open it). If your Social Security number has been compromised, criminals will try to open accounts in your name online, but if the creditor cannot verify your information hopefully they will send a letter to notify you.

Make sure your contact information is up to date with your financial institutions. There is a better chance they'll reach you if they suspect fraud or a problem arises.

Also, keep a close eye on your credit by requesting a free credit report once a year at https://www.annualcreditreport.com. If you find suspicious activity, you can freeze or secure your credit at no cost with the three major credit bureaus.

If you believe you are a victim of identity theft or your Social Security number is compromised you can also notify the IRS using their form "Identity Theft Affidavit" or "Form 14039". The IRS will respond with a letter to your mailbox acknowledging your claim and will place an identity theft indicator on your tax account to monitor activity and help prevent future fraud.

How We Prepare for a Meeting & How You Should Too!

Thanks to technology there are many ways that our office can facilitate a successful meeting, be it in person, by phone, or via screen sharing. Regardless of how we talk, before each conversation there is a lot of behind-the-scenes work that takes place to ensure we are prepared to have a productive meeting that we hope will leave you feeling confident and in control of your financial life.

One of the first things we do when we prepare for your meeting is to conduct a full review of your accounts. We review your files for administrative accuracy and take a deep dive into recent conversations and correspondences to see if there are any changes to your financial life that evoke new topics for discussion or possible changes to your investment strategy. We then create an agenda of topics we hope to cover with you.

We strive to make your annual meeting a holistic review of your entire financial life, not just your investment accounts. We encourage you to prepare for our meetings by reflecting on what changes, big or small, have happened in your financial life since we last spoke and to get excited about your financial goals, so we can help you craft a plan to get there.

Click here to visit our website

Mailing Address

Please send all correspondence to our office address: 10220 SW Greenburg Road, Suite 210, Portland, OR 97223. If you still have our old PO Box address, please delete that and update your records. Thank you!

Find us on Facebook

Office Closures

President's Day
February 17th

Memorial Day
May 25th

Independence Day
July 3rd

Labor Day
September 7th

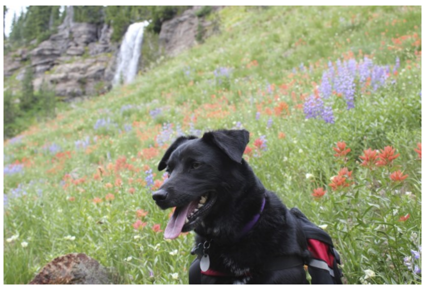
Thanksgiving
November 26th & 27th

Christmas
December 25th

Pets of AWM

February 20th is National Love Your Pet Day. To celebrate this day, we are sharing with you the beloved pets of our AWM team. We'd love to see pictures of your pets — Send us a photo via email or share with us next time you visit us in the office!

Lucy the Westie, Veronica's dog

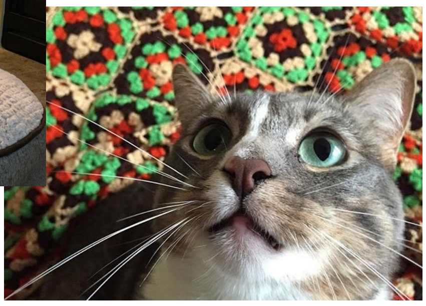


Kona, Ted and Lindsey's dog

Turbo & Diesel, Linda's granddogs

Moose, Reanna's dog

Brooks, Traci's dog



Cooper, Reanna's cat

Advanced Wealth Management
10220 SW Greenburg Road, Suite 210
Portland, OR 97223

Phone: (503)452-9300
www.advwealth.com
Hours: 7:30am—4:30pm, M-F

Disclosures

Securities and advisory services offered through Commonwealth Financial Network, member FINRA/SIPC, a Registered Investment Adviser. Financial planning and advisory services offered through Advanced Wealth Management, a Registered Investment Adviser, are separate and unrelated to Commonwealth.

*The 2020 ranking of the Forbes' Best-in-State Wealth Advisors[1] list was developed by SHOOK Research and is based on in-person and telephone due-diligence meetings to evaluate each advisor qualitatively and on a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria (including assets under management and revenue generated for their firms). Overall, 32,000 advisors were considered, and 4,000 (12.5) percent of candidates) were recognized. The full methodology[2] that Forbes developed in partnership with SHOOK Research is available here.

[1] *This recognition and the due-diligence process conducted are not indicative of the advisor's future performance. Your experience may vary. Winners are organized and ranked by state. Some states may have more advisors than others. You are encouraged to conduct your own research to determine if the advisor is right for you.*

[2] *Portfolio performance is not a criterion due to varying client objectives and lack of audited data. SHOOK does not receive a fee in exchange for rankings.*