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

Dear Terry,

Money - It's All About the Benefits.

February 2018

Superbowl LII

Whether your team won or lost, it was an exciting game filled with incredible offense from both teams. There were few penalties and lots of risky and tricky plays, some that worked and some that didn't work.

It reminds me of the stock market. It can be exciting, filled with unexpected turns, and fraught with risk.

Investing in the market, however, is not a game. When was the last time you reviewed your portfolio to ascertain how much of your money is at risk? Is it time to take some from risky investments and move it to a more stable environment?

Below may give you some alternatives for efficiency with your money.

Innovative Thinking on a Very Popular Subject - Money

1. One of the new changes in the tax law is the increase in the amount for standard deductions beginning in 2018. The deductions have substantially increased to $12,000 on single returns, $18,000 for head-of-household filers and $24,000 on joint returns, up from $6,350, $9,350 and $12,700 in 2017. Congressional analysts say bulking up the standard deduction will let more than 30 million taxpayers avoid the hassle of itemizing write-offs on their tax return because the bigger deduction would exceed their qualifying expenses. Under the old law, individual's age 65 or older and the blind get even higher standard deductions. A 65-year-old couple filing a joint return, for example, would add $2,600 to the $24,000 standard deduction, for a total of $26,600. An individual taxpayer age 65 or older would add $1,600, bringing the standard deduction to $13,600.

Source - Kiplinger Tax Letter December edition

2. Five Warning Signs that indicate you may have an unexpected event that could be costly to you.

- You do not have adequate health coverage or you have no coverage.
- You do not have an umbrella liability policy.
- You do not have a valid Will.
- You haven't reviewed your beneficiaries on your IRA or 401(k) money recently.
- Too much of your money is tied-up in risk based financial instruments subject to market gains and losses.

3. Are you thinking about traveling outside the country? Make sure your taxes are paid-up! The State Department can deny or revoke U.S. passports of individuals with federal tax debts in excess of $51,000 where a tax lien or levy has been issued. It doesn't include people who have an installment agreement and individuals in bankruptcy.

Source - Kiplinger Tax Letter February edition

4. Are you and your spouse at Full Retirement Age and contemplating taking Social Security? Don't overlook the benefit of one spouse applying for a restricted application. This allows the remaining spouse to file a standard application based on the other spouse's standard application earnings. The benefit is for the restricted application spouse to earn retirement credits on their own benefit to until age 70. There is strong possibility of significant additional earnings.

5. Eight Things you MUST know about Qualified Plans [IRA's, 401(k)'s, 403(b)s]:

- Your partner is Uncle Sam, and he makes the rules. These rules can change at the stroke of a pen.
- You do not get a tax deduction when contributions are made. You receive an income reduction which minimizes the taxes you pay in the years the contributions are made.
- You or your heirs will pay taxes on the money at a future date.
- The tax obligation increases as your account grows.
- You could pay more taxes than anticipated if your future tax bracket is higher when you withdraw than when you postponed the tax.
- Your money is not easily accessible.
- A company match is a good thing, and it will help in paying your taxes when you decide to withdraw your funds.
- Your quarterly statements do not show the tax liability on the account. Uncle Sam will receive a portion of those funds upon distribution depending upon the tax environment at that time.

6. There are about 10,000 baby boomers turning 65 each day in our country, and that number is expected to grow. Most of them will be making a decision on Medicare. The decision of whether to purchase a Medicare Advantage Plan, underwritten by an insurance company, or enroll in federally sponsored Medicare can be a lifelong decision. There are rules and restrictions about moving from one plan to another, and in some situations, change is not allowed. If you or someone you know is facing this decision, do your homework and work with someone who understands the landscape. The decision you make today could last a lifetime. It is important to get it right the first time.

7. The grocery store manager was dumbfounded when I asked a very simple question. I asked if I can sign a contract that would insure I would pay the same price in the future for all groceries at today's prices. I explained, "I just purchased a 30-year fixed rate loan on my house, and the contract says my payment will not change for the next 360 months regardless of market conditions and increasing inflation. I would like the same arrangement at your grocery store!" Don't overlook the value of this arrangement, especially in this historically low interest rate environment. Mortgage rates will not always be this low.

8. Are you familiar with the term "ALOC"? This is an acronym for the term Accelerated Loss of Capital. This happens when you are in the distribution phase of your life, and your only access to capital is investments that fluctuate in value. You could soon run out of capital if the market drastically turns downward or remains low for a sustained period of time and you must rely on that money to maintain your lifestyle. You drain both principal and capital. It is important to have enough predictable income to handle your essential lifestyle needs!

9. Are you spending time managing your liabilities? If you want to increase your cash flow you need to spend as much time managing your liabilities as you do seeking higher rates of return on your assets. Developing strategies to reduce taxes, which, for many, is their largest liability, has a significant impact on increasing the rate of return on your existing assets. Managing liabilities is often overlooked when creating wealth.

10. Don't overlook the advantages of a reverse mortgage. They are not for everyone, and there is a lot of misinformation in the marketplace on the topic. Listed are five advantages of reverse mortgages.

- You turn a portion of your house equity into available cash to use for any purpose.
- A monthly mortgage payment is eliminated.
- It extends the life of other savings.
- The loan can increase over time as the value of your house grows.
- There is no personal obligation on the mortgage (non-recourse financing.)

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 *apparent* 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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