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"Statements without documentation are only opinions."

FBG
First Benefits Group, Inc.
Pioneers in Financial and Healthcare Strategies

Dear Terry,

Money - It's All About the Benefits.

March 2017

March Madness is here. One of the highlights for many in this country is the college basketball tournaments in all men's and women's divisions, and participating in pools for prizes, money or just for fun.

Warren Buffet is offering $1 million a year for life to any Berkshire Hathaway employee who wins the company March Madness Basketball brackets. The winner must correctly predict the Sweet 16 teams of the NCAA tournament. What are the odds of winning? There are 282 trillion possible Sweet 16 variations.

What are your odds on winning the retirement game? Longevity is the biggest challenge we have with our money. People are simply living longer. Will your money last as long as you do?

Are you placing your bets on the market, or do you have some safe money that is predictable and reliable? Remember there is more to be gained by avoiding losses than picking apparent winners!

Go team! Go smart planning!

Innovative Thinking on a Very Popular Subject - Money

1. The four major changes to Social Security for 2017

- Cost of Living Increase was a measly .3%
- The maximum possible payout rose to $2,687 monthly for a person at full retirement age.
- Maximum taxable earnings moved from $118,500 in 2016 to $127,200 this year.
- Maximum earnings limit for people age 65 and younger rose to $16,920.

2. All indications from the new Administration are that tax reform is around the corner. It appears marginal tax rates will be decreasing. This is good news for many people who have qualified money (IRA's - 401K's etc), and are in their distribution phase. The deductions they received when deposits were made into these accounts were at their highest marginal tax bracket. Their withdrawal tax bracket may be at a lower rate than your contribution rate. This makes it very attractive to withdraw the money. By paying fewer taxes and taking no risk, it is truly making your money more efficient. (Early withdrawal penalties still apply.)

3. When was the last time you bought a $.33 banana split? I stumbled on an old newspaper from 1967. The Tastee Freez was advertising banana splits for $.33. We found a Tastee Freez in Chicago today that sells for $4.70. The inflation on this split over the last 50 years is 5.46%. We recommend you do your own assessment on inflation, and use that factor for calculating future cash flow.

4. Is the wind shifting on the future of the market? Most of the financial markets are at all-time highs. There are three things that can happen in the future; the markets can continue to climb, go sideways, or make a downward correction. The winds continually shift. Many people forget about major downward market corrections because it hasn't happened in almost ten years. Which way do you think the wind will shift? Are you protected from huge losses if there is a downward correction?

5. Are you aware of the ultimate financial instrument? It is the Health Savings Account that attaches to a High Deductible Health Plan. Why? It is the only tool that contains three favorable tax consequences. HSAs allow a true tax deduction (not postponement) when you make a contribution. The account stays tax deferred while accumulating, and the funds are tax free when you use the proceeds for any medical expenses. Many instruments contain two of the three tax benefits, but we are not aware of any other tool that contains all three.

6. What are some of the facts about Health Savings Accounts? A husband and wife over 55 must have separate HSA accounts in order for each to deposit $1,000 in their respective accounts. Otherwise, one catch-up contribution for one HSA account is allowed. A spouse enrolled in Medicare and continuing an employer sponsored family plan to cover other eligible tax dependents without other coverage may not contribute to their own HSA, but the other eligible tax dependent can open a separate account and fund the entire family limit (plus catch-up), and both can use those funds.

Individuals have until the tax filing deadline to add funds to the prior year's deposits to max the allowable contributions for the prior year (proper instructions required). HSA participants should look for forms 5498-SA reporting contributions and 1099-SA to list their distributions for the tax papers.

7. Although we are generally living many years beyond retirement age and need to plan for that, the U.S. experienced a slight decline in Life Expectancy in 2015. Diseases caused by obesity, an epidemic in the US, are the major contributor. 2014 life expectancy peaked. 2015 slight decline (fell 2/10s of a year for men to 76.3 years and 1/10 for women to 81.2 years). 2016 at this time is level.

Source: http://www.npr.org/sections/health-shots/2016/12/08/504667607/life-expectancy-in-u-s-drops-for-first-time-in-decades-report-finds

8. There is a lot of misinformation about annuities. One of the big marketing campaigns touts "Why I hate annuities and you should too." The truth is, not all annuities are created equal. There is a multitude of annuities, and many warrant further investigation. Some of the benefits that make sense about many annuities are listed below:

- Predictable income you cannot outlive
- Protection from investment and market losses
- Guaranteed minimum interest earning - in every economic climate
- Options for expected and unexpected events
- Some states (including Florida) allow creditor protection on annuities

9. Are you a Fiduciary? Many of the actions involved in operating an employer sponsored retirement plan (401K) make a person or entity performing them a fiduciary. Any individual using discretion in administering and managing a plan or controlling the plan's assets makes that person a fiduciary to the extent of that discretion or control. Thus, fiduciary status is based upon the functions performed for the plan, not just a person's title.*

10. Does a Fiduciary have a potential liability? If you are not acting prudently by following the basic standards of conduct under ERISA, you may be *personally liable*. Here is what is required of a Fiduciary:*

- Acting solely in the interest of plan participants and their beneficiaries and with the exclusive purpose of providing benefits to them
- Carrying out their duties prudently;
- Following the plan documents (unless inconsistent with ERISA);
- Diversifying plan investments; and
- Paying only reasonable plan expenses.

**Source: U.S. Department of Labor, Employee Benefits Security Administration*

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First Benefits Group, Inc.

We are financial and insurance educators.

Our approach is unique and uncommon. We teach our clients how to be more efficient with their money. We can verify that being more efficient with your money is the safest method for building a solid foundation of protection and wealth.

There is more to be gained by avoiding losses than picking <u>*apparent*</u> winners.

We are experts in identifying threats to current and future lifestyles, and developing strategies to minimize or eliminate these threats.

To schedule a complimentary, no obligation appointment to discuss your personal circumstances, please call our office at 941.361.3057 x4.

Sincerely,

Terry O'Brien, Frances Lane, Gary Hickerson, BJ Mangrum

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