



ADVISOR THOUGHTS

JULY 2018

FIVE FINANCIAL GOALS YOU MAY WISH TO CONSIDER

As we age, sometimes our goals change. Our investment objectives may change. For some people, the following five basic tenets have held true throughout lifetimes and generations. Not everyone can achieve these goals, but with good planning and a Financial Advisor who cares, YOU CAN.

1. SIGN UP FOR MEDICARE THREE MONTHS BEFORE YOU TURN 65.

You have a window of seven months – ending 3 months after you turn 65. Get Started. Life gets in the way. There is a penalty on your premiums for your lifetime if you miss this window.

2. WAIT UNTIL YOU TURN 70 TO BEGIN TAKING SOCIAL SECURITY BENEFITS.

This is a very personal decision, especially for a married couple. It depends, in part, upon your lifetime goals and circumstances, your job satisfaction, your health and the health of your spouse. If you are able to delay taking your Social Security benefits until age 70, you will receive an 8% raise in your benefits for each year beyond your full retirement age.

3. TRY NOT TO TAKE DISTRIBUTIONS FROM YOUR RETIREMENT ACCOUNT UNTIL YOU ARE REQUIRED TO TAKE YOUR ANNUAL REQUIRED MINIMUM DISTRIBUTION (RMD), WHEN YOU TURN 70 1/2.

To attain this goal, you will need to have short and medium term assets from which to draw in order to cover basic living expenses, vacations and unexpected events (such as your furnace failing mid-winter).

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It is a good idea to begin to roll over the appropriate retirement accounts (not your Roth IRA) into one IRA account so that when you turn 70 1/2 you only have one calculation to perform each year to arrive at the amount of your RMD. Your Financial Advisor can co-ordinate with you and/or your CPA as to how much is appropriate to withhold for Federal and State taxes. In addition, all or part of your IRA may be used for charitable gifts, if you are so inclined and are 70 ½ or older. This will keep your income lower and accomplish any philanthropic goals you may have.

4. REVIEW YOUR ESTATE PLAN PERIODICALLY TO ENSURE IT SAYS WHAT YOU WANT IT TO SAY – AND THAT IT IS STILL APPROPRIATE FOR CURRENT EVENTS IN YOUR LIFE AND IN THE LIVES OF YOUR LOVED ONES.

Circumstances change. You want to make sure that your assets will go where you want them to go, in the most tax-efficient manner possible. Consider communicating the essence of your plan to your family, your close friends (if appropriate) and any non-profits involved. You have every right to keep your plans private, however, you may alleviate some stress and surprise if you share your plans with those who are in your inner circle. If you want to discuss the pros and cons of this, your Financial Advisor is available to listen and give recommendations.

5. CONSIDER USING APPRECIATED STOCK TO MAKE LIFETIME CHARITABLE GIFTS.

If you hold highly appreciated stock as an individual or in your revocable trust, the cost basis of this stock will be stepped up to the market value at your death.

During your lifetime, you will be able to avoid capital gains tax and rebalance your portfolio by using appreciated stock to make lifetime charitable gifts. This is the second most tax-efficient way to make charitable gifts, after gifting from your IRA (See #3 (RMD) above).

Every individual and family has unique needs and goals. We are here to help you implement plans to get you where you want to be. We will make suggestions for your consideration and give you our best thoughts. The ultimate decisions will be up to you. Sometime it is helpful to discuss your options with your Financial Advisor and Portfolio Manager. Your Ledyard team (and all of our resources) are here for you.



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