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WAYPOINT PARTNERS
NAVIGATING YOUR FINANCIAL FUTURE.

Waypoint Monthly

Brought to you by Our Team

Playing Catch-Up with Your 401(k) or IRA

A recent survey of baby boomers (ages 53 to 69) found that just 24% were confident they would have enough money to last throughout retirement. Forty-five percent had no retirement savings at all, and of those who did have savings, 42% had saved less than $100,000.[1]

Your own savings may be on more solid ground, but regardless of your current balance, it's smart to keep it growing. If you're 50 or older, you could benefit by making catch-up contributions to tax-advantaged retirement accounts. You might be surprised by how much your nest egg could grow late in your working career.

Contribution limits

The federal contribution limit in 2016 and 2017 for all IRAs combined is $5,500, plus a $1,000 catch-up contribution for those 50 and older, for a total of $6,500. An extra $1,000 might not seem like much, but it could make a big difference by the time you're ready to retire (see table). You have until the April 18, 2017, tax filing deadline to make IRA contributions for 2016. The sooner you contribute, the more time the funds will have to pursue potential growth.

The deferral limit in 2016 and 2017 for employer-sponsored retirement plans such as 401(k), 403(b), and most 457(b) plans is $18,000, plus a $6,000 catch-up contribution for workers 50 and older, for a total of $24,000. However, some employer-sponsored plans may have maximums that are lower than the federal contribution limit. Unlike the case with IRAs, contributions to employer-sponsored plans must be made by the end of the calendar year, so be sure to adjust your contributions early enough in the year to take full advantage of the catch-up opportunity.

The following table shows the amount that a 50-year-old might accrue by age 65 or 70, based on making maximum annual contributions (at current rates) to an IRA or a 401(k) plan:

Potential Savings a 50-Year-Old Could Accumulate		Without Catch-Up	With Catch-Up
IRA	By Age 65	$128,018	$151,294
	By Age 70	$202,321	$239,106
401(k)	By Age 65	$418,697	$558,623
	By Age 70	$662,141	$882,854

Example assumes a 6% average annual return. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. It assumes contributions are made at end of the calendar year. Rates of return vary over time, particularly for long-term investments. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary.

Special 403(b) and 457(b) plan rules

403(b) and 457(b) plans can (but aren't required to) provide their own special catch-up opportunities. The 403(b) special rule, available to participants with at least 15 years of service, may permit an additional $3,000 annual deferral for up to five years (certain additional limits apply). A participant can use this special rule and the age 50 catch-up rule in the same year. Therefore, a participant eligible for both could contribute up to $27,000 to his or her 403(b) plan account (the $18,000 regular deferral limit, plus the $3,000 special catch-up, plus the $6,000 age 50 catch-up).

The 457(b) plan special rule allows participants who have not deferred the maximum amount in prior years to contribute up to twice the normal deferral limit (that is, up to $36,000 in 2016 and 2017) in the three years prior to reaching the plan's normal retirement age. (However, these additional catch-up contributions can't exceed the total of the prior years' unused deferrals.) 457(b) participants who elect to use this special catch-up rule cannot also use the age 50 catch-up rule in the same year.

[1] "Boomer Expectations for Retirement 2016," Insured Retirement Institute.

The Giving Season: Six Tips for Making Smart and Effective Charitable Donations This Holiday Season

Many charitable organizations allow you to donate online, by text, or through social networking sites.

The following organizations and agencies publish reports and charity ratings, and/or give useful tips and information to consumers on how to donate and choose a charity:

- ***Better Business Bureau's BBB Wise Giving Alliance, bbb.org***
- ***Charity Navigator, charitynavigator.org***
- ***CharityWatch, charitywatch.org***
- ***Federal Trade Commission, ftc.gov***

The holidays are a popular time for charitable donations. With so many charities to choose from, it's more important than ever to ensure that your donation is well spent. Here are six tips that can help you make smart and effective charitable donations.

1. Choose your charities wisely

Choosing worthy organizations that support the causes you care about can be tricky, but it doesn't have to be time-consuming. There are several well-known organizations that rate and review charities, as well as provide useful tips and information on how to donate and choose a charity (see sidebar). To get started, here are some things to consider:

- *How the charity plans to use your gift.* Contact the charity by phone or go online to find information about the charity's mission, accomplishments, financial status, and future growth.
- *How much the charity spends on administrative costs.* If a charity has higher-than-average administrative costs, it may be spending less on programs and services than it should. This could also be a sign that the charity is in serious financial trouble. In addition, if a charity uses for-profit telemarketers, then it may get very little of the money it raises, so ask how much of your donation the charity will actually receive.
- *The legitimacy of the charity.* Take the time to check out the charity before you donate. Ask for identification when approached by a solicitor, and never give out your Social Security number, credit-card number, bank account number, account password, or personal information over the phone or in response to an email you didn't initiate.
- *How much you can afford to give to the charity.* Stick to your giving goals and only give what you can afford. Legitimate fundraisers will not try to pressure you and will be happy to send information that can help you make an informed decision regarding your donation.

