

Traditional IRA

401(k)s AND IRA'S



What Are The Differences Between Them?



Two of the most popular retirement savings plans are the 401(k) and the IRA (Individual Retirement Account). But what makes one different from the other? Well, for starters, anyone with earned income can contribute to an IRA. However, to have access to a 401(k) your employer needs to make that type of retirement plan available through work. IRA's allow you to invest in virtually any type of asset, such as stocks, bonds, mutual funds, real estate, annuities, CD's and even gold. Whereas an employer sponsored 401(k) will have a list of available investments only. Typically, a group of mutual funds to choose from. Contribution limits vary considerably between these plans.

IRA's have a 2024 contribution limit of \$7000 per year, plus \$1000 if you're age 50 or older. Whereas a 401(k) allows up to \$23,000 with an additional \$7500 for those age 50 or older, allowing for a much larger tax deductible contribution. However, the 401(k)s are payroll deducted, while IRA's allow you to write a check all the way up to the date of filing your taxes. Typically, April 15th of the following year.

Pre-retirement (under age 59 1/2) distributions also differ quite a bit. 401(k)'s allow for "hardship" withdrawals that require an "immediate and heavy" financial need such as medical expenses, tuition, fees and related expenses for post-secondary education, purchase of a primary residence (not mort-

gage payments), prevention of eviction or foreclosure, funeral expenses and repair of significant damage to your primary residence. If any of these circumstances are met, an early distribution from a 401(k) would not incur the 10% early distribution penalty. 401(k)'s also allow for loans that can be repaid over a 5 year amortization period (or 15 years for the purchase of a primary residence) with limits up to 50% of the 401(k) vested balance or \$50,000, whichever is less. IRA's do not allow loans at all.

IRA's on the other hand, don't specifically allow for hardship withdrawals, pre-retirement. But they do offer exceptions to the early withdrawal penalty. These exceptions are unreimbursed medical expenses that exceed 7.5% of your adjusted gross income, qualified higher education expenses for you or your family members, health insurance premiums (if unemployed for more than 12 weeks), first time home buyer expenses (up to a \$10,000 lifetime limit) and certain disability



With the year quickly coming to a close we find ourselves smack dab in the middle of an Election year and the Country couldn't be more divided. By the time you get this, I'm sure we'll know who our next President will be, for better or worse. I just hope we can come together, as a Country and move forward in solidarity.

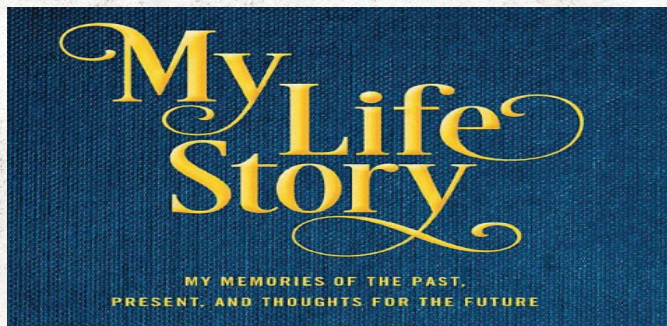
In keeping with some unusual holidays, November 2nd is Pumpkin Destruction Day to rid ourselves of the leftovers from Halloween. November 3rd Daylight Savings Time ends, so remember the clocks will fall back an hour. November 11th, Veteran's Day honors all those that have served in our military.. Thanksgiving is the 28th of the month and then the following day recognizes You're Welcome Day on the 29th. Wishing you and your family a Happy Thanksgiving.

Respectfully,
Scott Weidman, CFP®



Continued on page 2

My Life Story



This past year has been very difficult and even tragic for some families. Unfortunately, we've lost 8 clients that passed away, this year alone. I started to think and reflect back on the legacies they all left behind.

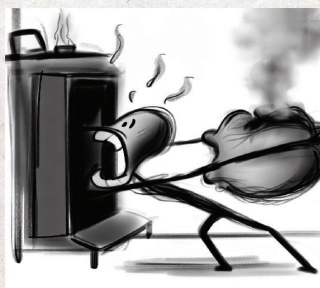
A lifetime of experiences, thoughts, relationships, likes and dislikes. But did their children and grandchildren or other loved ones know about these and understand their lifetime achievements they've accomplished and

their struggles they've overcome along the way? With the holidays upon us, as we gather with those closest to us, wouldn't it be a great time to reflect back on our own lives and write down the things you think are worth sharing?

"In the end, it's not the YEARS in your life that count, it's the LIFE in your years."

