



# MOLDENHAUER & ASSOCIATES

## JANUARY NEWSLETTER

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Welcome to the New Year. Hopefully, it will be a better year for everyone. 2021 was an unusual year with many ups and downs for most Americans. Our business had a good year but along the way we, too, had a few concerns. With optimism we are eager to see 2022 progress.

As we enter the year, we have the return of COVID. Let's all be careful and practice common sense prevention and safety procedures. This is a critical period. Hopefully, the spike being felt in WNY will subside soon, as is predicted.

The office is in the middle of remodeling the upstairs. When completed, we will have better space planning and a better work environment for those on the second floor.

Our newest advisor, Keith Whitcomb, is fitting in well with the existing team. We expect, with his extensive and relevant experience, that he will be a great addition.

We plan to restart our educational dinner seminar programs as soon as the COVID spike diminishes. Last fall, I encouraged clients to review planning in anticipation of proposed new tax rules. If you have not had a discussion with your advisor, this is an excellent time to consider that review.

With the worst of winter ahead of us, please drive safely and protect yourself from both the flu and COVID.

*Richard Moldenhauer*

Richard Moldenhauer



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## IRA DEADLINES ARE APPROACHING

*Here is what you need to know.*

Financially, many of us associate the spring with taxes – but we should also associate December with important IRA deadlines. This year, like 2021, will see a few changes and distinctions.

December 31, 2022, is the deadline to take your Required Minimum Distribution (RMD) from certain individual retirement accounts.

April 15, 2022, is the deadline for making 2021 annual contributions to a traditional IRA, Roth IRA, and certain other retirement accounts. This extension from the traditional April 15 deadline follows an extension of the traditional tax deadlines.<sup>1</sup>

Some people may not realize when they can make their IRA contribution. You can make a yearly IRA contribution between January 1 of the current year and April 15 of the next year. Accordingly, you can make your IRA contribution for 2022 any time from January 1, 2022 to April 15, 2023.<sup>1</sup>

A person can open or contribute to a Traditional IRA past age 70½ as long as they have taxable income.

If you are making a 2022 IRA contribution in early 2023, you must tell the investment company hosting the IRA account for which year you are contributing. If you fail to indicate the tax year that the contribution applies to, the custodian firm may make a default assumption that the contribution is for the current year (and note exactly that to the I.R.S.).

So, write “2023 IRA contribution” or “2022 IRA contribution,” as applicable, in the memo area of your check, plainly and simply. Be sure to write your account number on the check. If you make your contribution electronically, double-check that these details are communicated.

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*Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC*

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#### Citations

1. irs.gov, November 5, 2021

## THE POWER OF THE CONSUMER

*In recent months, consumer confidence has been falling.*

A confident consumer can be a powerful ally in an economy. But when the consumer starts to have questions, we can measure consumer confidence in everything from retail sales to home buying to the personal savings rate.

In recent months, consumer confidence has been falling as inflation expectations have been rising. So, if inflation slows, does that mean the consumer will regain confidence? It's possible, but other factors can influence consumer confidence, including perceptions of COVID-19.<sup>1,2</sup>

When the consumer does regain confidence, we may expect it to be a powerful force driving economic growth. Many may base the 2022 U.S. economic outlooks on a rebound in consumer confidence, leading to increased spending.<sup>3</sup>

In some ways, the only consumer confidence that matters is yours. Are you optimistic about 2022, or do you have concerns or doubts that are holding you back? We look forward to hearing from you.

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The forecasts or forward-looking statements about the 2022 economy are based on assumptions, subject to revision without notice, and may not materialize.

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#### Citations

1. SCA.ISR.UMich.edu, November 2021
2. Conference.Board.org, November 2021
3. MorganStanley.com, November 22, 2021



## **BAD MONEY HABITS TO BREAK**

### *Behaviors worth changing.*

Do bad money habits constrain your financial progress?

Many people fall into the same financial behavior patterns, year after year. If you sometimes succumb to these financial tendencies, now is as good a time as any to alter your behavior.

#### **#1: Lending money to family & friends.**

You may know someone who has lent a few thousand to a sister or brother, a few hundred to an old buddy, and so on. Generosity is a virtue, but personal loans can easily transform into personal financial losses for the lender. If you must loan money to a friend or family member, mention that you will charge interest and set a repayment plan with deadlines. Better yet, don't do it at all. If your friends or relatives can't learn to budget, why should you bail them out?

#### **#2: Spending more than you make.**

Living beyond your means, living on margin, or whatever you wish to call it – it is a path toward significant debt. Wealth is seldom made by buying possessions; today's flashy material items may become the garage sale junk of the future.

#### **#3: Saving little or nothing.**

Good savers build emergency funds, have money to invest and compound, and leave the stress of living paycheck to paycheck behind. If you are not able to put extra money away, there is another way to get some: a second job. Even working 15-20 hours more per week could make a big difference.

#### **#4: Living without a budget.**

You may make enough money that you don't feel you need to budget. In truth, few of us are really that wealthy. In calculating a budget, you may find opportunities for savings and detect wasteful spending.

#### **#5: Frivolous spending.**

Advertisers can make us feel as if we have sudden needs; needs we must respond to, or ones that can only be met via the purchase of a product. See their ploys for what they are. Think twice before spending impulsively.

#### **#6: Not using cash often enough.**

No one can deny that the world runs on credit, but that doesn't mean your household should. Pay with cash as often as your budget allows.

#### **#7: Thinking you'll win the lottery.**

When the headlines are filled with news of big lottery jackpots, you might be tempted to throw a few bucks at a lottery ticket. It's important, though, to be fully aware that the odds in the lottery and other games of chance

are against you. A few bucks once in a while is one thing, but a few bucks (or more) every week could possibly lead to financial and personal issues.

#### **#8: Inadequate financial literacy.**

Is the financial world boring? To many people, it can seem that way. The Wall Street Journal is not exactly Rolling Stone, and The Economist is hardly light reading. You don't have to start there, however. There are great, readable, and even, entertaining websites filled with useful financial information. Reading an article per day on these websites could help you greatly increase your financial understanding.

#### **#9: Not contributing to retirement plans.**

The earlier you contribute to them, the better; the more you contribute to them, the more compounding of those invested assets you may potentially realize.

#### **#10: DIY retirement strategy.**

Those who save for retirement without the help of professionals may leave themselves open to abrupt, emotional investing mistakes and other oversights. Another common tendency is to vastly underestimate the amount of money needed for the future. Few people have the time to amass the knowledge and skill set possessed by a financial services professional with years of experience. Instead of flirting with trial and error, see a professional for insight.

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## UPCOMING EVENTS:

Our upcoming seminars are at:

## SEMINARS ARE TEMPORARILY ON HOLD.

Please visit our website at [www.moldenhauerassociates.com](http://www.moldenhauerassociates.com) for updates.

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