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10 Common Questions On Social Security Benefits

If you're nearing retirement or you recently retired, you probably have plenty of questions about Social Security retirement benefits. Here are answers to 10 common queries posted online by the Social Security Administration (SSA).

Q1. How do I obtain a replacement Social Security card?

A. You can get an original Social Security card or a replacement card if yours is lost or stolen for free. Generally, all you have to do is submit the request to the SSA online. However, in some states, you must show additional documentation. Visit the SSA website for more information.

Q2. How do I change or correct my name on my Social Security number card?

A. If you're legally changing your name because of marriage, divorce, court order, or for any other reason, promptly notify the SSA and obtain a corrected card. This service is also free. Simply follow the procedures for getting a replacement card.

Q3. What are the ramifications if I receive Social Security retirement benefits while I'm still working?

A. If you haven't reached full retirement age (FRA) and you earn more than a specified annual limit, your benefits are reduced under this "earnings test" as follows:

- If you're under FRA for the entire year, you forfeit $1 in benefits for every $2 you earn that exceeds the annual limit. For 2017, that ceiling is $16,920.
- In the year in which you reach FRA, you forfeit $1 in benefits for every $3 earned above a separate limit, but only for what you earn before the month in which you reach FRA. For 2017, this limit is $44,880.

Beginning with the month in which you reach FRA, you can receive benefits that won't be affected by whatever you may earn.

Q4. What is my FRA?

A. It depends on the year in which you were born. The FRA gradually increases from age 65 for those born in 1937 or earlier to age 67 for those born in 1960 and after. The FRA for Baby Boomers born between 1943 and 1954 is age 66.

Q5. Can I collect benefits if I retire before my FRA?

A. Yes. You can retire and apply for benefits as early as age 62, but your monthly benefits will be reduced by as much as 30% in that case.

Q6. Are benefits increased if I wait to apply until after my FRA?

A. Yes. You can receive increased monthly benefits by applying for Social Security after reaching FRA. The benefits may increase by as much as 32% if you wait until age 70. After age 70, there is no further increase. Visit the SSA website to figure out the exact amount of your "early" and "late" benefits.

Q7. How do I apply for Social

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Warren Buffett Gives Sage Advice But You Must Really Listen

Warren Buffett, the billionaire CEO of Berkshire Hathaway, is known as an investment guru, and there are plenty of people and websites dedicated to following his every move and trying to replicate each one. When Buffett decided it was time to buy a car dealership, other high rollers decided to buy car dealerships. He wields that kind of influence.

Admittedly, Buffett is brilliant, yet he often dispenses homespun advice that shows common sense can lead to more dollars and cents. Here are just a few of his pearls of wisdom:

"Rule No. 1: Never lose money. Rule No. 2: Don't forget rule No. 1."

"You don't need to be a rocket scientist. Investing is not a game where the guy with the 160 IQ beats the guy with the 130 IQ."

"When we own portions of outstanding businesses with outstanding managements, our favorite holding period is forever."

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

"Time is the friend of the wonderful business, the enemy of the mediocre."

"I try to buy stock in businesses that are so wonderful that an idiot can run them, because sooner or later one will."

Maybe you can take a page out of Warren Buffett's book without risking a small fortune. Invest for the long term and don't fall into the trap of market timing.

Five Steps When You Inherit Assets

During the next 30 years or so, an estimated $30 trillion is expected to change hands, and many offspring of older Baby Boomers may inherit a small fortune. Here are five practical suggestions for handling the windfall:

1. Give yourself time to grieve. If you're like most people, the loss of a loved one will come at an emotional cost. So you're probably not going to run out and buy a luxury car or book a cruise the day after the funeral. Allow yourself enough time for your grief to pass before you make any major decisions. Don't let your heart overrule your head.

2. Consider the limitations. Just because you've come into some money doesn't necessarily mean you'll be living on Easy Street. So try to resist the impulse to splurge on items you still can't afford. You might consider using some of the money for a one-time "treat" for your family and use the rest to invest for long-term goals.

3. Pay down debt. If you owe a lot of money, this could be a good opportunity to pay off some of your obligations. While you don't have to rid yourself of *all* of your debt—you might decide to keep your mortgage and perhaps a car loan—it could make sense to retire credit card and other debt that has high interest rates.

4. Set goals. In considering how to use your windfall, you might divide your objectives into short-, medium-, and long-term goals. For instance, in the short term you may decide to move to a bigger home. A medium-term goal might be to save money for a child's college education through a Section 529 plan. And a long-term objective for many is to secure a comfortable lifestyle in retirement.

5. Create an estate plan. If you haven't done this already, your windfall could provide an excellent opportunity to prepare for the eventual transfer of your own wealth, including the assets you've just inherited, to other family members. You might decide to establish a trust for the benefit of minors or make other arrangements to help ensure financial security for a surviving spouse or grandchildren.

