



To Your Future Prosperity

REFLECTIONS

3rd Quarter Newsletter 2015



YOUR 2015 LAST-CHANCE FINANCIAL PLANNING CHECKLIST



**Sean Condon CFP®
Financial Planner**

***NOW* is an ideal time to review your financial health before the year ends.**

Taking a few moments to plan smarter can help you take advantage of opportunities to grow your wealth and get one step closer to reaching your goals.

Have you reviewed all your eligible retirement contributions?

Have you planned efficiently to minimize taxes?

Is your portfolio still positioned to meet your needs and goals?



If you have any questions or comments, or if you know of any friends or family that might benefit from our services, please give us a call at 844.377.4963

- **Your Account Online**

You can log-in to your personal financial website at www.windgatewealth.com by going to the “see all accounts” tab

INSIDE THIS ISSUE

2015 Last-Chance Financial Planning Checklist

Retirement Contribution Limits: Have You Maxed for 2015?

Will I Pay Tax on Social Security?

Reminder: Four Added Services We Offer You

Quotes on Money, Work and Humor



Connect with us on LinkedIn

Find us on Facebook

Follow us on Twitter

Here is your Year-End Financial Planning Checklist to review specific actions in six key areas: Goals and Investments, Retirement, Taxes, Insurance, Milestones, and Family/Health. If you check one or more items you would like to discuss, call us at 844-377-4963 or e-mail sean@windgatewealth.com and we can talk about possible recommendations that are right for you.

1 Goals and Investments

- Confirm financial goals and strategy
- Review asset allocation for rebalancing opportunities
- Review fundamentals of portfolio positions
- Revisit income and savings needs
- Review Risk Score or take our risk questionnaire
- Review outstanding loans and mortgages
- Review 401(k) and other self-managed accounts
- Review employee stock options

2 Retirement

- Max out 401(k) contributions including catch-ups
- Max out IRA contributions including catch-ups
- Analyze Roth IRA conversion scenarios: full vs. partial vs. none
- Take Required Minimum Distributions (RMD)
- Open a retirement plan if newly self-employed
- Consider Social Security claiming options
- Review your retirement plan; will your assets last through retirement

Check the box next to any item that might prompt the need for more research or discussion.

2015 FINANCIAL PLANNING CHECKLIST (CONTINUED)

3 Taxes

- Project income for 2015 & 2016
- Review realized and unrealized gains and losses for planning opportunities
- Collect cost-basis information on sold securities
- Review sales of appreciated property like real estate
- Check loss carry-forwards from last year
- Review potential deductions & credits for 2015

5 Milestones

- 50: You can make catch-up contributions to IRAs and some qualified retirement plans
- 55: You can take distributions from 401(k) plans without penalty if retired
- 59^{1/2} You can take distributions from IRAs without penalty
- 62-70 You can apply for Social Security benefits
- 65: You can apply for Medicare
- 70^{1/2} You must begin taking RMDs from IRAs








4 Insurance

- Identify material changes in life, business, or financial circumstances that may require insurance adjustments
- Review cost/coverage of current insurance policies
- Have there been any changes in circumstances which may require insurance adjustments

6 Family/Health

- Maximize contributions to applicable education accounts
- Review Health Savings Account contributions for 2015
- Spend any remaining balances in Flexible Spending Accounts
- Review Medicare enrollment options
- Execute plans for any gifts to family members or charitable contributions
- Review account beneficiary information and/or establish trust accounts.

RETIREMENT CONTRIBUTION LIMITS: HAVE YOU MAXED FOR 2015?

	2015 Limit	Deadline
 Traditional or Roth IRA	\$5,500	April 15 of the following calendar year
 Traditional & Roth IRA Catch-up*	\$1,000	April 15 of the following calendar year
 SEP IRA	Lesser of 25% of income or \$53,000	Tax Filing deadline plus any extensions
 Simple IRA	\$12,500	January 30 of the following calendar year
 Simple Catch-up*	\$3,000	January 30 of the following calendar year
 401(k), 403(b) & 457 Salary Deferrals	\$18,000	Generally Dec. 31 of the current calendar year
 401(k), 403(b) & 457 Catch-up*	\$6,000	Generally Dec. 31 of the current calendar year

*Catchup for Age 50+

WILL I PAY TAX ON SOCIAL SECURITY?



