



Asset Management Resources, LLC

Centerville Gardens
1060 Falmouth Rd, Suite B2
Hyannis, MA 02601
508-771-8900
Toll 866-771-8901
kristen@amrfinancial.com
www.AMRfinancial.com

AMR Welcomes Ryan Hill to our team!

Ryan joins AMR as an Investment Adviser Representative. Ryan has passed the FINRA administered Series 7 (General Securities Registered Representative) and Series 66 Uniform Combined State Law Examination. With his entrepreneurial background, Ryan has focused his investment advisor career on assisting individuals, families, executives of privately-held businesses and small-mid market owners navigate their financial lives, both personally and professionally. Ryan earned his Bachelor of Arts from DePaul University. He lives on the south coast of Massachusetts with his wife, dog and horse. Ryan values quality time with his family and volunteering with Habitat for Humanity. For fun Ryan enjoys sailing, fishing, camping, hiking, and working on his home: a circa 1799 parsonage. Ryan can be reached by email at Ryan@amrfinancial.com.

October 2016

Ten Year-End Tax Tips for 2016

How to Get a Bigger Social Security Retirement Benefit

I'm thinking about asking my parents to move in with me and my family. Is there anything I need to consider?

Cartoon: Money Monsters



eResources Review

Asset Management Resources' E-mail Newsletter

Quiz: Test Your Interest Rate Knowledge



In December 2015, the Federal Reserve raised the federal funds target rate to a range of 0.25% to 0.50%, the first rate increase from the near-zero range where it had lingered for seven years.

Many economists viewed this action as a positive sign that the Fed had finally deemed the U.S. economy healthy enough to withstand slightly higher interest rates. It remains to be seen how rate increases will play out for the remainder of 2016. In the meantime, try taking this short quiz to test your interest rate knowledge.

Quiz

1. Bond prices tend to rise when interest rates rise.

- a. True
- b. False

2. Which of the following interest rates is directly controlled by the Federal Reserve Open Market Committee?

- a. Prime rate
- b. Mortgage rates
- c. Federal funds rate
- d. All of the above
- e. None of the above

3. The Federal Reserve typically raises interest rates to control inflation and lowers rates to help accelerate economic growth.

- a. True
- b. False

4. Rising interest rates could result in lower yields for investors who have money in cash alternatives.

- a. True
- b. False

5. Stock market investors tend to look unfavorably on increases in interest rates.

- a. True
- b. False

Answers

1. b. False. Bond prices tend to *fall* when interest rates rise. However, longer-term bonds may feel a greater impact than those with shorter maturities. That's because when interest rates are rising, bond investors may be reluctant to tie up their money for longer periods if they anticipate higher yields in the future; and the longer a bond's term, the greater the risk that its yield may eventually be superceded by that of newer bonds. (The principal value of bonds may fluctuate with market conditions. Bonds redeemed prior to maturity may be worth more or less than their original cost.)

2. c. Federal funds rate. This is the interest rate at which banks lend funds to each other (typically overnight) within the Federal Reserve System. Though the federal funds rate affects other interest rates, the Fed does not have direct control of consumer interest rates such as mortgage rates.

3. a. True. Raising rates theoretically slows economic activity. As a result, the Federal Reserve has historically raised interest rates to help dampen inflation. Conversely, the Federal Reserve has lowered interest rates to help stimulate a sluggish economy.

4. b. False. Rising interest rates could actually benefit investors who have money in cash alternatives. Savings accounts, CDs, and money market vehicles are all likely to provide somewhat higher income when interest rates increase. The downside, though, is that if higher interest rates are accompanied by inflation, cash alternatives may not be able to keep pace with rising prices.

5. a. True. Higher borrowing costs can reduce corporate profits and reduce the amount of income that consumers have available for spending. However, even with higher rates, an improving economy can be good for investors over the long term.

