Fall 2023

Financial planner

PARK PLACE WEALTH ADVISORS, INC.

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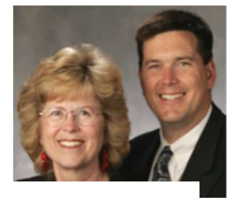
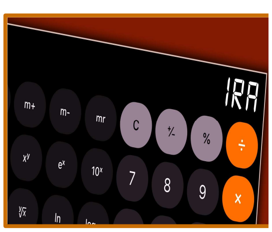


Fall 2023 Newsletter Topics

- *Milestone Ages for Financial Planning*
- *Roll Over Unused 529 Funds to Roth IRA Accounts*
- *Educator Expense Deduction – Teacher Tax Breaks*
- *Three Questions That Can Predict Future Quality of Life*
- *Four Money Mistakes You May Be Making*



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Milestone Ages for Financial Planning

Whether or not you've stopped counting birthdays, it's important to know that some birthdays are more important than others when it comes to financial planning. Milestone birthdays can remind you to consider your options and discuss key decisions with a financial professional.

> **WHEN IT COMES TO FINANCIAL PLANNING, SOME BIRTHDAYS ARE MORE IMPORTANT THAN OTHERS**

50: You can contribute more to your retirement plan When you turn 50, you can contribute more to your 401(k) or other retirement plan. In 2023, the maximum contribution limit is $22,500 with an additional $7,500 catch-up contribution allowed for those turning age 50 or older.

For IRAs, the 2023 contribution limit is $6,500 ($7,500 if you're over 50).

59 ½: No penalty if you withdraw funds from your IRA Starting at age 59½, you can take withdrawals without penalties, although it's worth noting that taxes may be due based on the type of your IRA. At this age, consider talking to your financial professional about creating an retirement income plan.

It can also be a good time to consider consolidating old 401(k)s from previous employers and IRAs. Doing so can make it easier to track and organize your investments, e.g. manage your asset allocation, diversification, and rebalancing. Plus, it may help reduce taxes and fees.

62: You can start receiving Social Security At 62, you're able to start receiving Social Security income. However, doing so can reduce your monthly benefits by 30% versus waiting until your Social Security full retirement age (FRA—the age when you are entitled to 100 percent of your Social Security benefits, which are determined by your lifetime earnings).

And that reduction is permanent. Therefore, talk to a financial professional to help you with this decision.

Visit the Social Security website to get personalized retirement estimates.

65: You can sign up for Medicare You'll want to get the timing right on this. Medicare's initial enrollment period lasts seven months, starting 3 months before you turn 65, and ending 3 months after the month you turn 65. If you miss your 7-month Initial Enrollment Period, you may have to wait to sign up and pay a monthly late-enrollment penalty.

Four Money Mistakes You May Be Making

No matter what's happening in the economy as a whole, avoiding these four money mistakes can help you survive — even thrive — in *any* economy.

Mistake number 1: You regularly make unnecessary purchases.

We all like to treat ourselves now and then, but frequent unnecessary purchases can clutter our lives, and sting our wallets. Don't let excessive consumerism hurt your long-term financial health.

Mistake number 2: You only save what's left over.

If you only save what's left over every month, it's time to flip your approach. The goal is to save first, then spend what's left over, not the other way around.

Get back to basics by creating a budget. Then, to put yourself on a more disciplined savings course, consider having a fixed amount taken out of your paycheck automatically each pay period, or set up monthly automatic transfers from your checking account to a savings or investment account.

By making regular savings a habit, even

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66: Full Retirement Age for people born 1943–1954;
67 for people born after 1960 Full Retirement Age is the age when you are entitled to 100% of your Social Security benefits, which are determined by your lifetime earnings. The amount you receive when you first get benefits sets the base for the amount you will receive for the rest of your life.

If you were born between 1955 and 1959, full retirement age gradually increases.

If you were born after 1960, your full retirement age will be 67.

