

FINANCIALink

Your Money Management Newsletter

TARANTO FINANCIAL SERVICES & CPAs

1263 Route 31 • Lebanon, NJ 08833
 (908) 730-7211 • Fax (908) 735-5524
 Email: gtaranto@americanportfolios.com
 www.TarantoAssociates.com



Gregory Taranto, CPA

Job Satisfaction

A job satisfaction survey found that U.S. workers are most satisfied with their co-worker relationships and workplace physical safety, and least satisfied with their employer-sponsored retirement plan, on-the-job stress, and the amount they earn. In general, women were less satisfied than men, and hourly workers were less satisfied than salaried workers.

Percentage of workers who were completely satisfied with these job characteristics

Relations with co-workers	74%
Physical safety conditions	74%
Job security	65%
Flexibility of hours	64%
Boss or immediate supervisor	59%
Amount of work required	58%
Amount of vacation time	56%
Recognition of accomplishments	52%
Chances for promotion	44%
Health insurance benefits	41%
Amount of money earned	37%
Employer retirement plan	36%
On-the-job stress	34%

Source: Gallup, 2019



\$2,860

Average tax refund in 2019, down slightly from \$2,899 in 2018. Early in the 2019 filing season, there were concerns that taxpayers would be surprised by much smaller refunds due to changes in the Tax Cuts and Jobs Act, but, on average, that did not prove to be the case.

Source: Internal Revenue Service, 2019 (filing season through 11/22/2019)



Securities Offered Through:

American Portfolio Financial Services, Inc., 1263 Route 31, Lebanon, NJ 08833, Member FINRA/SIPC.

Practical insights for your **FINANCIAL GOALS**

Setting a Retirement Savings Goal

It's difficult to reach a destination unless you know where you're heading. Yet only 42% of workers or their spouses have tried to estimate the savings they would need to live comfortably in retirement.¹

To get started on establishing a retirement savings goal, use the simple worksheet on this page to compare the income you think you will need (or want) with the sources of income you expect.

How Much Income Will You Need?

Everyone's situation is different, but one common guideline is that you will need at least 70% to 80% of your pre-retirement income to meet your retirement expenses. This assumes that your mortgage is paid off, you have lower transportation and clothing expenses when you stop working, and you will no longer be contributing to an employer-sponsored retirement savings plan.

Although some expenses may be lower, others might increase, depending on your retirement lifestyle. Perhaps you want to travel more or engage in new activities.

Don't forget to budget for medical expenses. A recent study suggests

that an average 65-year-old couple who retired in 2019 might need \$301,000 in savings to cover Medicare premiums and out-of-pocket health-care expenses (not including long-term care).² This equates to about \$12,000 annually over a 25-year retirement. Future retirees might face even higher expenses.

Estimate Income Sources

You can estimate your monthly Social Security benefit at different retirement ages by using the tool at ssa.gov/retire/estimator.html. The closer you are to retirement, the more accurate this estimate will be. If retirement is many years away, your benefit could be affected by changes to the Social Security system, but it might also rise as your salary increases and the Social Security Administration makes cost-of-living adjustments.

If you expect a pension from current or previous employment, you should be able to obtain an estimate from the employer.

Add other sources of income, such as from consulting or a part-time job, if some type of work is in your plans. Be realistic. Consulting can be lucrative, but part-time work often pays low wages, and working

in retirement is less likely than you might expect. In 2019, 80% of workers indicated that they expect to work for pay after retirement, but only 28% of retirees said they had actually done so.³

The income from your savings may depend on unpredictable market returns and the length of time you need your savings to last. Higher returns would enable your nest egg to grow faster, but it would be more prudent to use a modest rate of return in your calculations.

Remember that all investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Moving Forward

A rough estimate of your retirement savings goal is a good beginning, and a professional assessment may be the next step. Although there is no assurance that working with a financial professional will improve investment results, a professional can evaluate your objectives and available resources and help you consider appropriate long-term financial strategies.

1-3) Employee Benefit Research Institute, 2019

Get Started

This worksheet might give you a general idea of the savings needed to generate your desired retirement income.

	Example	You
1. Annual retirement income desired	\$80,000	
2. Expected income from sources such as Social Security or a pension	\$30,000	
3. Income you need to generate from savings and investments (line 1 - line 2)	\$50,000	
4. Savings needed to provide desired income for 25 years (line 3 x 17.4)*	\$870,000	
5. Savings needed to provide desired income indefinitely (line 3 ÷ 0.03)*	\$1,667,000	

*Assumes a 3% after-tax rate of return; the 25-year factor is rounded.

This hypothetical example is used for illustrative purposes only. Rates of return will vary over time, particularly for long-term investments. Investments seeking to achieve higher rates of return involve a higher degree of risk. Actual results will vary.



