



CENTER FOR FINANCIAL PLANNING, INC.

Independent Registered Investment Advisor

2013: Financial Planning Opportunities



Your Center Team



CENTER FOR FINANCIAL PLANNING, INC.

Independent Registered Investment Advisor

A Privately Held Wealth Management Firm

for Generations

Our Firm Today

- ◆ 7 – Lead Financial Advisors
- ◆ 5 – Client Service Associates
- ◆ 3 – Investment Department
- ◆ 1 – Director of Financial Planning
- ◆ 4 – Operations (Reception/Compliance/Finances)

Providing world-class comprehensive financial planning & investment management to 760 clients in 37 states.

\$730 Million in Assets Under Management.



Looking Ahead:

2013 Financial Planning Opportunities



CENTER FOR FINANCIAL PLANNING, INC.

Independent Registered Investment Advisor

A Privately Held Wealth Management Firm

for **Generations**

Financial Planning Opportunities & Challenges

- Retirement Planning
- Bush Tax Cuts made permanent...for most but not all
- Estate Taxes
- You should discuss any tax or legal matters with the appropriate professional



Retirement Planning

Retired Now

- **Fill 15% Marginal Bracket:**
 - Single: \$36,250
 - Married Filing Jointly: \$72,500
- **Review withdrawal rate**



Portfolio Withdrawal Rates

(Inflation-Adjusted) Probability of Success

50% Stocks / 50% Bonds

Withdrawal %

10%	32%	10%	0%	0%
9%	50%	22%	7%	0%
8%	64%	33%	20%	5%
7%	79%	55%	37%	17%
6%	93%	75%	57%	51%
5%	100%	90%	80%	76%
4%	100%	100%	100%	95%
3%	100%	100%	100%	100%

15

20

25

30

Estimated Life Expectancy

Source: Retirement savings choosing a withdrawal rate that is sustainable, by Philip Cooley, Carl Hubbard & David T. Walz
 The authors studied actual historical stock and bond returns from 1926 through 1995 to determine sustainable withdrawal rates. Stocks were represented by the [S&P 500](#), while long-term high grade domestic bonds were used for the bond portfolios. An investment cannot be made directly in an index. The withdrawal percentage refers to the portion of the portfolio withdrawn during the first year; it's assumed that the portion withdrawn in subsequent years will increase with the [CPI index](#) to keep pace with the cost of living. No fees are assumed in this example.



CENTER FOR FINANCIAL PLANNING, INC.

Independent Registered Investment Advisor

A Privately Held Wealth Management Firm

for **Generations**

Retirement Planning

Not Yet Retired

- **Retirement Contributions Limits - 2013:**
 - **401k: \$17,500**
 - Additional catch up for those 50 years and over \$5,500
 - **Solo 401k:**
 - \$17,500 employee contribution
 - \$33,500 optional profit sharing contribution
 - Additional catch up for those 50 years and over \$5,500
 - **SIMPLE IRA: \$12,000**
 - Catch up for those 50 years and over \$2,500
 - **IRA: \$5,500**
 - Catch up for those 50 years and over \$1,000
- **Review social security maximization strategies**
- **In service rollovers**



The Fiscal Cliff Deal & Income Taxes 2013

UNDER \$200,000 single/\$250,000 married filing jointly:

- Expiration of Payroll Tax relief: 2%
 - The rate is increased from 4.2% to 6.2% on the first \$113,700 of earned income.
- 0% Capital Gains: Those in 15% marginal bracket (\$36,250/\$72,500)
- 15% Capital Gains: Those in 25%, 28%, 33% or 35% marginal bracket
 - Those over \$200,000/\$250,000 but below \$400,000/\$450,000 are subject to the Medicare surtax, this means that effectively capital gains and qualified dividends are taxed at 18.8%.



