

MOLDENHAUER & ASSOCIATES

DECEMBER NEWSLETTER

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Merry Christmas and Happy Holidays from our firm to you and your family. Most of us can clearly remember our youth when we looked forward to the holidays with great anticipation. It meant getting and, more importantly, giving gifts to people we care about. It was a joyous and exciting time.

Now, with years gone by, many Christmas holidays seem to blend into each other. Many are hard to remember. For most of us, we can think of loved ones whose younger images bring smiles to our faces. Now, many have passed on with younger people taking their places. Yet, the memories of Christmas Seasons past are still in our hearts and, occasionally, in our minds.

Let me tell you about a few people I often recall at this time of year. First, there were my parents. They were humble people who had grown up during "the Depression" years of the late 1920's and 1930's. They never had much as children, and they wanted to do better for their children.

Then there were childhood friends. I still see their young faces so clearly, but many have passed either because of the Vietnam War or adult-onset illnesses. Some of us have reached that point when life expectancy is close or exceeded. Just last month I heard of two more friends who have gone on. I occasionally think of college friends who have died, but their memories are still vivid.

As a young teen, I was active in my church and the old minister, Reverend Nelson, was a great inspiration and motivator to me. Perhaps, he was the first person to genuinely believe in me. Then others came and went, teachers, coaches, and mentors. I could spend an hour telling you about them. They all give me pause and during the Christmas Season I think back fondly on how they helped me.

I know each of you have people in your lives that you feel the same about. Please take the time to recall and appreciate them this Season. Christmas is a time to feel appreciation for those who have gifted us with their love and direction.

Like many of you, I have been fortunate. First to be an American, despite the wave of unpatriotic feelings that are prevalent in our Nation. While my parents came from poor immigrant families, they were able to create a better life for their children. There are not many countries in the world where that is possible, even today. The lack of appreciation for this gift is hard to understand.

The doors to future family success are open to most of us, all we need do is walk through those doors.

As we appreciate the 2023 Christmas and Holiday Seasons, join me in being grateful for what we have and what we can do for others. I appreciate you and the time you may have taken to read my Holiday thoughts.

Richard Moldenhauer

Richard Moldenhauer



A FINANCIAL CHECKLIST YOU CAN HANDLE

Starting fresh is always a great feeling, but the scale of what we set out to accomplish at the beginning of the year sometimes becomes overwhelming as the months go by. The question is, how can you stay motivated to meet your financial goals throughout the year?

Financial Tips for Every Month

For many people, checking off items on a long list of to-dos brings a great sense of satisfaction. To help you keep moving toward your goals, we've created a month-by-month checklist of some key financial tasks to consider all year long. You might even find that you've completed some of these items already!

January

- **Establish a will or trust with an estate attorney.** Although many people avoid thinking about estate planning, getting your affairs in order is one of the greatest gifts you can give your loved ones. If you've already established a will or a trust, sit down and review the documents with your attorney and make any necessary changes.
- **Create a budget.** A monthly plan for spending and saving is an excellent way to help keep your finances in check, whether you're reevaluating your financial life or just trying to maintain good habits.
- **Get ahead on your mortgage.** If you can swing it, consider making a full extra payment toward your mortgage principal, which may help shorten the length of your loan.

February

- **Review life, home, and auto insurance.** It's a good idea to check your coverage regularly. Have you experienced a major life event in the past year, such as a marriage or birth? Any significant changes in your personal life should prompt you to reevaluate your coverage.
- **Revisit beneficiary designations for life insurance and retirement accounts.** Do you need to add a new beneficiary or change a designation? Review your accounts to ensure that the correct people are listed.

March

- **Check your investment portfolio allocations and current holdings.** As your financial advisor, we monitor your investment portfolio and holdings regularly. Nonetheless, you should be aware of where and how your assets are invested.
- **Explore loans, grants, and other sources of financial aid.** There are many ways to finance college and postgraduate education expenses. If you have a college-bound child, it's wise to get an early start researching the options available to you. The government-sponsored website <https://studentaid.gov> is a great place to begin.

April

- **Look over your online social security statement.** Check your benefits information and earning record, and update any outdated personal information, such as your address or phone number.

May

- **Review 401(k), IRA, and SEP plans.** No matter your retirement goals, keeping an eye on your balances and making regular contributions are essential. Depending on your circumstances, consider increasing the amount you contribute. (Retirement planning is equally important for self-employed individuals, who can take advantage of many of the same savings vehicles.) We encourage you to meet with us to discuss the investment allocations in your 401(k) or another plan.

June

- **Check your credit report.** Request your free credit report at www.annualcreditreport.com, and review it carefully for mistakes or suspicious charges, which could be a sign of identity theft.
- **Shred old documents.** Any financial documents that you no longer need, such as bank and investment statements, should be destroyed to ensure that they don't fall into the wrong hands.

July

- **Research 529 savings plans.** Withdrawals from 529 plans are tax free when used for qualified higher education expenses, making them an excellent way to save for a child's or grandchild's schooling.

August

- **Review online accounts.** Look at the usernames and passwords you currently use for your online accounts. If the passwords are too basic or if you've held onto them for too long, consider changing them as a security precaution.

September

- **Assess your overall investment goals and strategy.** Reevaluate your financial goals at least once a year, especially if you've had any major changes or unexpected events in your life. We can discuss your situation and help you adjust your financial plan accordingly.
- **Revisit your budget.** Look back at the plan you made in January, and decide whether to adjust your budget or stick to your current strategy.