Last-Minute Tax Tips

The filing deadline for 2019 federal income tax returns is April 15, 2020. Although the date is approaching quickly, there is still time to take steps that might lower your tax liability and facilitate your taxpaying experience.

Boost Savings, Lower Taxes

Deductible 2019 contributions to a traditional IRA and/or a health savings account (HSA) can be made up to the tax filing deadline, not including extensions. If you do not yet have these accounts and meet appropriate qualifications, you can open them before the deadline and still contribute for 2019. You must notify the custodian of your IRA or HSA that your contribution is for the 2019 tax year.

If you were under age 70½ and had earned income, you may be eligible to make a 2019 contribution of up to \$6,000 to a traditional IRA (\$7,000 if you're age 50 or older).^{*} If you or your spouse participate in an employer-sponsored retirement plan, eligibility to deduct contributions phases out at higher income levels.

If you were enrolled in a qualified high-deductible health plan (HDHP) during all of 2019 (or qualify under the "last-month rule"), you can make a 2019 HSA contribution of up to \$3,500 if you had self-only HDHP coverage or \$7,000 if you had family coverage. Each eligible spouse who is 55 or older (but not enrolled in Medicare) can contribute an additional \$1,000 to his or her own HSA. Although most people contribute to an HSA through pre-tax payroll deductions, direct contributions can generally be made up to the tax filing deadline.

Check Your Return

Double-check your math if you do calculations by hand. If you use tax software, scan the entries to make sure the math and other information are accurate. Be sure to enter all income, and use good judgment in taking deductions. Keep all necessary records. If you are not comfortable preparing your own return, work with a qualified tax professional.

Apply for an Extension, But Pay Taxes Due

If you can't meet the deadline or just want more time to consider your tax situation, you can obtain an automatic six-month extension by filing IRS Form 4868 by the original due date of your return. For most individuals, the extension deadline for 2019 returns is October 15, 2020.

An extension does not postpone payment of any federal income tax that is due. Estimate your tax liability and pay any tax that is due by the original filing deadline. Any taxes not paid by the regular due date will be subject to interest and possible penalties.

Taxpayer Bill of Rights

1. The Right to Be Informed
2. The Right to Quality Service
3. The Right to Pay No More Than the Correct Amount of Tax
4. The Right to Challenge the IRS's Position and Be Heard
5. The Right to Appeal an IRS Decision in an Independent Forum
6. The Right to Finality
7. The Right to Privacy
8. The Right to Confidentiality
9. The Right to Retain Representation
10. The Right to a Fair and Just Tax System

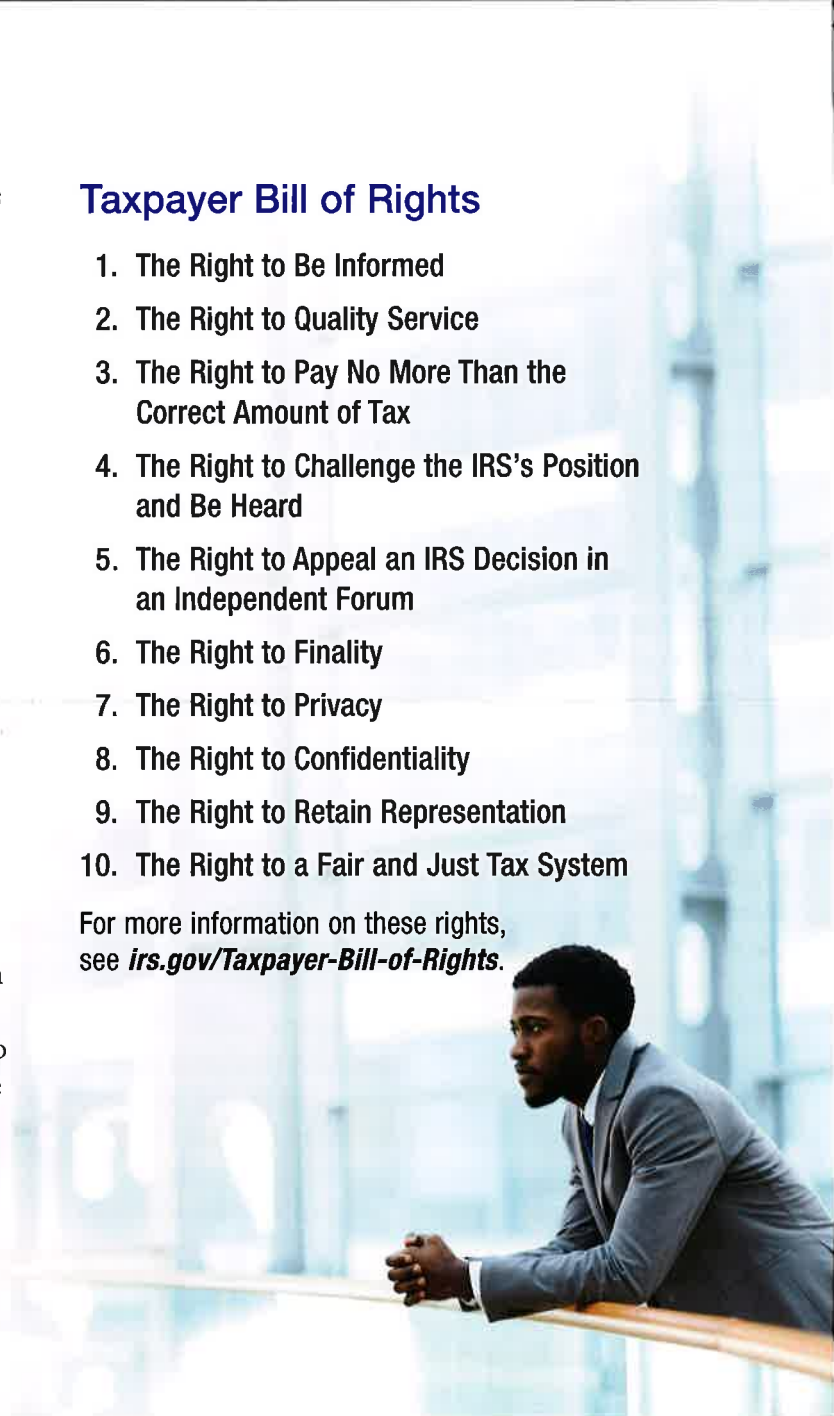
For more information on these rights, see [irs.gov/Taxpayer-Bill-of-Rights](https://www.irs.gov/Taxpayer-Bill-of-Rights).

