Our world is constantly changing, and the financial industry is no exception. Recently the Department of Labor released a new Fiduciary Rule. It requires anyone giving advice to retirement accounts to act in their clients' best interest. While this may be new to some advisors, we have always operated this way. Our experienced team always puts your needs first.

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LPL Financial

THE Financial Standard

Winter 2017

Your Finances in 2017:
Time for a Reality Check?

As we usher in 2017, much uncertainty lies ahead. A new president. Geopolitical unrest around the globe. Social, cultural and political clashes here at home. Will you be prepared for whatever new realities might affect your best-laid financial plans?

If you consider a new year to be a good time to rethink your financial priorities, here is some food for thought for three key stages of your financial life: accumulation, preservation and transfer of wealth. But, remember, resolutions are only as good as your follow through. Now's the time to examine opportunities, identify challenges and add a dose of reality to your planning efforts.

Accumulation

One important key to fulfilling longer-term financial goals, such as retirement, is to have a well-thought-out plan that includes an actual dollar amount to be accumulated—and a timetable for getting there. Yet the stark reality is that many Americans have little or no money earmarked for retirement.

For instance, research conducted by Employee Benefit Research Institute (EBRI) indicates that more than half (54%) of today's workers reported that the total value of their household's savings and investments—excluding the value of their primary home and any defined benefit plans—is less than $25,000. This includes 26% who said they have less than $1,000 in savings.[1]

If you find yourself behind in your retirement accumulation goal, don't despair. There are good options for jump-starting your savings campaign.

- **Make the most of employer-sponsored plans.** For participants in 401(k)s, 403(b)s and most 457 plans, the contribution limit for 2017 is $18,000 with an additional $6,000 in catch-up contributions allowed for those who are 50 or older.
- **Maximize IRA contributions.** In 2017, you can contribute up to $5,500 to a traditional or Roth IRA (or split that amount between the two types of accounts). Add another $1,000 to that total if you are making catch-up contributions.

Preservation

Preserving the assets you have accumulated requires a disciplined, long-term view. Most people plan for a retirement that will last for decades, but review their portfolios' performance quarterly, monthly or even weekly. Particularly in volatile market environments, investors may tend to move in and out of positions quickly, potentially causing them to sell low, buy high and abandon asset allocation fundamentals.[2]

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[1]Employee Benefit Research Institute and Greenwald & Associates, *2016 Retirement Confidence Survey*, April 2016.
[2]Asset allocation does not assure a profit or protect against a loss.

This Tax Season, Protect Your Identity

As sure as winter turns to spring, tax day comes every April. This tax season add a new item to your To-Do list: Protect your personal information—especially your Social Security number—from identity thieves.

A Growing Threat

Tax-related identity crimes are on the rise in America. A crime occurs when thieves steal your Social Security number and use it to file a tax return and claim a fraudulent tax refund. In 2015 alone, the IRS stopped 1.4 million confirmed identity theft tax returns, protecting $8.7 billion in taxpayer dollars.[1]

Identity thieves use many tactics to obtain Social Security numbers, such as stealing wallets and purses, rummaging through trash and gaining access via unsecured websites where you may have provided personal information.

The IRS is committed to stopping tax-related identity theft. For instance, its "Taxes. Security. Together." awareness campaign is an effort to better inform individuals about the need to protect their personal, tax and financial data. To support its awareness program, the IRS website, irs.gov, provides a special section devoted to identity theft—"Identity Protection: Prevention, Detection and Victim Assistance."[1]

Safety First

Following are some IRS tips for staying vigilant and keeping your personal information out of harm's way.