As a retiree, you're trying to make the most of the money you've saved during your working years: Maximizing your Social Security - and paying less tax on it - is a great way to make the money last.

Up to 85% of your Social Security benefit might be subject to taxation. Understand the rules and you may find yourself with an opportunity to employ simple planning strategies to lessen the tax bite. First, a brief history.

Social Security hasn't always been taxed. But in 1983, with the Social Security Trust Fund whittling down to unsustainable levels, Congress passed the first laws to tax Social Security benefits. In 1993, when the latest tax increase for Social Security benefits was issued, 18.2% of beneficiaries saw an increase in taxes. As incomes have risen, today nearly 50% of retirees - about 15 million Americans - pay tax on their Social Security benefit.

As incomes
have risen,
today nearly
50% of
retirees -
about 15
million
Americans
- pay tax on
their Social
Security
benefit.

How Is My Social Security Benefit Taxed?

The first step to determine how your social security benefit will be taxed is to know your “provisional income.” Provisional income is your modified adjusted gross income (pensions, wages, interest, and any tax-exempt interest, such as mortgage interest or other deductions) + one-half of your social security benefits. If your provisional income is above \$44K (filing as a married couple), then 85% of your social security benefits will be taxed. Taxation varies based on filing status and provisional income, which is shown in the table below.

Provisional income Married Filed Jointly	Amount of SS Subject to Tax	Provisional Income Single Filing	Amount of SS Subject to Tax
<\$32K	0%	>\$25K	0%
\$32K-\$44K	50%	\$25K-\$34K	50%
\$44K +	85%	\$34K +	85%

If your provisional income is more than \$32,000 as a married couple, or \$25,000 as an individual, you'll pay some tax on your benefit. Up to 50% of benefits are taxed for those with provisional incomes of \$32,000 to \$44,000 for married filing jointly couples and \$25,000 to \$34,000 for single filers. For those with a provisional income more than \$44,000 for couples and \$34,000 for individuals, up to 85% of Social Security benefits are taxed.

WILL I PAY TAX ON SOCIAL SECURITY? (CONTINUED)

Consider how the Social Security benefit tax affects a higher-income retiree. Let's say you and your spouse bring in \$80,000 in provisional income a year, which includes half of your \$25,000 of Social Security benefit. The maximum 85% of your benefit (\$21,250) will be taxed. At a tax rate of 25%, this tax burden will cost you over \$5,300.

Strategies for Reducing Social Security Taxation

The only available way to lessen the tax hit is by lowering your provisional income. This is not always easy. However, managing the timing and annual level of income can be an achievable way to help you reduce your overall Social Security taxation.

Draw down your 401(k) and IRAs before claiming social security.

Any money you take from your pre-tax accounts (IRAs or 401(k) roll-overs) during retirement will be counted toward your provisional income. Lowering your IRA balance will reduce your Required Minimum Distribution (RMD), the amount you'll be required to take annually beginning at age 70 1/2 and thus lower your provisional income. Having available funds outside of IRAs (such as Roth IRAs or taxable brokerage accounts) can make it easier to manage taxable income in retirement.

Managing the timing and annual level of income can be an achievable way to help you reduce your overall Social Security taxation.

Know which accounts count against you, and which can be used freely.

Income drawn from a Roth IRA does not factor into the calculation. For taxable accounts (non-IRAs or 401(k)s, only the capital gains portion of any withdrawal will count as income. Planning with Roth conversions or directing more savings into taxable accounts in your working years can lead to a better balance between taxable and pre-tax accounts when you need the funds in retirement.

Watch your income thresholds closely.