You can increase your retirement benefits by waiting past your Full Retirement Age to retire. Each month you put off filing up to age 70 earns you delayed retirement credits that boost your eventual benefit.

70: Social Security benefit increases as a result of delaying retirement stop at age 70 You don't have to begin collecting Social Security by age 70, but your benefit will not increase if you delay claiming past your 70th birthday.

72: RMDs begin Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement-plan account owner must withdraw annually starting with the year that you turn 72 (73 if you reached 72 after December 31, 2022).

The requirement allows the government to finally tax the money, which had been growing tax-deferred to encourage saving for retirement. Investors who fail to take an RMD may face a steep penalty, equal to half the amount they didn't withdraw. Note: SECURE 2.0 Act drops the excise tax rate to 25%; possibly 10% if the RMD is timely corrected within two years.

73 and beyond According to the MIT AgeLab, a division of MIT that studies aging, retirement tends to get more complex as we age. Things you'll likely need to address include, housing decisions, driving challenges, maintaining friendships, caregiving, organizing your most important info, and having fun and a purpose.

Roll Over Unused 529 Funds to Roth IRA Accounts

In December 2022, as part of the government's year-end spending bill, the SECURE 2.0 Act of 2022 was signed into law by the President. This Act permits an additional type of qualified distribution for 529 plan assets by allowing limited tax and penalty-free 529 plan rollovers to Roth IRA accounts beginning in 2024. This increased flexibility may help to address the needs of account owners whose beneficiaries do not pursue higher education or who have leftover funds within their 529 account due to their beneficiary receiving a scholarship. There are several key provisions of the Act as it relates to these rollovers, including:

- The 529 account must have been open for more than 15 years
- The eligible rollover amount must have been in the 529 account for at least 5 years
- The annual rollover limit is subject to Roth IRA annual contribution limits ($6,500 for 2023; $7,500 for individuals age 50 and older)
- There is a lifetime rollover limit of $35,000 for each 529 account beneficiary
- Rollovers can only be made to the Roth IRA account owned by the named 529 account beneficiary
- Note that Roth IRA income limits do not apply for this type of contribution
- Distributions from the Roth IRA will be tax-free and penalty-free as long as the 5-year holding requirement has been met, and they are taken after age 59½ (or an exception applies).

This enhancement will become effective January 1, 2024. As a reminder, funds within 529 plans can be used to cover many different education-related expenses and account owners have the ability to transfer a 529 account to another qualifying family member without incurring taxes or penalties.

Because this is a new and complex rule, please give us a call to discuss if a 529 rollover is right for you.

small amounts can add up over time.

Mistake number 3: You jump on the bandwagon.
Do you let economic news — good or bad — dictate your actions? Do you make investment decisions based on what everyone else is doing?

Unless you're basing your decisions on your own needs and circumstances, you can't be sure you're doing what's right for you.

Instead of following the crowd, take a proactive — rather than reactive — approach to your finances.

Call us to review your financial goals, risk tolerance, and investment preferences, then block out the noise of what others might be doing.

Mistake number 4: You don't ask for help.

Even if your finances are in good shape, you may be overdue for a checkup. A financial review can be important any time, but especially during periods of market volatility. Park Place Wealth Advisors can help you review your options. Don't let small mishaps affect your long-term financial health and take steps now to avoid these four money mistakes.

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Educator Expense Deduction – Teacher Tax Breaks

If you're a teacher or other eligible educator, you can deduct up to $300 ($600 if married filing jointly and both spouses are eligible educators, but not more than $300 each) of certain unreimbursed trade or business expenses. You do not need to itemize these expenses on your tax return to claim the deduction and reduce your 2023 income tax liability.

You're an eligible educator if, for the applicable tax year, you're a kindergarten through grade 12 teacher, instructor, counselor, principal or aide for at least 900 hours a school year in a school that provides elementary or secondary education as determined under state law.