Ten Year-End Tax Tips for 2016



Deductions may be limited for those with high incomes

If your adjusted gross income (AGI) is more than \$259,400 (\$311,300 if married filing jointly, \$155,650 if married filing separately, \$285,350 if filing as head of household), your personal and dependent exemptions may be phased out, and your itemized deductions may be limited. If your 2016 AGI puts you in this range, consider any potential limitation on itemized deductions as you weigh any moves relating to timing deductions.

IRA and retirement plan contributions

For 2016, you can contribute up to \$18,000 to a 401(k) plan (\$24,000 if you're age 50 or older) and up to \$5,500 to a traditional or Roth IRA (\$6,500 if you're age 50 or older). The window to make 2016 contributions to an employer plan generally closes at the end of the year, while you typically have until the due date of your federal income tax return to make 2016 IRA contributions.

Here are 10 things to consider as you weigh potential tax moves between now and the end of the year.

1. Set aside time to plan

Effective planning requires that you have a good understanding of your current tax situation, as well as a reasonable estimate of how your circumstances might change next year. There's a real opportunity for tax savings if you'll be paying taxes at a lower rate in one year than in the other. However, the window for most tax-saving moves closes on December 31, so don't procrastinate.

2. Defer income to next year

Consider opportunities to defer income to 2017, particularly if you think you may be in a lower tax bracket then. For example, you may be able to defer a year-end bonus or delay the collection of business debts, rents, and payments for services. Doing so may enable you to postpone payment of tax on the income until next year.

3. Accelerate deductions

You might also look for opportunities to accelerate deductions into the current tax year. If you itemize deductions, making payments for deductible expenses such as medical expenses, qualifying interest, and state taxes before the end of the year, instead of paying them in early 2017, could make a difference on your 2016 return.

4. Factor in the AMT

If you're subject to the alternative minimum tax (AMT), traditional year-end maneuvers such as deferring income and accelerating deductions can have a negative effect. Essentially a separate federal income tax system with its own rates and rules, the AMT effectively disallows a number of itemized deductions. For example, if you're subject to the AMT in 2016, prepaying 2017 state and local taxes probably won't help your 2016 tax situation, but could hurt your 2017 bottom line. Taking the time to determine whether you may be subject to the AMT before you make any year-end moves could help save you from making a costly mistake.

5. Bump up withholding to cover a tax shortfall

If it looks as though you're going to owe federal income tax for the year, especially if you think you may be subject to an estimated tax penalty, consider asking your employer (via Form W-4) to increase your withholding for the remainder of the year to cover the shortfall. The biggest

advantage in doing so is that withholding is considered as having been paid evenly through the year instead of when the dollars are actually taken from your paycheck. This strategy can also be used to make up for low or missing quarterly estimated tax payments.

6. Maximize retirement savings

Deductible contributions to a traditional IRA and pretax contributions to an employer-sponsored retirement plan such as a 401(k) can reduce your 2016 taxable income. If you haven't already contributed up to the maximum amount allowed, consider doing so by year-end.

7. Take any required distributions

Once you reach age 70½, you generally must start taking required minimum distributions (RMDs) from traditional IRAs and employer-sponsored retirement plans (an exception may apply if you're still working and participating in an employer-sponsored plan). Take any distributions by the date required--the end of the year for most individuals. The penalty for failing to do so is substantial: 50% of any amount that you failed to distribute as required.

8. Weigh year-end investment moves

You shouldn't let tax considerations drive your investment decisions. However, it's worth considering the tax implications of any year-end investment moves that you make. For example, if you have realized net capital gains from selling securities at a profit, you might avoid being taxed on some or all of those gains by selling losing positions. Any losses over and above the amount of your gains can be used to offset up to \$3,000 of ordinary income (\$1,500 if your filing status is married filing separately) or carried forward to reduce your taxes in future years.

9. Beware the net investment income tax

Don't forget to account for the 3.8% net investment income tax. This additional tax may apply to some or all of your net investment income if your modified AGI exceeds \$200,000 (\$250,000 if married filing jointly, \$125,000 if married filing separately, \$200,000 if head of household).