Beware of Tax Scams

Tax scams can occur at any time, but they're especially prevalent during tax season. Thieves may use your identity to fraudulently file a tax return and claim a refund. You might even receive phone calls or emails claiming to be from the IRS.

Be aware that the IRS will never initiate contact with you by email to request personal or financial information, and the agency will never call you about taxes owed without sending a bill in the mail. If you think you may owe taxes, contact the IRS directly. Visit [irs.gov/help](https://www.irs.gov/help) for official contact information as well as information about detecting and reporting tax scams.

^{*}Starting with contributions for the 2020 tax year, the age 70½ restriction has been eliminated, but you still must have earned income.



Where to Look for Lost Property



U.S. savings bonds were once so popular — and so often tucked away — that an estimated \$25 billion in matured savings bonds have never been claimed. These bonds have been caught in a prolonged legal battle between the federal government and states that want to take control of the bonds on behalf of their residents.¹

In August 2019, a federal appeals court ruled in favor of the federal government, saying that only the rightful owner could redeem bonds that were missing, stolen, or destroyed (typically by providing the serial numbers or other identifying information). However, the Treasury has allowed states to redeem bonds in their physical possession and hold the proceeds for their rightful owner.²

As this conflict illustrates, one of the challenges of finding lost property is knowing where to look, and you may have to look in multiple places.

State Programs

Every state has an unclaimed property program that requires companies and financial institutions to turn account assets over to the state if they have lost contact with the rightful owner for one year or longer. It then becomes the state's responsibility to locate the owner.

For state programs, unclaimed property might include financial accounts, stocks, uncashed dividend and payroll checks, utility deposits, insurance payments and policies, trust distributions, mineral royalty payments, and the contents of safe-deposit boxes. State-held property generally can be claimed in perpetuity by original owners and heirs.

Most states participate in a national database called Missing Money; searching on [MissingMoney.com](https://www.missingmoney.com) is free. You might also need to check specific databases for every state where you have lived. For more information, see the National Association of Unclaimed Property Administrators at [unclaimed.org](https://www.unclaimed.org).

Federal Programs

Unclaimed property held by federal agencies might include tax refunds, pension funds, funds from failed banks and credit unions, funds owed investors from U.S. SEC enforcement cases, refunds from FHA-insured mortgages, and unredeemed savings bonds that are no longer earning interest. There is no central database for federal agencies, but you can find more information at [usa.gov/unclaimed-money](https://www.usa.gov/unclaimed-money).

Proceed with Care

Finding and receiving any unclaimed property to which you are entitled should not cost you money. Though there are legitimate companies that may be paid to locate rightful owners or offer to help rightful owners obtain property for a fee, you do not need to pay them in order to receive the property. Be on the lookout for scammers who claim to have property in order to obtain other information about you or your finances. If you have questions or concerns, contact the unclaimed property office in your state.

1) *The Wall Street Journal*, August 3, 2019

2) *The Wall Street Journal*, August 13, 2019

The information in this newsletter is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek advice from an independent professional advisor. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Broadridge Advisor Solutions. © 2020 Broadridge Investor Communication Solutions, Inc.

Have you established a retirement savings goal? Are you on track to reach it? Call for an appointment today.

Working toward a better financial future,