If you're approaching the 50% or 85% thresholds, (\$32K-\$44 for joint filers) it makes sense to monitor your income and avoid a little bit of extra income where possible. Try to avoid spikes in income, such as stock sales; or mine your taxable account for losses at the end of the year to stay beneath the thresholds.

Time your withdrawals.

Time your withdrawals around years you know you will be above the thresholds. If you know you'll be over the 85% threshold one year, consider moving additional funds out of your IRA or taking profits on stocks during that year. You might receive more in after-tax Social Security benefits the following years when fewer factors are forcing you to take additional income.

Make the most of the money you've saved during your working years by understanding Social Security taxation rules.

REMINDER: FOUR ADDED SERVICES WE OFFER YOU

At Windgate, we are always striving to improve your client experience. Here is a reminder of four services we offer that you might have yet to take advantage of. And if you have any thoughts or suggestions for new service additions, please let us know!

Now Offering 401(k) Investment Advisory

Your 401(k) is a major part of your nest egg. Ensure it is being managed properly.

Windgate can now provide professional advisory services for your 401(k) assets (as well as 403(b) and 457 plans). As long as your account provider offers online access, we can securely link your 401(k) account to our daily portfolio audit for ongoing monitoring and recommendations. Crucially, no rollover or change of account provider is necessary, so you keep all the benefits of an in-force 401(k) - primarily, the ability to continue making pre-tax contributions and potentially collecting an employer match.

How does it Work? We can securely link to your 401(k) account online to add it to our daily portfolio audit, in the same way we monitor accounts at custodians, such as TD Ameritrade or Charles Schwab. Depending on your account provider, we will be able to transact on your account with limited trading authority or we will provide detailed rebalancing recommendations for you to implement with our guidance.



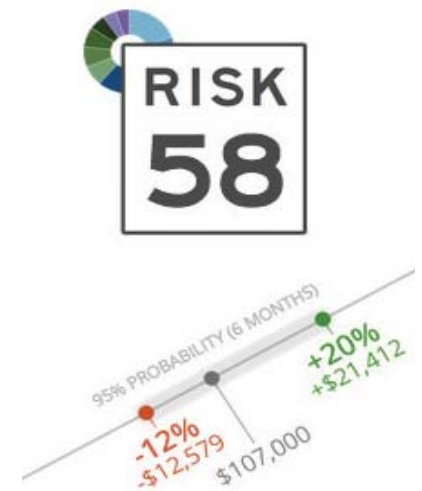
How Do You Benefit? Your 401(k) accounts will be professionally managed and monitored. The strategic decisions we implement in your currently managed accounts will also be applied to investments in your 401(k), in the most appropriate way possible. Your 401(k) assets will be included in all Windgate quarterly reporting, allowing you to see all of your account balances, investment growth, contributions, and withdrawals combined and in one place.

Test Your Comfort for Risk

How Much Risk is Right For You?

Here's How it Works: We now have a technology tool that pinpoints your acceptable levels of risk and reward, in both percentages and dollar terms. Based on the Noble Prize winning work of Daniel Kahneman (author of Thinking, Fast and Slow), our risk questionnaire does far more than ask the unproductive question of "what would you do if the market dropped 20%." The question we need to answer is: "how far can my portfolio fall before I capitulate and make an emotional-charged poor decision?"

- 1.) Take a short quiz that covers portfolio size, top financial goals, and what you're willing to risk for potential gains. From the questionnaire, we'll pinpoint a personal Risk Number.
- 2.) We analyze your current investments to generate a Risk Number for your portfolio. Does your portfolio Risk Number match your personal Risk Number? What about your 401(k) or other self-managed accounts? Your entire big-picture portfolio?
- 3.) We can now discuss how to better align your portfolios to match your personal tolerance for risk.