10. Get help if you need it

There's a lot to think about when it comes to tax planning. That's why it often makes sense to talk to a tax professional who is able to evaluate your situation and help you determine if any year-end moves make sense for you.



Sign up for a my Social Security account at ssa.gov to view your online Social Security Statement. It contains a detailed record of your earnings, as well as benefit estimates and other information about Social Security.

¹ Social Security Administration, Annual Statistical Supplement, 2015

How to Get a Bigger Social Security Retirement Benefit

Many people decide to begin receiving early Social Security retirement benefits. In fact, according to the Social Security Administration, about 72% of retired workers receive benefits prior to their full retirement age.¹ But waiting longer could significantly increase your monthly retirement income, so weigh your options carefully before making a decision.

Timing counts

Your monthly Social Security retirement benefit is based on your lifetime earnings. Your base benefit--the amount you'll receive at full retirement age--is calculated using a formula that takes into account your 35 highest earnings years.

If you file for retirement benefits before reaching full retirement age (66 to 67, depending on your birth year), your benefit will be permanently reduced. For example, at age 62, each benefit check will be 25% to 30% less than it would have been had you waited and claimed your benefit at full retirement age (see table).

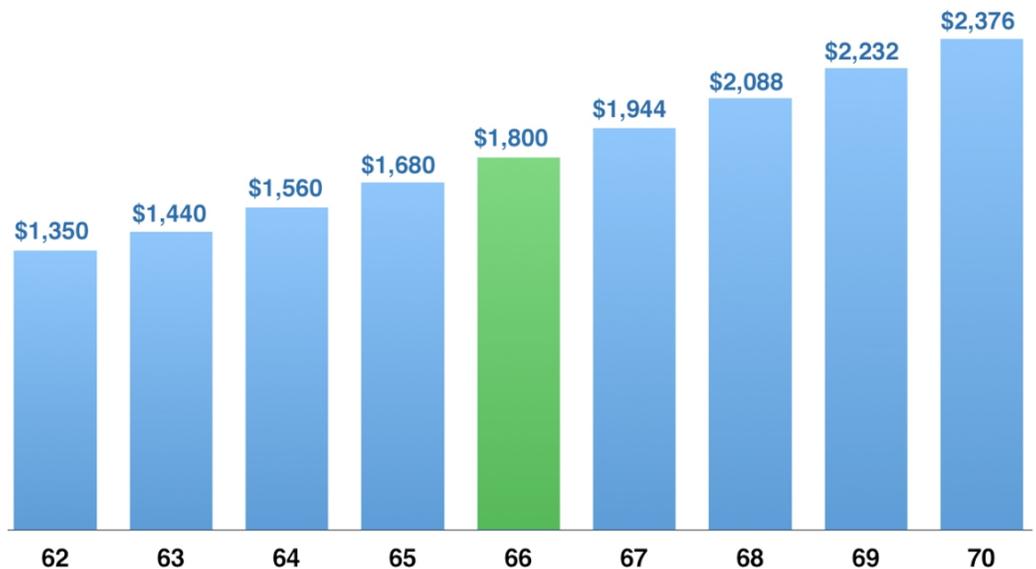
Alternatively, if you postpone filing for benefits past your full retirement age, you'll earn delayed retirement credits for each month you wait, up until age 70. Delayed retirement credits will increase the amount you receive by about 8% per year if you were born in 1943 or later.

The chart below shows how a monthly benefit of \$1,800 at full retirement age (66) would be affected if claimed as early as age 62 or as late as age 70. This is a hypothetical example used for illustrative purposes only; your benefits and results will vary.

Birth year	Full retirement age	Percentage reduction at age 62
1943-1954	66	25%
1955	66 and 2 months	25.83%
1956	66 and 4 months	26.67%
1957	66 and 6 months	27.50%
1958	66 and 8 months	28.33%
1959	66 and 10 months	29.17%
1960 or later	67	30%

Early or late?

