

MOLDENHAUER & ASSOCIATES

DECEMBER NEWSLETTER

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The Holiday Season is upon us. Our hope is for all to have an excellent New Years and beyond.

As I look back at the year 2020, it is hard to find many bright spots. I could recite the many terrible things that happened to all of us in 2020 but I will not. It is the Holiday Season and a time to look toward a better 2021.

Several good things happened in 2020. Most accounts are up despite all the negatives we lived through. We were able to retain all employees and even add one good young advisor. We learned how to provide good client service despite the need to function remotely. The always good spirit at the firm improved because our staff now better understands our commitment to them.

We had a chance to update the 1st floor of our office building, improve much of our technology, and add new capabilities.

We are looking forward to good 2021. As the restrictions on human activity reduce and the vaccine becomes available, we will begin public and client educational seminars again. We will continue the innovative systems that were developed in 2020. We will continue the remodeling on the 2nd floor of the building. Hopefully, we will find a couple added staff members in 2021.

As I close this article, please stay safe and remember people who are lonely, elderly or in need of emotional support and friendship. Pray for those we have lost and those who are suffering in any way.

If we at Moldenhauer & Associates can be of any assistance, please let us know.

May you find health, happiness, and peace during the holiday season and through the coming year.

Richard Moldenhauer

Richard Moldenhauer





INTEREST RATES AND YOUR MORTGAGE

What you need to know.

With the Federal Reserve keeping interest rates at or near zero, you may wonder about your mortgage. Is it a good time to refinance or even pay off the debt entirely? After all, your mortgage is one of the biggest expenses you may have in life, so why not rid yourself of that debt as soon as possible?¹

Not so fast. There are many reasons why keeping your mortgage could be a better option than paying it off. Yes, you may eliminate one of the largest bills you have every month, but there are benefits to maintaining your mortgage as well.

1. Losing all your gains on your investments.

Using funds from your investments to pay off your mortgage early may mean you lose out on potential gains. However, by keeping your portfolio untouched, you increase the chances of a return on your investment.²

2. Not having funds available for other debt.

Your mortgage very likely has the lowest interest rate of all your debt. Consider paying off your other consumer debts or student loans with higher interest rates before you consider paying off your mortgage.²

3. Losing your tax deductions.

Mortgage interest can be taken as a tax deduction. However, paying off your mortgage may mean your taxes could be higher.²

4. Risking changes to your home's value.

If you own your house outright and there's a sudden shift in the market, your home may be worth less than what you initially paid. Conversely, if you own 20% of your home, and the mortgage company or bank owns 80%, your losses are capped at 20%.²

Are you considering paying off your mortgage or another large debt? Let's talk about how to best leverage your investments to help meet all your long-term goals.

Richard Moldenhauer may be reached at 716-662-4361.

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

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

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Citations.

1. Finance.Yahoo.com, November 5, 2020

2. FoxBusiness.com, November 3, 2020



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2021 LIMITS FOR IRAS, 401(K)S, AND MORE

Numbers to know for the new year.

On October 26, the Treasury Department released the 2021 adjusted figures for retirement account savings. Although these adjustments won't bring any major changes, there are some minor elements to note.

401(k)s.

The salary deferral amount for 401(k)s remains the same at \$19,500, while the catch-up amount of \$6,500 also remains unchanged. However, the overall limit for these plans will increase from \$57,000 to \$58,000 in 2021.¹

Individual Retirement Accounts (IRA).

The limit on annual contributions remains at \$6,000 for 2021, and the catch-up contribution limit is also unchanged at \$1,000.²

Roth IRAs.

Roth IRA account holders will experience some slightly beneficial changes. In 2021, the Adjusted Gross Income (AGI) phase-out range will be \$198,000 to \$208,000 for couples filing jointly. This will be an increase from the 2020 range of \$196,000 to \$206,000. For those who file as single or as head of household, the income phase-out range has also increased. The new range for 2021 will be \$125,000 to \$140,000, up from the current range of \$124,000 to \$139,000.³

Although these modest increases won't impact many, it's natural to have questions anytime the financial landscape changes. If you're curious about any of the above, speak to your financial or tax professional for more information.

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Citations.

1. IRS.gov, October 26, 2020
2. IRS.gov, October 26, 2020
3. IRS.gov, October 26, 2020

HOW AND WHEN TO SIGN UP FOR MEDICARE

Breaking down the enrollment periods and eligibility.

Medicare enrollment is automatic for some.

For those receiving Social Security benefits, the coverage starts on the first day of the month you turn 65.¹

If you are not receiving Social Security benefits at 65, you may be delaying until you reach full retirement age, or until you reach 70. If you're coming up on 65 and not receiving Social Security benefits, SSDI, or benefits from the Railroad Retirement Board, you can still apply for Medicare coverage. You can visit your local SSA office or visit www.socialsecurity.gov/medicareonly/ to determine your eligibility.¹

If you're getting Social Security checks and approaching age 65, you'll get a Medicare card in the mail three months before your 65th birthday. If you are getting SSDI (Social Security Disability Insurance; regardless of your age), the card is scheduled to arrive coincidental with your 25th month of disability. You must be a U.S. citizen or a permanent legal resident of this country. If so, you or your spouse must have earned sufficient credits to be eligible for Medicare, typically earned over 10 years.²

When can you add or drop forms of Medicare coverage?

Medicare has enrollment periods that allow you to do this.

- The initial enrollment period is seven months long. It starts three months before the month in which you turn 65 and ends three months after that month. You can enroll in any type of Medicare coverage within this seven-month window – Part A, Part B, Part C (Medicare Advantage Plan), and Part D (prescription drug coverage). As it happens, if you don't sign up for some of this coverage during the initial enrollment period, it may cost you more to add it later.¹
- Once you are enrolled in Medicare, you can only make changes in coverage during certain periods of time. For example, the open enrollment period for Part D is October 15-December 7, with Part D coverage starting January 1.¹

Do you have questions about eligibility or the eligibility of your parents?

Your first stop should be the Social Security Administration (see the contact information in the fourth paragraph above). You can also visit

www.medicare.gov and www.cms.gov.

Richard Moldenhauer may be reached at 716-662-4361.

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Citations.

1. medicare.gov, October 20, 2020
2. aarp.org, October 1, 2020

UPCOMING EVENTS:

Our upcoming seminars are at:

UPCOMING SEMINAR SITES AND DATES TO BE DETERMINED SOON.

Please visit our website at www.moldenhauerassociates.com for updates.

We encourage clients who live in the area to consider attending with a friend or two. We find that the best way to introduce new potential clients to our firm is when an existing client brings a friend to one of our seminars. As you know, these are informational/educational events. We are not there to convince people that we are the only firm to consider working with. Rather, we do believe that our firm offers a quality opportunity for those people looking for a new advisor relationship. Please consider attending an upcoming seminar in your neighborhood with a friend. You may register for a seminar by calling 716-662-4361 or through our website at www.moldenhauerassociates.com.

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