Higher Income Taxes in 2013 For Higher Income Earners

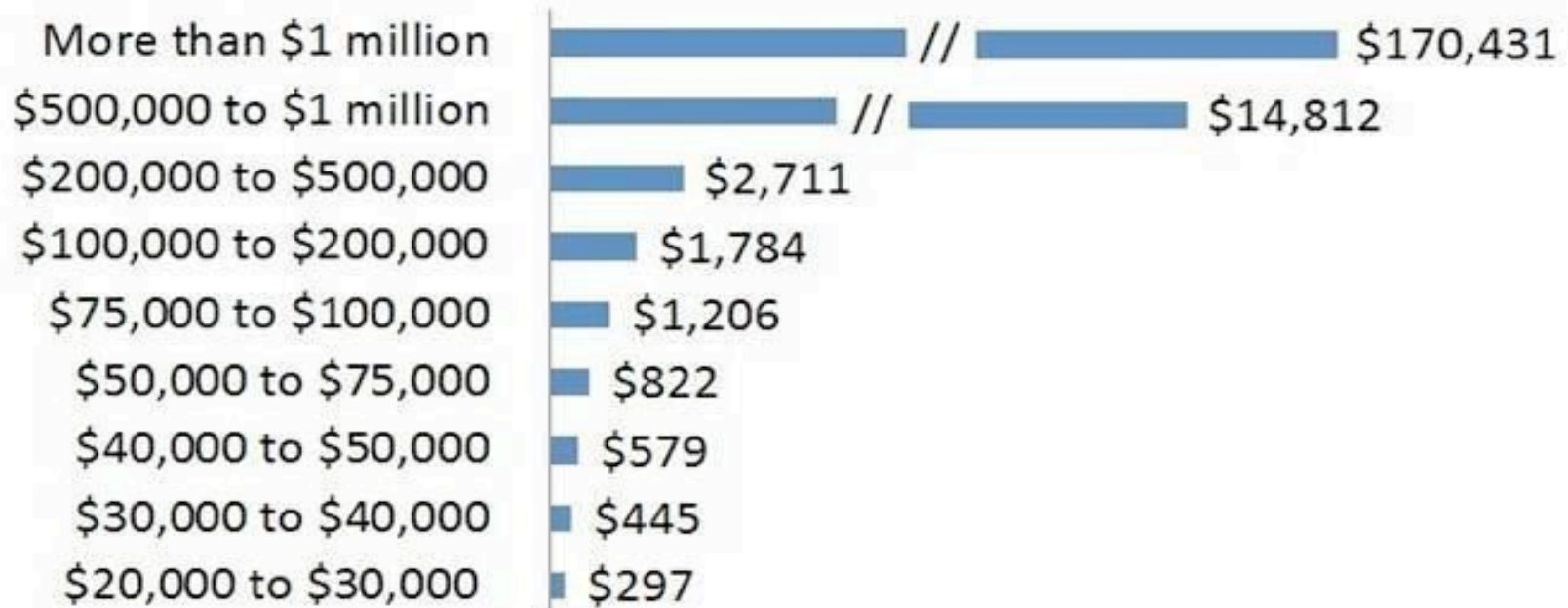
- **\$200,000 single/\$250,000 married filing jointly:**
 - Thresholds are based on Modified Adjusted Gross Income (“MAGI”)
 - 3.8% Medicare surtax on the lesser net investment income or MAGI above thresholds.
 - 0.9% Medicare surtax tax on wages above the thresholds
- **\$250,000 single/\$300,000 married filing jointly:**
 - Thresholds are based on Adjusted Gross Income (“AGI”)
 - Limitations on personal exemptions and Itemized deductions restored in 2013. The net effect is approximately a 2% increase in marginal rates for those above the thresholds.
- **\$400,000 single/\$450,000 married filing jointly:**
 - Thresholds are based on taxable income
 - New top marginal bracket of 39.6%
 - Capital gains and qualifying dividends taxed at 20% up from 15%. Because of the Medicare surtax, this means that effectively capital gains and qualified dividends are taxed at 23.8%, and up to 26% during the personal exemption and itemized deduction phase outs.



Income Tax Impact

Cliff Tax impact

Here's the average tax impact for households by income level.



