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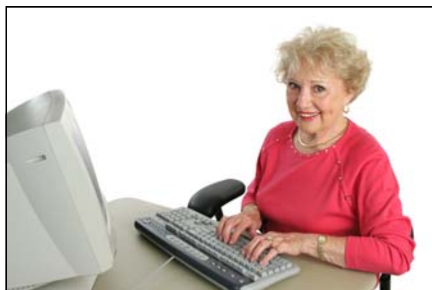
THE WEALTH ADVISOR

5 Steps To Help Women Save More For Retirement

According to the latest statistics, women have made great strides in saving for retirement but still lag far behind their male counterparts. A new report by the National Institute on Retirement finds that men received $17,856 in median retirement income from pensions in 2010, compared to $12,000 that women got—33% less than men. The gender gap also extends to retirement plans such as 401(k)s. In 2014, women had 34% less than men in these accounts, with a median of $36,875 for men and $24,446 for women.



To compound the problem, women have longer life expectancies than men; this means they need more – not less – to live on during retirement. The Social Security Administration says women reaching age 65 today can expect to live, on average, until age 86.6, as opposed to age 84.3 for men.

But taking steps now could help women overcome these hurdles. Here are five to consider:

1. Map out a plan. Married women, in particular, may tend to leave retirement planning to the men in their lives, especially if they relied on their husbands as the primary breadwinner during child-raising years. But it's important for women to participate in their family's financial planning, so that they can help formulate goals and what it will take to reach them. For women on their own it can be all the more crucial to commit a plan to writing and do their best to stick to it.

For instance, project where you expect to be in 10, 15, or 20 years, and what your living situation will be then. Will you continue to live in a high-rent district in retirement? What is your health status? Do you expect to be on your own or with a spouse? The answers can shape your goals.

Finally, when you're finished, don't just stick the plan in a drawer and forget about it. Review it periodically and, when warranted, update it to reflect your changing needs.

2. Create a budget. If you haven't done so already, develop a budget for yourself as well as for your household. In particular, focus on ways you can save more and spend less. For instance, if you participate in an employer plan for flexible spending accounts, you can save on taxes while setting aside funds for health care and dependent care. Also, if you're a homeowner, you might prepay principal on your mortgage, a strategy that can reduce the amount of interest you pay and shorten the time it takes to retire a mortgage.

On the spending side, can you forego some luxuries? Can you reduce annual expenditures for your wardrobe and entertainment? Such cutbacks may free up more funds for retirement.

3. Don't ignore the risks. Even if you're fit as a fiddle right now, there is no guarantee you won't face serious health issues in retirement. Act now to

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Financial Spring Cleaning

Spring prompts many people to take on household projects, but it's also a great time to "de-clutter" your financial plan. Think about adding these items to your spring cleaning list:

Review your personal expenses and spending habits

Are you meeting your financial goals and saving enough for retirement? Take a closer look at your expenses and spending and try to find areas to cut back. Being debt free isn't a reality for most. Take one of your debts that has been lingering and make it your mission to work on paying it off.

Evaluate your life insurance policies

Did you have any big changes this past year, such as a new family member, wedding or new job? You should review your policies to make sure you have the appropriate coverage for your situation and needs.

Review your beneficiaries

Review the people that you designated on your accounts and see if updates need to be made. This includes insurance, retirement, bank and investment accounts.

Update your estate plan

Have you been putting off getting estate planning documents drafted? While it may be a tough topic to think about for some, now is a good time to consider how your assets will be handled should you or your spouse pass away.

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Teach Employees About Computer Scams

Computer criminals seem to be stepping up their efforts to steal your personal and financial information—and your money.

The two most common approaches are the "tech support" scam, aimed primarily at individuals, and the "ransomware" scam, mostly used against businesses.

In a typical tech support scam, unsolicited phone callers say they are calling about "Windows," the popular operating system of computer software giant Microsoft. Don't believe it.

Microsoft says it never makes unsolicited phone calls about Windows computer problems.

Do not allow such a caller to take control of your computer. Hang up the phone immediately. This scam has been around since 2009.

Ransomware schemes have been around even longer, since 1989 when a disturbed biologist sent infected floppy discs to an AIDS conference sponsored by the World Health Organization.

This scam is aimed at businesses primarily because all it takes is for one employee to click on a link that then allows a scammer to take control of a business's computer system by shutting down the system or paralyzing it with encrypted, unintelligible jargon.

The scammer then demands a ransom, usually to be paid through an untraceable virtual currency such as bitcoin, to unlock the system and return it to normal.

The Federal Bureau of Investigation estimates that since 2015, U.S. companies have paid a total of $25 million to ransomware scammers.