Fortunately, you don't have to do all this on your own. With the help of experienced professionals, you can develop a plan that makes sense. Don't hesitate to contact us for assistance. ●

Remember The Lesson Of Rebalancing

Sometimes investors need to be reminded just how unpredictable equity markets can be. Any big, unforeseen event—such as the United Kingdom's so-called "Brexit" vote to leave the European Union—can result in dramatic market swings. And because such fluctuations are as inevitable as they are unpredictable, it makes sense to be prepared for all possibilities.

The best way for most investors to deal with short-term volatility is to stick to a long-term plan, rather than panicking or making ill-considered market moves. And your plan will need a proper balance between stocks and bonds in your portfolio. Historically, stocks have outperformed other kinds of investments and have provided a hedge against inflation, while bonds have provided steady income and more protection against market volatility.

Diversification and asset allocation—core principles for attempting to control investment risks—are used to create a portfolio that may have the breadth to reduce volatility when markets get turbulent. Your overall tolerance for risk can help determine how you allocate your investments to stocks, bonds, and other assets. Diversification and asset allocation are designed to minimize inherent risks, although there are no absolute guarantees.

But as important as it is to choose a mix of investments that makes sense for you, you'll also need to revisit your portfolio periodically to help restore the balance you've established. If stock prices rise, for example, that part of your portfolio may grow larger than you intended—and this could make you vulnerable if equity prices fall. "Rebalancing" helps you get back to the target percentages you started with.

Yet as simple as that may sound, rebalancing can seem counterintuitive in practice. It requires you to sell investments that have been doing well

How To Save For Your Retirement At Every Age

When should you start saving for retirement? There's no time like the present, whether you're fresh out of school or in the middle of your career. And even if you haven't been able to set aside much, if anything, during your main working years, realize that it's never too late to begin.

Of course, you're more likely to secure a comfortable retirement if you can save consistently over your lifetime. Keeping that in mind, here's an overview of what you might do during different stages of your life.

Ages 20-40: It makes sense to get in on the ground floor when you can. For many people, the best place to start is with a 401(k) plan or another such employer-sponsored retirement plan that offers substantial tax advantages.

For instance, if you're eligible to participate in a 401(k), you can defer up to $18,000 to your personal account in 2017. (This figure is indexed for inflation annually and may be adjusted upward.) Your contribution isn't taxed now. Your employer may provide matching contributions, too, based on how much you put in. So if you're eligible and not actively participating in your company's plan, you're leaving money on the table.

But don't stop there. If possible, supplement your 401(k) or similar plan with an IRA or other kind of saving plans. With a traditional IRA, your contributions may be wholly or partly tax-deductible. Then, as with a 401(k), money withdrawn during retirement is generally taxable. With a Roth IRA, you can't deduct contributions, but future distributions are generally exempt from tax.

Starting to save early in one or more of these retirement plans puts time on your side, and the power of tax-deferred investment compounding can be formidable. Suppose you're age 30 and plan to retire at 67. Let's assume that you earn $100,000 a year and contribute 5% to your 401(k), while your employer provides an annual 50% match of 3% of your salary. If you earn a hypothetical return of 7% annually on account funds, your yearly contributions of $5,000, bolstered by your employer's $1,500, will grow to $1,081,038 by the time you're ready to retire.

Of course, this is a busy time of life, and the cost of buying a house and starting a family, among other expenses, could affect how much of your income you can earmark for retirement savings. But if you can manage to save regularly and steadily, the potential payoff could be substantial.

Ages 40-60: If you're able to sustain a sound retirement saving strategy that you began in your 20s and 30s, you'll be ahead of the game. But financial obligations during this 20-year stretch sometimes can be overwhelming. You might move to a larger home, expand your family, and shoulder part or all of the cost of putting your kids through college.

However, if you can keep saving, your retirement plan and IRA contributions will continue to bolster your nest egg during a time when your job income may rise substantially. You can continue IRA contributions even if they're nondeductible. Moreover, once you reach age 50, you can make "catch-up" contributions that increase the maximum amount you can put in a 401(k) each year. The maximum catch-up contribution for 2017 is $6,000. (This figure, too, is indexed annually for inflation.) These extra amounts can help you make up for lost ground once you've paid those college tuition bills. Depending on your situation, you also might decide to convert traditional IRA funds to a Roth IRA. You'll owe current taxes on the amount you convert, but you may secure tax-free payouts in retirement.

Furthermore, if you can manage to pay off your mortgage during these years, you could earmark the money that had been going for monthly loan payments to increase the amount you put away for retirement.

Ages 60 and up: Now is the time for a final savings surge. Be sure to maximize retirement and IRA contributions, and set aside extra money in other accounts if you can.

At the same time, consider several crucial decisions that could affect your retirement lifestyle. One very important question is when to apply for Social Security benefits. For most Baby Boomers, full retirement age (FRA) is age 66, but it gradually increases to age 67 for younger people. If you apply before you reach FRA, as early as age 62, you'll receive lower monthly benefits. Waiting longer, until as late as age 70, will produce higher benefits. Other decisions about Social Security may affect married couples.

Another decision involves your home. Downsizing to a smaller, cheaper house, perhaps in an area with lower costs, could help you minimize your expenses as you approach retirement.