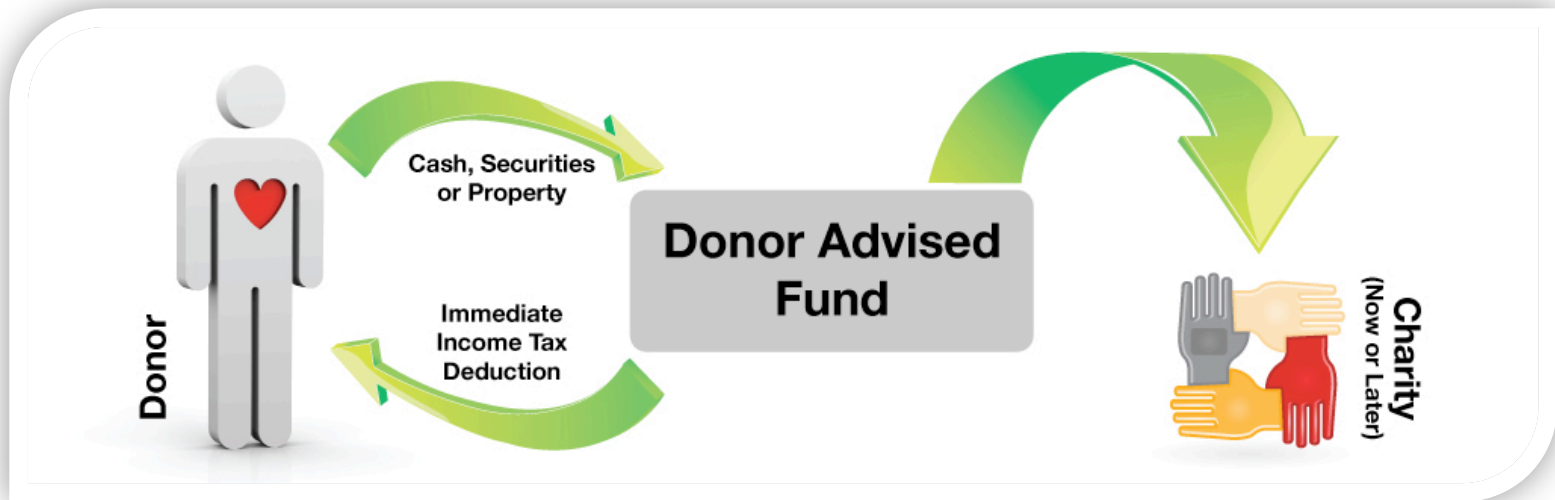
Long Term Capital Gains

- **THOSE IN 10% AND 15% MARGINAL BRACKET**
(less than \$36,250 / \$72,500)
 - ❖ Pay 0% on long term capital gains
 - Accelerate capital gains if investment reasons dictate
 - Gifts to relatives in low marginal brackets



Charitable Contributions

IRA – Regular – Donor Advised Fund



Estate Taxes

Not going back to 2001...

- \$5.25M exemption equivalent
- Portability permanent
- 40% top rate
- Annual gifting exclusion:
 - \$14,000



Estate Planning

It's Not Just About Taxes!

- To whom, when and how
- Personal Financial Record System
- Letter of Last Instruction
- Visit Center web site at www.CenterFinPlan.com
- POA for adult children
- TOD accounts if not using trust

Please note, changes in tax laws or regulations may occur at any time and could substantially impact your situation. While we are familiar with the tax provisions of the issues presented herein, as Financial Advisors of RJFS we are not qualified to render advice on tax or legal matters.



General Advice

- Be careful of the well intended general advice...



- Work with your Planner to determine what is in your best interest based on YOUR unique needs!



Center for Financial Planning, Inc.

Independent Registered Investment Advisor

Securities offered through

Raymond James Financial Services, Inc.

Member FINRA/SIPC

40 Oak Hollow St., #125 Southfield, MI 48033

(248) 948-7900

www.centerfinplan.com

The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material, is not a complete summary or statement of all available data necessary for making an investment decision, and does not constitute a recommendation. The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Be sure to contact a qualified professional regarding your particular situation before making any investment or withdrawal decision.



CENTER FOR FINANCIAL PLANNING, INC.

Independent Registered Investment Advisor

A Privately Held Wealth Management Firm

for **Generations**