The ransomware scam can start with a phone call much like the ones used by tech support scammers. In such a case, an employee is urged to allow the caller to obtain access to a business's computer system. Again, don't do it! Ever!

Today's version of the increasingly complicated scam also can start with a "phishing" email that asks a business computer user to click on a link to a website, article, or photograph that appears to be legitimate.

Scammers, in fact, are adept at creating legitimate-looking company names, fake caller IDs, and bogus company logos.

Business owners may be able to avoid these pitfalls by educating their employees about ransomware scams and how they work.

First, tell your employees never to take an unsolicited phone call from a stranger and then allow the caller access to your company's computer system.

Tell your employees not to rely on caller ID numbers to authenticate calls.

Also tell them about phishing emails that offer information or rewards if an enclosed link is clicked on.

Tell them never to click on a link from an unknown source, even if the email contains a legitimate-looking company name and logo.

If your employees don't know the source of an email, tell them not to click on a link or attachment – ever! ●

Sidestepping A Life Insurance Trap

Life insurance can be a lifesaver for a family whose main breadwinner unexpectedly passes away. But there may be steps you should consider that go beyond buying sufficient coverage to protect your family.

A primary goal is to keep life insurance proceeds from being included in your taxable estate, which could reduce their value. Normally, that will happen if the proceeds are payable to the estate or are received by someone else for the benefit of the estate. So the first step in avoiding this trap is to designate beneficiaries such as a spouse or a child who don't fall into those categories and to grant them full control over those assets. But that may not be the entire solution.

Even if proceeds aren't made payable to the estate, they count as assets of the insured person's taxable estate if he or she possessed "incidents of ownership" in the policy on the date of death. Furthermore, this rule applies to any incidents of ownership transferred during the final three years before death.

What is an "incident of ownership"? The definition goes beyond mere legal ownership and rights to the economic benefits of a policy. The list includes items such as the power to change beneficiaries; to revoke assignments of benefits; to obtain loans against the policy's cash value; to pledge the policy as collateral for a loan; and to surrender or cancel the policy. But the right to receive dividends and the right to veto the sale of an insurance policy by a trustee of an irrevocable life insurance trust aren't considered incidents of ownership.

If you buy life insurance and transfer all incidents of ownership in the policy more than three years before your death, all of the proceeds will be exempt from

Take 7 Financial Steps In A Second Marriage

Marrying again after divorce or the death of a spouse may offer great personal benefits. But it also can lead to financial complications, especially if you have children from your first time around.

However, the blessed event doesn't have to be ruined by family squabbles. Discussing matters openly and deploying a range of estate planning strategies can help you develop a plan that meets your needs. Here are seven steps to help move you along:

1. Open the lines of communication. Before you tie the knot, be up-front about your concerns and preferences. Talk to each other about your intentions and how you expect to pass along assets to other family members, including any children and grandchildren. You might find it helpful to include an impartial person, such as your financial advisor, to "broker" the talks.

Consider this checklist of points to discuss:

- Existing financial obligations (for example, a promise to pay for a grandchild's education);
- Plans for future support and funding for retirement;
- Guardianship of any minor children; and
- A prenuptial agreement protecting your personal interests.

2. Conduct an inventory. Now is a good time to compile a list of your assets. This may include: stocks, bonds, mutual funds, and other investments; amounts that you've transferred to trusts; retirement plan and IRA funds; and proceeds that will be available from life insurance policies. Also, review any agreements made during the course of your first marriage. For instance, if you were required to name your then-spouse as the beneficiary of your retirement plan accounts, you may have less flexibility than you thought.

3. Consider the variables. Not everything is cut and dried. It's up to you to decide which assets, if any, you will comingle with your new spouse's. Keep in mind, though, that the laws of your state also may come into play. For instance, in community property states, the law presumes that assets will be owned jointly. But most states mandate "equitable distribution," calling for property to be distributed fairly, but not necessarily equally. Also, you'll want to factor in your age and health status, as well as those of your spouse.

4. Pay attention to titles. The way that property is titled, both prior to marriage and after, can have a profound effect. For example, setting up accounts as joint tenants with rights of survivorship (JTWROS) will make it clear that assets will go directly to the other named person, such as your spouse, when you die. But if a title names you as the sole legal owner of assets, they'll pass to your estate and not directly to your spouse.

5. Name your beneficiaries. If you're entering a new marriage you'll likely need to amend your existing will or replace it entirely. In particular, it's important to review the beneficiaries you've named for various assets in the will. Also, take a look at the beneficiary designations in documents for all of your retirement plans, IRAs, and life insurance policies. Those beneficiary designations take precedence over whatever may be in your will.

6. Show some trust. Your estate plan may include one or more trusts, which can be useful in transferring wealth to children of an earlier marriage while imposing some constraints on the recipients. Here are a few possibilities:

Bypass trust: This vehicle could be designed to provide income to a surviving spouse, with the remainder of trust assets going to other designated family members.