Qualified expenses are amounts you paid or incurred for participation in professional development courses, books, supplies, computer equipment (including related software and services), other equipment, and supplementary materials that you use in the classroom. For courses in health or physical education, the expenses for supplies must be for athletic supplies.

Qualified expenses also include the amounts for personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of coronavirus.

Remember: this deduction is for expenses paid or incurred during the tax year. And don't forget to keep all receipts for qualifying expenses and note the purpose of each purchase to make sure your records are complete come tax time.

Three Questions That Can Predict Future Quality Of Life

MIT AgeLab has identified three simple questions you should ask yourself to assess how prepared you are to live well in retirement. What do these questions have to do with retirement planning? A lot more than you may think. They actually uncover important factors that will determine your future quality of life and serve as a starting point for planning a satisfying retirement.

When it comes to retirement planning, we're inclined to focus on accumulating assets and making sure we spend our money wisely. But while our biggest fear may be outliving our wealth, there's an even greater risk of:

- Losing our independence due to ailing health;
- Being unable to access the big and small things that make us happy, and
- Facing a decline in the number of friends in our social network.

Planning for these contingencies is an integral part of preparing to live longer, better. We work with you to integrate these issues into a comprehensive planning discussion to make an ambiguous retirement future— often decades away— more tangible to you. This can help you commit to preparing for your retirement today.

WHO WILL CHANGE MY LIGHTBULBS?

This sounds mundane and simple enough—but is it? If your father is 85—even if he is in good shape—do you want him on a ladder changing light bulbs? How about your mom living alone and maintaining her home well into her eighth and ninth decade? Given that the baby boomers had fewer children and have the highest divorce rates in history, help at home may be in short supply. Now think about your own retirement years. Changing light bulbs is more than an issue of long-term home maintenance. It is a question that asks, "Do I have a plan of how to maintain my home?" When younger, most of us take for granted our ability to do daily house cleaning, maintenance and basic repairs—even home modifications. However, identifying the costs as well as the trusted service providers necessary to maintain our home may be as critical to aging

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As always, we encourage investing with your goals in mind, keeping a reserve for emergency needs.

We are available for in person, phone or zoom reviews. Give the office a ring and we can discuss your investing goals and needs.

independently as the health of our retirement savings.

HOW WILL I GET AN ICE CREAM CONE?

Imagine it is a hot summer night—a perfect night for getting an ice cream cone... preferably chocolate. Quality of life is about being able to easily and routinely access those little experiences that bring a smile.

While getting an ice cream cone when you want it is not a financial strain for most, the capacity to have that cone on demand does raise questions such as, "Do I have adequate transportation to go where I want when I want?"

If driving is no longer possible, "Are there seamless alternatives that enable me to make the trips that I want— not just those I need?" Moreover, "Will I age in a community where there are ample activities and people to keep me engaged, active, and having fun?"

WHO WILL I HAVE LUNCH WITH?

Lunch is more than a meal—it's an occasion. Who you have lunch with may be a good indicator of your social network. This is not the social network of "friends" you have online, but friends you see on a regular basis—people who help reinforce a healthy and active lifestyle, and who you and your significant other can depend upon.

Even with adequate finances, living alone without a robust circle of social support can threaten healthy aging. In the United States, women over 65 are 50% more likely to live alone than men over 65.[1] Consequently, planning where, and with whom to retire may be as important as how much it will cost. For example, a home in the mountains may be alluring as you approach retirement, but it may lead to an inadequate network of friends, or complete isolation during old age.

The baby boomers are facing a different retirement than their parents. They're more likely to live alone, to have fewer children, and to live in suburban and rural locations that may not provide easy access to active and livable communities.

Content courtesy of
Hartford Funds – Milestone Ages for Financial Planning
Hartford Funds – Roll Over Unused 529 Funds to Roth IRA Accounts
IRS - Educator Expense Deduction – Teacher Tax Breaks
Hartford Funds - Three Questions That Can Predict Future Quality of Life
Broadridge – Four Money Mistakes You May Be Making

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