2. Maximize your donation through a matching gift

If your employer offers a program that matches charitable gifts made by employees, you can maximize your charitable donations. Some matching gift programs may have specific guidelines — for example, they may only match a gift up to a certain dollar limit, and the charity may need to provide additional information.

3. Make automatic donations

If you're looking for an easy way to donate regularly to a favorite charity, consider making automatic donations from a financial account. Automatic donations can benefit charities by potentially lowering fundraising costs and by establishing a foundation of regular donors. You'll also benefit, since spreading your donations throughout the year may enable you to give more and simplify your record keeping.

4. Look for alternatives to cash donations

Although cash donations are always welcome, charities also encourage other types of gifts. For example, if you meet certain requirements, you may be able to give stock, direct gifts from your IRA, real estate, or personal property. Keep in mind that you'll want to check with your financial professional to assess potential income and estate tax consequences based on your individual circumstances. Other alternatives to cash donations include volunteering your time and using your talents to improve the lives of others in your community.

5. Consider estate planning strategies when gifting

Another option is to utilize estate planning to make a charitable gift. For example, you might leave a bequest in your will; give life insurance; or use a charitable gift annuity, charitable remainder annuity trust, or charitable unitrust that may help you give away the asset now, while retaining a lifetime interest. Check with your financial or tax professional regarding any potential estate or tax benefits or consequences before making this type of gift.

6. Remember the importance of record keeping

If you itemize when you file your taxes, you can deduct donations you've made to a tax-qualified charity — however, you must provide proper documentation of your donation to the IRS. Keep copies of cancelled checks, bank statements, credit-card statements, or receipts showing the charity's name, date of your donation, and contribution amount. For donations or contributions of $250 or more, you'll need a detailed written acknowledgment from the charity. For more information and a list of specific record-keeping requirements, see IRS Publication 526, Charitable Contributions.

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What It Means to Be a Financial Caregiver for Your Parents

A large majority of caregivers provide care for a relative (85%), with 49% caring for a parent or parent-in-law.

Source: Caregiving in the U.S. 2015, National Alliance for Caregiving

If you are the adult child of aging parents, you may find yourself in the position of someday having to assist them with handling their finances. Whether that time is in the near future or sometime further down the road, there are some steps you can take now to make the process a bit easier.

Mom and Dad, can we talk?

Your first step should be to get a handle on your parents' finances so you fully understand their current financial situation. The best time to do so is when your parents are relatively healthy and active. Otherwise, you may find yourself making critical decisions on their behalf in the midst of a crisis.

You can start by asking them some basic questions:

- What financial institutions hold their assets (e.g., bank, brokerage, and retirement accounts)?
- Do they work with any financial, legal, or tax advisors? If so, how often do they meet with them?
- Do they need help paying monthly bills or assistance reviewing items like credit-card statements, medical receipts, or property tax bills?

Make sure your parents have the necessary legal documents

In order to help your parents manage their finances in the future, you'll need the legal authority to do so. This requires a durable power of attorney, which is a legal document that allows a named individual (such as an adult child) to manage all aspects of a person's financial life if he or she becomes disabled or incompetent. A durable power of attorney will allow you to handle day-to-day finances for your parents, such as signing checks, paying bills, and making financial decisions for them.

In addition to a durable power of attorney, you'll want to make sure that your parents have an advance health-care directive, also known as a health-care power of attorney or health-care proxy. An advance health-care directive will allow you to make medical decisions according to their wishes (e.g., life-support measures and who will communicate with health-care professionals on their behalf).

You'll also want to find out if your parents have a will. If so, find out where it's located and who is named as personal representative or executor. If the will was drafted a long time ago, your parents may want to review it to make sure their current wishes are represented. You should also ask if they made any dispositions or gifts of specific personal property (e.g., a family heirloom to be given to a specific individual).