Abraham Lincoln

Non-Traditional Thanksgiving Day Idea



"Hurry, they're going to be here shortly", yells someone from the dining room. You frantically swing open the oven door and carelessly grab the smoking tray with the Prized Thanksgiving Day Roasted Tur-

key. Forgetting to use an oven mitt, you scorch your fingers terribly, nearly throwing the dish half way across the room, while screaming profanities even your neighbors across the street could hear! Does it really need to be this stressful? This year, what about hosting a Thanksgiving Day Cooking Class and inviting the family to all gather in the kitchen and learn to cook together, while chatting, laughing and

sipping some wine. Get the grandkids to roll up their sleeves and stir the cranberry sauce, smash up the mashed potatoes and sprinkle some fried onions over the green bean casserole. I'm envisioning it now and I bet this could be a great themed experience everyone would enjoy and talk about years to come. Just a thought to help make your Turkey Day a little less stressful. Happy Thanksgiving.

Continued from page 1

conditions.

As strange as it sounds, and as similar as both plans may seem at first

glance, the implications of early withdrawals, borrowing money and contribution limits vary

considerably from one plan to the other.



Our service offerings

Insurance

- Life Insurance (term, variable, universal and whole)
- Long Term Disability Insurance
- Long Term Care Insurance
- Buy / Sell Funding
- Business Overhead Expense Insurance

Services

- Hourly Consulting
- Retirement Projections and Evaluation
- Income Planning
- Asset Allocation and Risk Management

Investments

- Mutual Funds
- Variable Annuities
- Equity Indexed Annuities
- Fixed Annuities
- Stocks / Bonds

Account Types

- Fee Based Advisory Accounts
- Brokerage Accounts
- Third Party Money Managers
- 401k Rollovers
- IRA's and Roth IRA's

Contact the office

Phone: 386-308-5842
 Fax: 866-840-3866
 Mobile: 386-299-2893
 Email: scott.weidman@jwcemail.com
 157 Fairview Avenue
 Daytona Beach, FL 32114
 Mon-Fri: 9:00 AM - 5:00 PM
 Evenings and Saturdays available by appointment.



Flashback 50 Years Ago This Month



There really wasn't much newsworthy 50 years ago, November 1974. However, on November 24th, the remains of "Lucy", a female hominid were discovered in Ethiopia. Found in the Awash Valley, Lucy's remains were carbon dated back 3.2 million years and were the earliest example of an ancestor of homo sapiens who could walk upright on two feet.



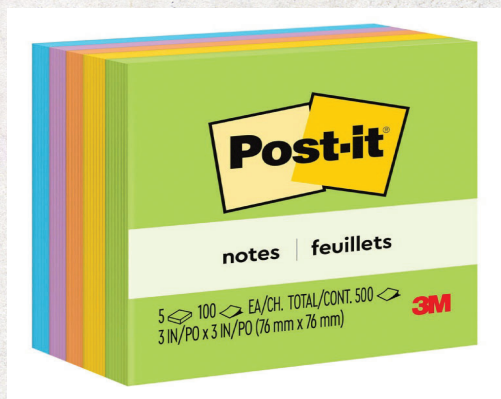
On November 28th, 1974 musical legend, John Lennon gave his final live musical performance, appearing at New York's Madison Square Garden as the guest of Elton John. The two musicians appeared together to sing "I saw her standing there".

BACK IN 1974

Impact of Inflation.

- Gasoline – 53c per gallon
- Bread – 28c per loaf
- Postage Stamp – 10c
- New Car - \$3500
- Milk - \$1.57 per gallon

As you can see, the impact of inflation has dramatically increased prices over the last 50 years. How do you think that will impact prices over the next 50?



The year was 1974 and the invention of the "Post it Note" was born. Created by Arthur Fry, using an adhesive that had been invented by Spencer Silver in 1968.

FRS Questions?
Call Scott
386.299.2893

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Financial Tip Of The Month

It's the season for RMD's (Required Minimum Distributions). A couple years ago Congress changed the rules on RMD's, now requiring those age 73 and older to start taking a minimum amount out of their retirement savings to pay the tax on those distributions. Well, here's a little tip that you might consider in your own planning if you are forced to take an RMD.

I've found the one biggest risk to most Americans today, financially, is the need for long term health care. Medicare, typically only covers up to 100 days in skilled care and after that, you're on your own. So, for clients that reach RMD age, a suggestion I can offer, is to consider using those RMD's to fund the annual premium of a life insurance policy.

There are carriers now that offer life insurance with a long-term care rider, essentially allowing you to access the death benefit early to pay for long term care costs. And if you never need long term care, the life insurance passes to your beneficiaries, free from Federal Income Tax. Of course, to qualify for the life insurance you typically need to be relatively healthy, so the sooner the better. If you think you would like to explore this financial strategy in your estate plan, give us a call.



Idiom Of The Month

“Riding The Gravy Train”



Thanksgiving and homemade turkey gravy go hand in hand. So, this month, I thought “Riding the Gravy Train” would be very appropriate. The origin of

the phrase dates back to the early 1900’s as railroad slang for a well-paid train run that requires very little effort. Now a days, the term is more

loosely used to describe easy money for very little work regardless of the job at hand. For example “She’s riding the gravy train now that she married a millionaire”. And now you know!

