

# MOLDENHAUER ASSOCIATES

## DECEMBER NEWSLETTER

Editor: Richard C. Moldenhauer, CLU, CEP, RFC Chartered Financial Consultant

### MAKING DECISIONS ABOUT LIFE INSURANCE

P.2

### 2022 CONTRIBUTION LIMITS

P.3

As we approach year-end, we are grateful for many things. The market has been good to our clients and, because of that, our firm has experienced quality growth in 2021. Most importantly, we are grateful for our many loyal clients. I know it's cliché, but laughing, crying and talking about the future with our clients is what makes this career so rewarding.

Thank you to those who donated to our office's "Toys for Tots" campaign. As a firm this is one of our favorite activities; it is fun seeing which clients are drawn to certain types of toys, and humbling each year to see clients demonstrate their generosity. We thank you from the bottom of our hearts, and find great joy in knowing that so many children will have a better Christmas this year because of YOUR KINDNESS.

It has been a difficult year for many reasons. The U.S. economy continues to show resilience in the face of many challenges; we continue to face challenges related to the uncertainty of COVID, inflation and political divisiveness. For the sake of our children and grandchildren, let's hope we can face these challenges together, as a unified nation. After all, tis-the-season!!

This year we celebrated our 5th year as a Commonwealth affiliate firm. The change has served the firm well. As a Senior Advisor, I appreciate the support we receive from Commonwealth. Advisory firms across the country

repeatedly give Commonwealth the highest grades because of the quality services they provide to firms like ours. The tools, research and technology we receive from them help us run our business more efficiently and effectively for our clients. Our goal each year is simple: improve the value we bring to our clients, and Commonwealth helps us do this.

As I close, I encourage you to enjoy the Holiday Season and renew relationships with friends and family when possible. Fingers crossed that 2022 brings an end to Covid, and the excitement of a return to the things we miss!!

*Richard Moldenhauer*

Richard Moldenhauer





## MAKING DECISIONS ABOUT LIFE INSURANCE

*Life insurance choices can be confusing.*

### Man is Mortal.

That makes life insurance a little unique and interesting, doesn't it? We purchase things like health insurance, car insurance and home insurance, then hope we never have a need to use them. Life insurance is different because it's a widely accepted fact that, sooner or later, each one of us will die.

### So many choices.

When it comes to life insurance, there are many options. You may have heard terms like "whole life insurance," "term insurance," or "variable insurance," but what do they all mean? And what are the differences? Well, first let me point out what they have in common: all life insurance policies provide payment to a beneficiary in the event of your death. Except for that basic tenet, the differences between policies can be major.

### Whole life insurance.

This type of insurance covers your entire life (not just a portion or a "term" of it). Insurance companies tend to be cautious when selecting their investments, so the benefits could be, potentially, lower than if you invested on your own. Whole life policies also tend to cost more than "term" policies. This is both because they grow what is known as "cash value," and, after a certain period of time, you will be able to borrow against or withdraw from your whole life benefits.

### Term insurance.

Rather than covering your whole life, "term" insurance covers a pre-determined portion of your life. If you die within that term, your beneficiaries receive a death benefit. If not, generally, you get nothing. To put it simply, term insurance allows you to purchase more coverage for less money. Basically, you are betting on the probability of your death occurring within that specified "term."

### Variable life insurance.

Variable life insurance is a permanent insurance. Unlike whole life insurance, however, variable insurance allows you to invest the cash value of your policy into "subaccounts" (which can include money market funds, bonds or stocks). Variable insurance offers a bit of control, as the value and benefit depend upon the performance of the subaccounts you select. That means there could be significant risk involved, though, since the performance of your subaccounts cannot be guaranteed.

### Universal life insurance.

With universal insurance, it all comes down to flexibility. It is permanent life insurance that provides access to cash values, which, over time, build up tax-deferred. You can choose the amount of coverage you feel is appropriate, and you retain the ability to increase or decrease that amount as your needs change (subject to minimums and requirements). You also have some flexibility in determining how much of your premium goes toward insurance, and how much is used within the policy's investment element.

### So, which is right for you?

Many factors come into play when deciding what type of life insurance will best suit your needs. The best thing to do is speak with a trusted and qualified financial professional who can assist you in looking at all the factors and help you to choose the policy that will work best for you.

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

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

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#### Citations

1. CNBC.com, December 2, 2020



## 2022 CONTRIBUTION LIMITS

*Is it time to contribute more?*

Preparing for retirement just got a little more financial wiggle room. This week, the Internal Revenue Service (IRS) announced new contribution limits for 2022.

Staying put for 2022 are traditional Individual Retirement Accounts (IRAs), with the limit remaining at \$6,000. The catch-up contribution for traditional IRAs remains \$1,000 as well.<sup>1</sup>

For workplace retirement accounts (i.e. 401(k), 403(b), amongst others), the contribution limit rises \$1,000 to \$20,500. Catch-up contributions remain at \$6,500.<sup>1</sup>

Eligibility for Roth IRA contributions has increased, as well. These have bumped up to \$129,000 to \$144,000 for single filers and heads of households, and \$204,000 to \$214,000 for those filing jointly as married couples.<sup>1</sup>

Another increase was for SIMPLE IRA Plans (SIMPLE is an acronym for Savings Incentive Match Plan for Employees), which increases from \$13,500 to \$14,000.<sup>1</sup>

If these increases apply to your retirement strategy, a financial professional may be able to help make some adjustments to your contributions.

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Once you reach age 72, you must begin taking required minimum distributions from a Traditional Individual Retirement Account (IRA) or Savings Incentive Match Plan for Employees IRA in most circumstances. Withdrawals from Traditional IRAs are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

Once you reach age 72, you must begin taking required minimum distributions from your 401(k), 403(b), or other defined-contribution plans in most circumstances. Withdrawals from your 401(k) or other defined-contribution plans are taxed as ordinary income and, if taken before age 59½, may be subject to a 10% federal income tax penalty.

To qualify for the tax-free and penalty-free withdrawal of earnings, Roth IRA distributions must meet a five-year holding requirement and occur after age 59½. Tax-free and penalty-free withdrawal can also be taken under certain other circumstances, such as the owner's death. The original Roth IRA owner is not required to take minimum annual withdrawals.

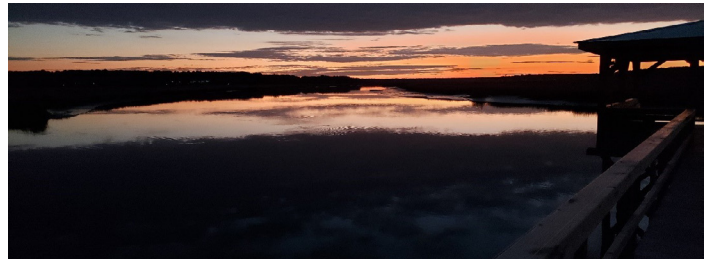
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### Citations

1. CNBC.com, November 5, 2021



*Winter Sky on the River - South Carolina*



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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.

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](http://www.moldenhauerassociates.com).

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