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October

- **Contact your CPA for year-end tax planning.** Before tax season hits, it's a good idea to speak with a certified accountant about changes in your personal circumstances, expiring tax breaks, and so on.
- **Consider charitable giving.** Donating to charity at year-end is a popular way to do good while reaping potential tax deductions. Charitable giving may be another item you wish to discuss with your CPA.

November

- **Review the balance in your flexible spending account (FSA).** FSAs require special attention so that you don't lose unused funds at year-end. Under a new law, in 2023, employers may allow employees to roll over \$610 in FSA funds to the next year. Be sure to check the rules of your FSA plan and review your available balance.

December

- **Consider refinancing high-interest debt.** Consolidating your mortgage, credit card, or car loan payments can make your financial life more efficient (and possibly lower your overall interest rate).
- **Pay off credit card balances every month.** For the New Year, make a resolution to pay off your credit card balances every month, if you're not doing so already.

Milestone Events

In addition to the monthly tasks outlined here, keep these significant planning milestones in mind as you near retirement age:

- **Age 50:** Consider making catch-up contributions to IRAs and qualified retirement plans.
- **Age 55:** You can take distributions from 401(k) plans without penalty if you've retired.
- **Age 59½:** You can take distributions from IRAs without penalty.
- **Ages 62–70:** You can apply for social security benefits.
- **Age 65:** You become eligible for Medicare.
- **Age 73:** You must begin taking required minimum distributions from IRAs, 401(k)s, and 403(b)s.

Although this may seem like a lot of information to take in at once, glancing at the checklist each month and preparing for important retirement-related dates can greatly improve your sense of financial security, granting you confidence throughout this year—and beyond.

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The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that an education-funding goal will be met. In order to be federally tax-free, earnings must be used to pay for qualified education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10 percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses.

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SOCIAL SECURITY CLAIMING STRATEGIES: A GUIDE FOR WIDOWS AND WIDOWERS

If you are widowed, you have some decisions to make when it comes to claiming social security benefits. You may be eligible to claim benefits based upon either your own earnings record or that of your deceased spouse.

To qualify for survivor benefits, your deceased spouse must have been "fully insured" under social security regulations at the time of passing. For most, this requires a minimum of 10 years of full-time work covered under social security. For younger individuals, this amount may be reduced.

Even if your deceased spouse didn't have the number of credits needed, social security may pay benefits to you and your children if you are caring for the children. In this situation, you and your children may get benefits if your deceased spouse had just six credits or one and one-half year's work in the three years preceding his or her death.

In addition, you must meet the following qualifications:

- You must have been married at least nine months prior to your spouse's death.
- You must be at least 60 years old. If you are younger than 60, you must be caring for a child younger than 16 or you must be disabled and receiving benefits.
- If you are divorced, you must remain unmarried until age 60.

Survivor benefits represent 100 percent of the deceased's social security primary insurance amount, plus any delayed retirement credits. If, however, you claim before your full retirement age (FRA)—as determined by social security rules—the benefit amount will be reduced by a maximum of 28.5 percent. This means you will never receive less than 71.5 percent of the full retirement benefit.

An Examination of Claiming Strategies

Michelle is 60 and was married to James for many years before he passed away suddenly last year. Both James and Michelle had successful careers with high earnings. Michelle's full benefit at her FRA of 66 will be \$2,000 per month; her late husband, who passed away at his FRA of 66, would have received \$2,400 per month.

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Michelle can consider a variety of filing strategies to maximize her social security benefits. To start, Michelle can choose from two relatively straightforward options, both of which would yield different results depending on how old she is when she files for benefits.

Option 1: Claim survivor benefits.

Michelle can file now at age 60 and receive a survivor benefit of \$1,716 per month (71.5 percent of the full benefit of \$2,400). If she waits until her FRA of 66, she would receive the full survivor benefit of \$2,400 per month.

Option 2: File for her own benefits.

Michelle may claim her own benefit early at age 62 and receive \$1,500 per month. If she waits until age 66, she would receive \$2,000 per month.

The above strategies don't necessarily maximize the amount of money Michelle could receive to support her lifestyle, however. Often, individuals can combine various claiming strategies, filing for benefits at different times and switching between benefits, to receive more income.

Option 1: Worker benefits now and survivor benefits at FRA.

Michelle can file at age 62 based upon her earnings record. She would collect \$1,500 until reaching her FRA of 66, at which time she could switch to the survivor benefit and receive \$2,400 per month.

Option 2: Survivor benefits now and worker benefits at age 70.

Michelle can file for survivor benefits at age 60 and receive \$1,716 per month. She could delay switching to her own earnings record until age 70. This delay would allow her monthly benefit to accrue delayed retirement credits, which would add 32 percent to her worker benefit. So, instead of collecting \$2,000 per month, her benefit at age 70 would be \$2,640.

The optimal strategy for you depends on your personal circumstances. Understanding the options and nuances available can help you make the most appropriate decision.

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TOYS FOR TOTS UPDATE



To our clients, friends and employees, a heartfelt thank you for your generous donations to our Toys for Tots drive which is a program run through the US Marine Corps Reserves. We were able to collect well over 100 toys which will definitely bring joy to less fortunate children in our community. Your generosity shows what Christmas spirit truly means.

Merry Christmas, Happy Holidays and Happy New Year!

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