Prepare a personal data record

Once you've opened the lines of communication, your next step is to prepare a personal data record that lists information you might need in the event that your parents become incapacitated or die. Here's some information that should be included:

- *Financial information:* Bank, brokerage, and retirement accounts (including account numbers and online user names and passwords, if applicable); real estate holdings
- *Legal information:* Wills, durable powers of attorney, advance health-care directives
- *Medical information:* Health-care providers, medication, medical history
- *Insurance information:* Policy numbers, company names
- *Advisor information:* Names and phone numbers of any professional service providers
- *Location of other important records:* Social Security cards, home and vehicle records, outstanding loan documents, past tax returns
- *Funeral and burial plans:* Prepayment information, final wishes

If your parents keep some or all of these items in a safe-deposit box or home safe, make sure you can gain access. It's also a good idea to make copies of all the documents you've gathered and keep them in a safe place. This is especially important if you live far away, because you'll want the information readily available in the event of an emergency.

Don't be afraid to get support and ask for advice

If you're feeling overwhelmed with the task of handling your parents' finances, don't be afraid to seek out support and advice. A variety of local and national organizations are designed to assist caregivers. If your parents' needs are significant enough, you may want to consider hiring a geriatric care manager who can help you oversee your parents' care and direct you to the right community resources. Finally, consider discussing the specifics of your situation with a professional, such as an estate planning attorney, accountant, and/or financial advisor.

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How can technology help me manage my money?

It may seem that there's an app or software program for every purpose, and that includes managing your money. Here are some examples where technology may be useful in helping you get a handle on your money.

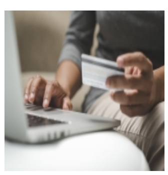
Creating a budget: There are multiple apps available that enable you to input your monthly income and expenses to generate a budget that fits your needs. Plus, some programs are able to categorize and track transactions, which could help you see exactly how much you spend in certain areas on a month-to-month basis.

Setting reminders: Do you occasionally forget to pay a particular bill? Or are you looking for a regular reminder to keep an eye on your account balances? Look for an app that lets you schedule reminders that suit your needs, whether it's an alarm that goes off for monthly bills or a service that automates payments you might otherwise forget to make.

Digitizing services: You're probably aware of your bank's direct-deposit services, but did you know that you can send payments, request refunds, and view transaction history using your bank's mobile app? You can also find apps that feature calculators designed to help you make investment decisions, as well as determine your net worth, calculate the time value of your money, and estimate your insurance needs, among other things.

Shopping (and saving): Some apps are designed specifically to help you save money in a variety of ways, from searching for the best local deals to calculating the cost of driving from point A to point B. If you'd like to dial back your spending, look for an app that can help you cut costs. For example, apps can compare the cost of groceries at one store against another, or help you find the lowest gas prices in your area. That way, you can put the extra money you have from being a savvy shopper toward a long-term goal, such as retirement.

With some exploration, you may find additional money-related apps. But bear in mind that even though many apps and services promise security, technology isn't always reliable, and you could fall victim to hackers. Think carefully before you provide information pertaining to your bank account and income/spending history.



What should I know before doing my holiday shopping online?

In order to skip the lines and traffic, many people opt to shop online for gifts during the holiday season. Unfortunately, hackers often target online shoppers to steal their personal information. Before you click, you might consider these tips for a safer online shopping experience.

Research websites before you shop. When shopping online, make sure you navigate only to reputable sites. You can research sites before you shop by reading reviews from previous customers.

Choose passwords carefully. Create a strong password if you order through an online account, and use different passwords when you shop on various websites. Follow password guidelines such as using a combination of letters, numbers, and capital letters or random phrases.

Be careful how you connect. Look for *https://* in the URL and not just *http://* , since the "s" indicates a secure connection. Avoid public Wi-Fi networks when shopping online, as they often lack secure connections.

Search with purpose. Typing one word into a search engine to reach a particular website is easy, but it sometimes isn't enough to reach the site you are actually looking for. Scam websites may contain URLs that look like misspelled brand or store names to trick online shoppers. You can also use a specialty search engine (e.g., one designed for clothing retailers or toy manufacturers) for optimal search results that will lead you to a reputable site.

Pay by credit card. Credit-card payments can be withheld if there is a dispute, but debit cards are typically debited quickly. Credit cards generally have better protection than debit cards against fraudulent charges.

Watch out for phishing and package delivery emails. Beware of emails containing links or asking for personal information. Legitimate shopping websites will never email you and randomly ask for your personal information. In addition, be aware of fake emails disguised as package delivery emails. Make sure that all delivery emails are from reputable delivery companies you recognize.

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