- **Protect your Social Security number.** Keep your Social Security card and any other documents that show your Social Security number in a safe place. Never carry your Social Security card or other documents that display your number in your wallet or purse.
- **Be suspicious of emails that appear to come from the IRS.** The IRS does not initiate contact with taxpayers by email or social media to request personal or financial information. If you receive an email claiming to be from the IRS, forward it to phishing@irs.gov.
- **Similarly, be alert to suspicious phone calls from someone claiming to be an IRS agent.** The IRS will never call you threatening a lawsuit or demanding an immediate payment for past due taxes. Nor will they call to initiate a tax refund. The normal mode of communication from the IRS is a letter sent via the U.S. postal service. Report suspicious calls to the Treasury Inspector General for Tax Administration at 1-800-366-4484 or online at IRS Impersonation Scam Reporting.
- **Protect your computers with firewalls and anti-virus software.** Security software should always be turned on and set to update automatically. Create strong passwords—e.g., use at least eight characters including a mix of upper and lowercase letters, numbers and special symbols—and change them routinely.

Report an Incident

If you have been the victim of tax-related identity theft—i.e., you cannot e-file your tax return because one was already filed using your Social Security number—there are several steps you should take.

- File your taxes by paper and pay any taxes owed.
- Report the incident to the IRS. Print an IRS Form 14039 Identity Theft Affidavit from the IRS website and include it with your tax return.
- File a report with the Federal Trade Commission (FTC).
- Contact one of the three national credit reporting agencies—Experian, Transunion or Equifax—and request that a fraud alert or credit freeze be placed on your account.

Visit the IRS website to learn more.

[1] The Internal Revenue Service, "How Identity Theft Can Affect Your Taxes," IRS Summertime Tax Tip 2016-16, August 8, 2016.

Be in the Know About RMDs

Attention Baby Boomers: If you are among the first of your generation—those born in the first half of 1946—then 2016 was the year in which you turned 70½. That's the magic age at which Uncle Sam requires you to begin withdrawing money from your retirement accounts, namely traditional IRAs and employer-sponsored retirement plans, such as 401(k)s.

Not familiar with the phrase "required minimum distributions" (RMDs) or the rules governing them? Then take a moment to learn some RMD basics and how they might affect you as you enter the distribution phase of your retirement journey.

Five Facts About RMDs

1. **First-time clemency.** Generally RMDs must be taken by December 31 each year, but first-timers can wait until April 1 of the following year. So, if you turned 70½ in 2016 and haven't yet taken your RMD for the year, you have until April 1 of this year to do so. Keep in mind that you'll still need to take your RMD for 2017 by December 31.

2. **Which accounts are affected?** RMD rules apply differently depending on the type of account. For all non-Roth IRAs, RMDs must be taken by December 31 each year whether you have retired or not (note the first-time exception discussed above). For employer-sponsored plans, such as 401(k)s, you generally can defer taking RMDs if you are still working when you reach age 70½ provided your employer's plan allows you to do so AND you do not own more than 5% of the company that sponsors the plan.

3. **A word on taxes.** You will need to pay full or partial taxes at then-current income tax rates on your IRA distributions, depending on whether your IRA was funded with nondeductible contributions. For defined contribution plans, which are generally funded with pretax money, you'll likely be taxed on the entire distribution. Also note that the amount you are required to withdraw may bump you into a higher tax bracket.

4. **Penalties may apply.** If you fail to take your full RMD by the appropriate deadline in a given year or if you miscalculate the amount of the RMD and withdraw too little, the IRS may assess a tax of up to 50% on the amount you should have withdrawn—and you'll still have to take the distribution.

5. **Roth accounts are exempt.** If you own a Roth IRA, you don't need to take RMDs during your lifetime. If, however, you own a Roth 401(k) the same RMD rules apply as for non-Roth 401(k)s, the difference being that distributions from the Roth account typically will be tax free. One way to avoid having to take RMDs from a Roth 401(k) is to roll the balance over into a Roth IRA.

Learn More

These are just a few of the rules that apply to retirement account RMDs. For more resources, including the life expectancy tables you'll need to calculate your RMD amount, visit the IRS website at irs.gov. Your financial and/or tax professionals can also help you determine your RMD.