Q-tip trust: With a qualified terminable interest property (Q-tip) trust, a surviving spouse may receive income, but not principal, when the owner dies, with children receiving the remainder from the surviving spouse's estate.

Spendthrift trust: As the name implies, this trust can be helpful in restricting beneficiaries' access to assets until they reach a specified age or meet other requirements.

7. Don't forget about taxes. Last, but not least, it makes sense for both of you to consider how to minimize estate tax on the federal and state levels. That likely means use of the generous estate tax exemption ($5.49 million in 2017) as well as the "portability" provision allowing a surviving spouse's estate to benefit from the unused portion of a deceased spouse's exemption. Such provisions could be included in trust documents or other estate planning devices.

The second time around, it's more important than ever to seek expert assistance from your estate planning advisors. Don't hesitate to contact us. ●

federal estate tax. Although the transfer is subject to gift tax, in most cases you can shield the transfer from tax through the annual gift tax exclusion and generous unified estate and gift tax exemption. Or you might create an irrevocable life insurance trust, which also can help shield proceeds from estate tax.

Big changes in the estate and gift tax laws could be coming, but now is an opportunity to protect your interests under current law without risking future harm. ●

Tax Rules For Collectible Donations

Do you collect art, jewelry, coins, or stamps? Or maybe your passion is action figures or sports memorabilia. Whatever the focus, your collection could be valuable—and donating all or part of it to a museum or another nonprofit organization could earn you a substantial tax deduction. If you play your cards right, you may be able to write off the full value of your donation immediately.

The basic rule is that you can deduct the fair market value (FMV) of a collectible item you give to charity if selling it would have produced a long-term capital gain. So if you've owned the property for more than one year, the amount you deduct can include the item's appreciation in value since you acquired it. And you never will be taxed on that gain.

On the other hand, for a collectible you've owned for a year or less, your deduction is limited to your "basis" in the property (usually, your initial cost). These are essentially the same rules that apply to donations of securities.

Suppose you acquired a sculpture for $10,000 eleven months ago and it's now worth $15,000. If you donate it to a museum now, you can deduct $10,000 as a charitable contribution. However, if you wait just over a month longer, the full $15,000 is deductible.

Is there a catch? Yes, just one. When you donate "tangible personal property," such as collectibles, you can take a deduction based on FMV only if the property is used in a manner relating to the charity's tax-exempt function.

Let's go back to our example of the sculpture. If you give the artwork to a museum after you've owned it for more than a year and it is displayed for the public to see, you still can write off $15,000. However, if the nonprofit is your alma mater and school officials shove it into a storeroom, you can deduct only your basis, or $10,000.

In some cases, the higher deduction easily can be salvaged. For instance, if you give it to your college but insist the sculpture be displayed in a building where art majors can study it, you should qualify for the full deduction.

The other thing that's important is to have your item or collection appraised by an independent expert in the field to establish its value. This is an IRS requirement and will come in handy if the agency ever challenges the deduction amount. But here's a bonus—you may be able to deduct the cost of the appraisal as a miscellaneous expense, subject to the usual threshold for such write-offs.

Other tax rules, including limitations on itemized deductions, may come into play. But this is the way to get the most bang for your buck under current law. ●

Steps To Help Women Save More

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ensure that you'll be protected from any catastrophe that could soak up your life's savings. For instance, you should be able to rely on adequate health insurance coverage through an employer or other resources. When you reach age 65, the qualifying age for Medicare, you probably will need to buy supplemental coverage to reduce your out-of-pocket costs.

Women, in particular, also may want to consider buying long-term care insurance to help cover the costs of nursing home care they may need one day. According to American Seniors Communities, there are seven times as many women as men in assisted care facilities.

4. Salt away more in tax-favored accounts. Don't pass up the opportunity to participate in a 401(k) or another kind of retirement plan at work. The tax law permits you to defer salary within generous limits, plus "catch-up contributions" are allowed when you're age 50 or older. Also be sure to contribute enough to qualify for the maximum matching contributions from your company.

Money you put in traditional or Roth IRAs can complement employer-based retirement plans. A Roth IRA, which doesn't let you deduct contributions but does offer tax-free distributions during retirement, could be particularly helpful, especially if you expect to pay a higher tax rate in retirement than you did while working. "Spousal" IRAs can benefit nonworking wives.

5. Rely on a financial advisor. Having a retirement expert help guide your decisions can be just as helpful for women as it is for men. From working with you to develop an investment plan to helping you decide when to begin receiving Social Security benefits and how to manage required distributions from your retirement accounts, an advisor can be an essential partner in planning the kind of financial future you want. ●

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