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4th Quarter 2015

Happy New Year 2016! from all of us at API



Photo from our holiday party. From top left: Joanne, Carol P., Sandy, Diane, Kimberly. From bottom left: Samantha, Carol S. & Erin.

Social Security *by Erin*

The 2015 Budget considerably changed Social Security claiming options. The new law has restricted file & suspend strategies, changed when divorcees can claim on ex-spouses, and limited spousal/child benefits.

In order to file & suspend Social Security to activate benefits for an eligible spouse, ex-spouse, and or child while letting your own benefit grow, you must be born before May 1, 1950 and turn in your application by April 29, 2016. *continued on pg 2*

Market Matters *by Carol*

The Federal Reserve increased short-term interest rates in December for the first time in nearly a decade. The action capped a year of uncertainty in the markets. The possibility of a Fed rate hike had been a key contributor to market volatility throughout 2015. For all of the hoopla regarding the first rate hike, it's more symbolic than anything else. We're talking about a 0.25% increase in short-term rates from essentially zero — not a huge move by any measure. Mortgage rates did increase slightly and ended the year at an average of 4% while savings interest rates stayed the same. The best FDIC savings rates of .85-1% can be found at online banks such as ALLY Bank, American Express Bank and Synchrony Bank.

API Updates *by Sandy*

We are pleased to announce Asset Planning was once again selected by Financial Advisor Magazine to be included in the top 500 RIA (Registered Investment Advisor) firms in the United States.



Erin, Carol and I were also each selected as Five Star Wealth Managers by the American Registry and listed in Orange County Magazine.

Gail Moreno Golf Tournament October 2015

Thank you for supporting our charity event by donations and playing. We raised over \$14,000 this year for Breast Cancer Angels. **Mark your calendar for October 22nd, 2016 as our tentative date.**



Honu (Hawaiian green sea turtle) means peace, good luck and long life. Photo taken in Kona by Sandy

Market Matters *continued*

For all the volatility in the stock market the stock indexes finished modestly lower:

S&P 500 decreased .72%, Dow Jones Industrial dropped 2.23%, AGG (Core Bond) was down 1.91% and the International Index ended the year down 3.49%. The Nasdaq index increased 5.7% mostly due to Amazon and Google.

December is an unusual month as mutual funds must pay out their capital gains. Some equity funds paid out large gains which led us to try and offset the tax consequences by selling investments with losses in the taxable accounts. This left more cash than normal to be reinvested in the New Year.

Tax forms: We will not be sending out any tax reports as TD Ameritrade and Schwab should have all the cost basis and management fees on the 1099s. You should receive the 1099s by the mid-end of February. **Note: there might be 1099 corrections for mutual fund income reclassifications. If you have mutual funds in a taxable account please wait until the end of March to finalize your taxes.** If anything else is required please contact us and we will get you the information needed.

Social Security continued...

Anyone that suspends their Social Security benefit that doesn't meet the cut off dates will prohibit eligible dependents from collecting on your record until the suspension is lifted. Additionally, a spouse must turn 62 by 12/31/15 in order to collect spousal benefits and delay collecting on their own record. If you were 62 by 12/31/15 and have an older spouse that was born after May 1, 1950, you can still collect a spousal benefit at full retirement age and delay collecting on your own record up to age 70 but the older spouse must be collecting Social Security at that time. Eligible divorcees wanting to collect spousal benefits at full retirement age will also need to be age 62 by 12/31/15.

I recommend reading expert Laurence Kotlikoff's articles on the PBS website for various Q&A's on the Social Security changes & optimization strategies.

2016 Retirement Plan Contributions

401(k), 403(b), 457:

Employee contribution stays the same at \$18,000. Catch-up contributions for those 50 and older is \$6,000.

Roth and Traditional IRAs:

The annual contribution limit is remaining unchanged at \$5,500 plus \$1,000 for those age 50 and older.

The adjusted gross income phase out for taxpayers making Roth contributions increased to:

Singles & Heads of Household:
\$117,000 to \$132,000

Married couples filing jointly:
\$184,000 to \$194,000

Travel Adventures

Sandy, Diane and Carol all traveled down under to Australia this year. Carol's youngest daughter lives there. We saw many cockatoos, kangaroos, koalas, beautiful country and really enjoyed the strength of the US dollar.



Photo by Sandy