REMINDER: FOUR ADDED SERVICES WE OFFER YOU (CONTINUED)

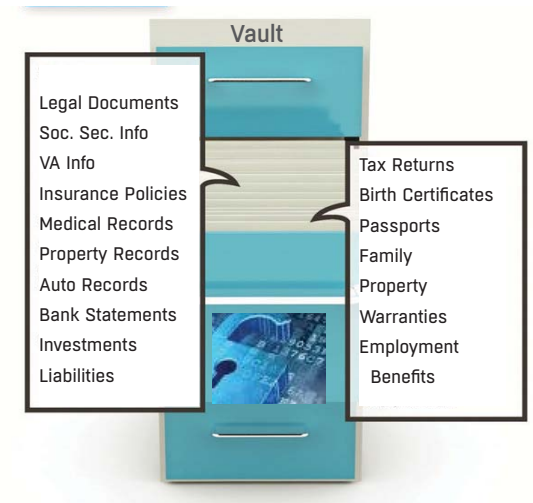
Store Vital Documents Electronically in the Vault

Use your personal client site to store and view valuable personal documents

Your personal client website has a file storage feature where you can securely keep copies of your important documents. All of your scanned documents can be kept securely and conveniently in our online vault, such as Power of Attorney, Wills and Health Directives, Trust documents, and Insurance documents.

Just upload documents into the Vault folder the next time you are logged in. Taking a trip? Scan a picture of your passport and upload it for storage in the Vault. Files can be viewed and uploaded on a mobile device.

If you have yet to enroll in your personal client site, go here: <http://windgatewealthmanagement.com/see-all-accounts/>. Let us know if you would like a walk-through of setting up your site or uploading to the vault.



Your personal website has a file storage feature where you can securely keep copies of your important documents.

Provide A Professional Opinion For Family Members Or Friends

Make a referral and we make a promise to provide trustworthy advice to your family and friends.

If you have any friends or family that are in need of financial assistance, or simply looking for a second opinion, we will gladly act as a sounding board for their ideas and concerns. Investment decisions, job changes, or life events, such as starting a family or buying a home are times when a conversation can be helpful, even if someone does not regularly work with an advisor.



Passing our name along to friends and family in these situations is the highest compliment and we appreciate it greatly! If you would ever like to make an introduction to someone who might benefit from our services, just give us a call at 844-377-4963 or email Sean@windgatewealth.com.

Investment decisions, job changes, or life events, such as starting a family or buying a home are times when a conversation can be helpful.

MONEY CAN BUY HAPPINESS, BUT WORDS ARE FREE

Favorite quotes regarding Money, Work and Humor

- ▶ "Money is better than poverty, if only for financial reasons." - [Woody Allen](#)
- ▶ "A bank is a place that will lend you money if you can prove that you don't need it." - [Bob Hope](#)
- ▶ "The trick is to stop thinking of it as "your" money." - [IRS Auditor](#)
- ▶ "A successful man is one who can lay a firm foundation with the bricks others have thrown at him. "
- [David Brinkley](#)
- ▶ "It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for" [Robert Kiyosaki](#)
- ▶ "Someone is sitting in the shade today because someone planted a tree a long time ago." - [Warren Buffet](#)
- ▶ "Science is organized knowledge. Wisdom is organized life." - [Immanuel Kant](#)
- ▶ "The greatest *mistake* you can make in life is to be continually fearing you will make one." - [Elbert Hubbard](#)
- ▶ "A human being has a natural desire to have more of a good thing than he needs." - [Mark Twain](#)
- ▶ "Someday we'll look back on this moment and plow into a parked car." - [Evan Davis](#)
- ▶ "A nickel ain't worth a dime anymore." - [Yogi Berra](#)
- ▶ "It's not the employer who pays the wages. Employers only handle the money. It's the customer who pays the wages. " - [Henry Ford](#)

Any opinions expressed in this article are general in nature and cannot be guaranteed to be suitable for every individual. Individual needs and situations vary. Talk to your financial advisor to help you consider what options might be right for you.

The information provided herein represents the opinion of Windgate Wealth Management and is not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

Perritt Capital Management, Inc. is the registered investment advisor for Windgate Wealth Management accounts.





WINDGATE

WEALTH MANAGEMENT

300 S. WACKER, SUITE 2880
CHICAGO, IL 60606