Finally, remember that retirement planning doesn't end when you retire. It's an ongoing process, and from now through the rest of your life, you'll probably need to make periodic adjustments to your investment strategy and your plan for tapping your savings. ●

and buy others that have slumped. Your natural inclination may be to keep riding a wave of success, and to stay away from parts of the market that haven't performed well.

But rebalancing can help impose needed discipline for your plan. It can enable you to sell high and buy low and to maintain the broad balance that may cushion your holdings against volatility. And though it sometimes may result in a lower rate of return than you would have gotten if you'd let your winning positions continue to grow, that may be a small price to pay for feeling more comfortable about your investments.

Rebalancing also can help you resist the impulse to try to "time" the market—attempting to jump in when prices are rising and to get out before they fall. That is rarely a recipe for success and could lead to significant losses.

How often should you rebalance? Expert opinions vary, but you probably should review your portfolio and rebalance at least once a year. The end of the year could be a good time to get your ducks in a row. ●

Six Tax Items For Small Businesses

The IRS marked National Small Business Week in 2017—the first week of May—by issuing a series of tax tips and reminders to small-business owners. Here are six items covered during the week:

1. Sharing economy: The sharing economy, which includes everything from ride-sharing services to spare room rentals, is taking the nation by storm. The IRS cautions that income derived from these activities is generally taxable, though you may be entitled to offsetting deductions. If you're making money from such ventures, you'll need to pay estimated taxes and payroll taxes for any employees every quarter.

2. Worker credits: A business can claim the Work Opportunity Tax Credit (WOTC) for hiring workers from one of 10 target groups. Generally, the WOTC equals 40% of a worker's first-year wages for a maximum credit of $2,400. If you hire a disabled veteran, you may be eligible for a credit of as much as $9,600. You have to meet special certification rules to claim these credits.

3. Hobbies: Even if you engage in an activity mainly for personal pleasure, income you earn from this passion usually is taxable. Normally, you can deduct related expenses, but only up to the amount of your hobby income. If you're truly trying to turn a profit, however, you may deduct a loss. The IRS relies on nine key factors to determine whether your activity is a hobby or a business.

4. Research credits: Your firm may qualify for a 20% research credit on qualified expenses to offset income taxes. Plus, under a 2015 tax law change, a qualified small business can apply up to $250,000 of its available research credit against payroll tax liability. To qualify for the current tax year, your business must have gross receipts of less than $5 million and can't have had gross receipts prior to 2012.

5. Home office deductions: To qualify for these deductions, you generally have to use a portion of your home regularly and exclusively as your principal place of business or as a place to meet customers, clients, or patients in the normal course of business. The IRS reminds taxpayers that they can deduct actual expenses proportionately, based on the size of the home office, or claim a simplified deduction of $5 per square foot up to $1,500.

6. Worker classification: The IRS has outlined the rules for classifying workers as either employees or independent contractors. The difference is important, because an employer has to withhold income taxes and pay payroll taxes on wages for an employee, but not for payments to independent contractors. The control the employer has over the worker and the nature of the relationship are two key elements.

Don't leave matters to chance. Seek professional tax assistance for your situation. ●

Questions On SS Benefits

(Continued from page 1)

Security retirement benefits?

A. You should apply for retirement benefits three months before you want your payments to start. The easiest and most convenient way to apply is to use the online application. Note that the SSA may request certain documents to verify your eligibility.

Q8. How do I handle benefits for an incapacitated person?

A. If your elderly parent or someone else who is entitled to receive Social Security benefits needs help in managing those benefits, contact your local Social Security office about becoming that person's representative payee. Then you assume the responsibility for disbursing the funds for that person's benefit.

Q9. Who is entitled to receive Social Security survivors' benefits?

A. A spouse and children, or both, of someone who has died may be in line for benefits based on that person's earnings record. Visit the SSA website for more details. Survivors must apply for this payment within two years of the date of death.

Q10. Are Social Security benefits subject to tax?

A. Yes, but not everyone is liable. You are taxed on Social Security benefits under a complex formula if your provisional income (PI) exceeds the thresholds within a two-tier system. PI is the total of (1) your adjusted gross income (AGI), (2) your tax-exempt interest income, and (3) one-half of the Social Security benefits you received.

- For a PI between $32,000 and $44,000 ($25,000 and $34,000 for single filers), you're taxed on the lesser of one-half of your benefits or 50% of the amount by which PI exceeds $32,000 ($25,000 for single filers).
- For a PI exceeding $44,000 ($34,000 for single filers), you're taxed on 85% of the amount by which PI exceeds $44,000 ($34,000 for single filers) plus the lesser of the amount determined under the first tier or $6,000 ($4,500 for single filers).

In many cases, these answers will lead to even more questions. The SSA website is helpful, but you may need additional guidance for your personal situation. Don't hesitate to contact us for assistance. ●

Milestone Financial Planning, LLC
2 Commerce Drive • Bedford, NH 03110 • (603) 589-8010
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