Should you begin receiving Social Security benefits early, or wait until full retirement age or even longer? If you absolutely need the money right away, your decision is clear-cut; otherwise, there's no "right" answer. But take time to make an informed, well-reasoned decision. Consider factors such as how much retirement income you'll need, your life expectancy, how your spouse or survivors might be affected, whether you plan to work after you start receiving benefits, and how your income taxes might be affected.



Asset Management Resources, LLC

Centerville Gardens
1060 Falmouth Rd, Suite B2
Hyannis, MA 02601
508-771-8900
Toll 866-771-8901
kristen@amrfinancial.com
www.AMRfinancial.com

IMPORTANT DISCLOSURES

Broadridge Investor Communication Solutions, Inc. does not provide investment, tax, legal, or retirement advice or recommendations. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

These materials are provided for general information and educational purposes based upon publicly available information from sources believed to be reliable — we cannot assure the accuracy or completeness of these materials. The information in these materials may change at any time and without notice.



I'm thinking about asking my parents to move in with me and my family. Is there anything I need to consider?

Many members of the "sandwich generation"—a group loosely defined as people in their 40s to 60s who are "sandwiched" between caring for their own children and aging parents—find themselves in the position of raising a family and looking after the needs of aging parents. If the time has come when you and your parents think that it may be in their best interest to live with you, you should discuss the implications and how it will impact your entire family.

Your first topic should be to have all your family members share their expectations for living together. No doubt your parents will want to feel part of your household. However, you'll want to know how much they want to participate in day-to-day activities in your home. For example, if able, would they be willing to take on some responsibilities, such as babysitting and transporting kids to school or other activities? Will they participate in other family activities, such as meals and social events?

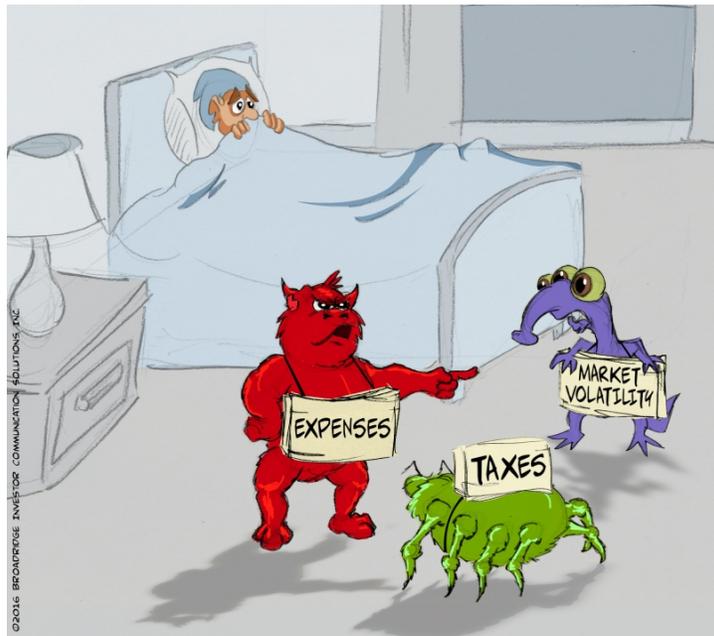
Next, consider whether your home can properly accommodate your parents. Do you have adequate privacy/space for your parents, or will

you need to remodel or renovate an existing area of your home? Will your parents be able to move around your home easily, or do you need to install appropriate safety devices? Common modifications and repairs for aging family members may include grab bars in bathrooms, an automatic chair lift for stairs, and a ramp for wheelchair access.

You will also need to explore the financial impact. Will your parents contribute to household expenses, or will you cover their portion? Do they have enough money to help support themselves during their retirement? If not, will you be able to support them financially?

While having multiple generations living together in the same home can be a rewarding experience, it can also be challenging at times. As a result, it's important to keep the lines of communication open between you, your spouse, your children, and your parents. Doing so can help ensure a happy and healthy home environment for your entire multigenerational family.

Cartoon: Money Monsters



YOU IN THE CLOSET.. YOU UNDER THE BED..
I'LL HIDE BEHIND THE CURTAINS