Your Credit Score:

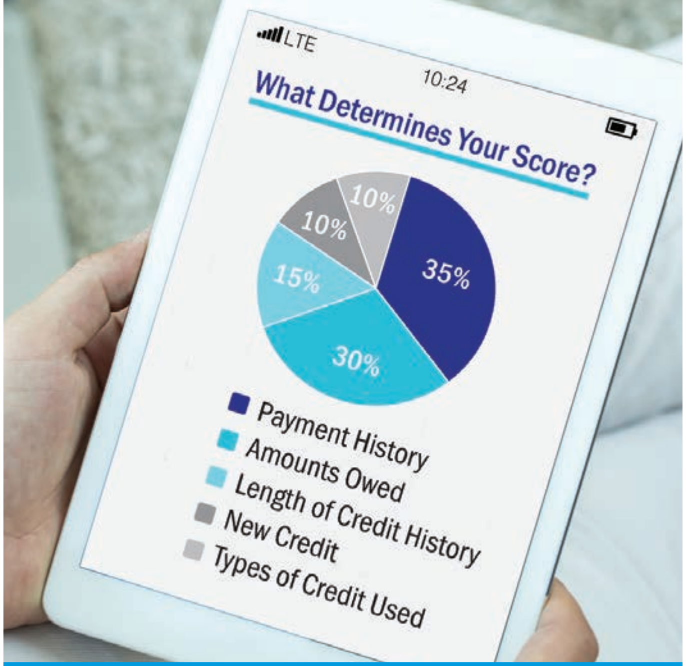
Know Your Number

While conducting start-of-the-year financial activities, make a point of checking your credit score. It can influence everything from the interest rate on your mortgage to your car insurance premiums, yet most Americans don't even know what their credit score is.

Credit scores are compiled by the three major credit reporting agencies—Equifax, Experian and TransUnion—based on information provided by creditors. They generate scores using a proprietary formula that assigns weightings to five main factors:

- ☑ Your payment history (whether you have missed or been late with any credit payments);
- ☑ Your utilization ratio (the amount you owe creditors compared with the amount of credit that is available to you);
- ☑ The length of your credit history (how long various accounts have been open);
- ☑ The amount of new credit on your record; and
- ☑ The types of credit you use (a combination of car, home mortgage and credit cards, for instance).

The result of their calculation is a three-digit number ranging from 300 to 850, with the higher number representing the best score. Generally speaking, the higher your score, the lower the perceived risk to the lender—and the more attractive the interest rate you may be offered.



Source: myFICO.com (Fair Isaac Corporation), retrieved April 2016.

Scores vs. Reports

Before you launch a campaign to raise your credit score, know what you are shooting for. Get a current copy of your credit report, and review it for accuracy. A credit score is like a grade given to your credit report. It reflects how well (or poorly) you are managing the individual debts included in the report. U.S. consumers are entitled to free annual credit reports from the credit reporting agencies named above. You can request all three reports at AnnualCreditReport.com.

Your Finances in 2017: Time for a Reality Check? (Continued from page 1)

Short-term volatility is inevitable and may tempt the most grounded investor to make impulsive investment choices. That is why maintaining an investment policy statement that reflects your long-term goals and time horizon can potentially be a valuable resource. Such a statement can be written to include your current investment expectations and to address the tax consequences of your portfolio.

For instance, some investors may hold on to a stock because of a low basis without evaluating what it may be costing them in missed opportunities (i.e., building a more diversified portfolio). Alternatively, investors need to be mindful of the tax cost associated with buying and selling securities. Tax efficiency is important in asset preservation, so speak to your tax advisor now about your 2017 strategy, particularly if you plan to rebalance your portfolio.

Wealth Transfer

To leave the legacy that you envision requires significant advance planning. Questions regarding how much you want to leave to loved ones, how long your bequest will last and how much will be eroded by taxes are difficult to address. But planning turns uncertainty into real opportunities to make a difference.

When crafting your estate plan, be sure that documents are written to be flexible and easily adapted to changing circumstances. For instance, if balances on investment accounts decline, you may need to rethink—and restate—your intentions to reflect changing market dynamics.

When faced with these and other important financial planning considerations, a trusted advisor can be an invaluable resource. Working together, you can address new realities by setting practical expectations and crafting a plan for success in 2017.

(1-555332) 12/2016