[Vintage] Financial Services, LLC

On the [MONEY]

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From the Grapevine...

Vintage continues to grow at a nice pace, adding clients, assets under management and new staff (see page three for our latest addition). We moved into our current office space at 101 N. Main Street in 2005 and added some additional space a few years ago, but we're running out of room now. Unfortunately, we can't expand on our eighth floor, but there is additional space available on the fourth floor of our building. We've signed a new lease that will nearly double our current square footage and allow for our future growth. The build out should start soon and we expect it to be available next spring.

Congratulations to Todd Perry and his wife, Kristen, on the birth of their third child, and first boy! William Anthony Perry was born in mid-October and joins older sisters Charlotte and Belle.

Save the date of March 14! We'll be hosting another evening event at the Ann Arbor Art Center's 117 Gallery.

WHAT'S THE BEST AGE TO START SOCIAL SECURITY BENEFITS?

Social Security is the most important source of income for most Americans. For about half of retirees age 65 and older, Social Security makes up at least half of their income. While most people can start benefits at age 62, that may not be the best age to start.

Social Security uses a Full Retirement Age to determine your benefits. For people born in the 1950's, it is between age 66 and 67 and for those born from 1960 on, it is 67. While the FRA factors into some rules, most people can start benefits any time from age 62 on. The longer you wait, the higher your annual benefit, up until age 70 when initial benefits no longer increase (you'd still get the annual COLA increases).

Some articles suggest that everyone wait until age 70 in order to draw the highest annual benefit. While the monthly benefit is higher, you'll also receive it for fewer months, so you'll need to live long enough to make up for the months or years you received nothing. So the most important factor in deciding when to start is your life expectancy. Social Security uses actuarial tables to balance the monthly checks over the number of months they expect you to live. If you expect to live into your mid-80's or beyond, it is generally best to wait to age 70. But there are many other factors and strategies to consider so it's best to consult a knowledgeable Certified Financial Planner (CFP®) to see how to maximize this valuable benefit.

LATE YEAR TAX PLANNING MOVES

It's getting late in the year, but not too late to make some simple tax planning moves that can save on your taxes for 2018 and/or future years. Here's a few tips to keep in mind:

Charitable Gifts – If you're giving money to charity during this season of giving, you may be able to do it in a tax-efficient manner. If you're over 70 ½ with an IRA, you can use a Qualified Charitable Distribution that sends funds directly from your IRA to a qualified charity without ever paying tax on the funds. This can save not just income taxes, but may also reduce your 2020 Medicare premiums.

Another option is to gift shares from a regular brokerage account (joint/single or trust account). If you have shares of highly-appreciated stock or mutual funds, many charities will take donations in-kind – avoiding a big capital gains tax bill. You'll get the deduction for the full value of the donation.

Tax Loss Harvesting – If you have some funds in your taxable brokerage account that are at a loss, one option is to proactively harvest those losses to offset current or future capital gains. Sometimes it's a fund you aren't planning to hold long-term anyways, and cutting your losses saves taxes and re-aligns your portfolio. Other times it makes sense to hold on to the investment regardless, given the role it plays in your portfolio and the long-term growth prospects. Keep in mind that there's wash sale rules that can apply if you buy the same or similar position back soon after selling at a loss. And note that just because a position has fallen in value in 2018, it may still have potential capital gains from the original purchase price.

Employer Retirement Account Contributions – Unlike IRAs and Roth IRAs that have a window to contribute after year-end, employer sponsored retirement accounts like your 401(k) or 403(b) re-set on January 1st. If you receive a bonus or have plenty of short term savings, consider increasing your year-end contributions up to the annual limit. The 2018 annual 401(k)/403(b)/457 limit is $18,500 if you are under age 50 and $24,500 at age 50 and above.

Roth Conversions – If you anticipate a big spike in income next year, through either a substantial raise at work, or starting Social Security or Required Minimum Distributions from a retirement account, a Roth conversion this year before that bump can help cut your long-term tax bill. Unlike Roth contributions that can wait until April 15th, Roth conversions for 2018 need to happen before year-end.

Taking time to plan out and review your tax situation before the ball drops on New Year's Eve can put some extra money in your pocket this year. If you have questions about whether these or any other strategies make sense for you, contact our office.

IRS INCREASES 401(k) AND IRA LIMITS FOR 2019

The IRS recently announced increases in the annual contribution limits for both IRAs and 401(k), 403(b) and 457 retirement plans. The IRA limit hasn't been increased since 2013 but will jump for 2019 contributions from $5,500 to $6,000. The catch-up limit for people age 50 and above will remain $1,000.

For 401(k), 403(b) and 457 plans, the annual contribution limit will climb from $18,500 in 2018 to $19,000 next year. The age 50+ catch-up limit stays at $6,000.

MEET AMANDA MASSINOPLE

As Vintage continues to grow (thanks for your referrals!), we've continued to add to our staff this year. We're pleased to announce that Amanda Massinople has joined our team as an administrative assistant.

After graduating with a Bachelors of Arts degree in English and Italian and working in the education field as a teacher and counselor, Amanda decided to make a career change. She's planning to begin the coursework toward the Certified Financial Planner (CFP®) designation and we're hoping she'll add some diversity to our current lineup of male Senior Financial Planners in a couple years.

Amanda has already added to our Big Ten fan base. She grew up in Columbus and graduated from Ohio State University and claims that she will always be a Buckeye. We've already got some Spartans in the office and even a Nittany Lion, in addition to a strong core of Wolverine fans.

NOT A CLIENT?

If you're not yet a Vintage client, we'd like to invite you to learn about how our team can help optimize your financial resources. We have the largest team of fee only Certified Financial Planners (CFPs®) in the Ann Arbor area along with extensive tax expertise and over 35 years of investment management experience. Find out why *Forbes, Barron's* and *Financial Times* all recently recognized Frank Moore and the Vintage team as the only firm in Washtenaw County to make their "top" lists.

We can't work with everyone, but if you have an overall portfolio including retirement accounts of over $500,000, we're happy to offer a complimentary initial meeting. Learn more about us at www.VintageFS.com.

FIDUCIARY RULE: R.I.P.

We were saddened to see the death of the Department of Labor's Fiduciary Rule over the summer. For those of you who never got to meet and understand the Rule, it would have required all financial advisors that provide advice on retirement accounts to put their client's interests first and act in a fiduciary capacity.

The Rule was initially introduced by the DOL in 2010 and then revised and reintroduced a few years later. Then-president Obama gave it his full support in early 2015 and Vintage's Frank Moore joined with other industry leaders on the Financial Planning Coalition to help it come to fruition. It was scheduled to take effect on April 10, 2017, but after the 2016 elections the Republicans joined with Wall Street to try to kill it.

The death of the Rule means that brokerage firm, bank and insurance customers should continue to be leery of their "advisors", many of whom continue to work on a commission basis. The short life of the Rule did help to highlight the differences in financial advisors and a growing percentage of Americans now understand what a Fiduciary is, even if they have a hard time knowing where to find them.

Investors that want to be able to trust that their advisor will put their best interests first should seek out Fee Only advisors (not "fee based"). These advisors don't receive compensation from anyone but their clients. You can find them at the National Association of Personal Financial Advisors website, www.napfa.org, or by looking for firms like Vintage that are Registered Investment Advisors (RIAs) with the state or SEC and not registered with FINRA.

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INSIDE THIS ISSUE: