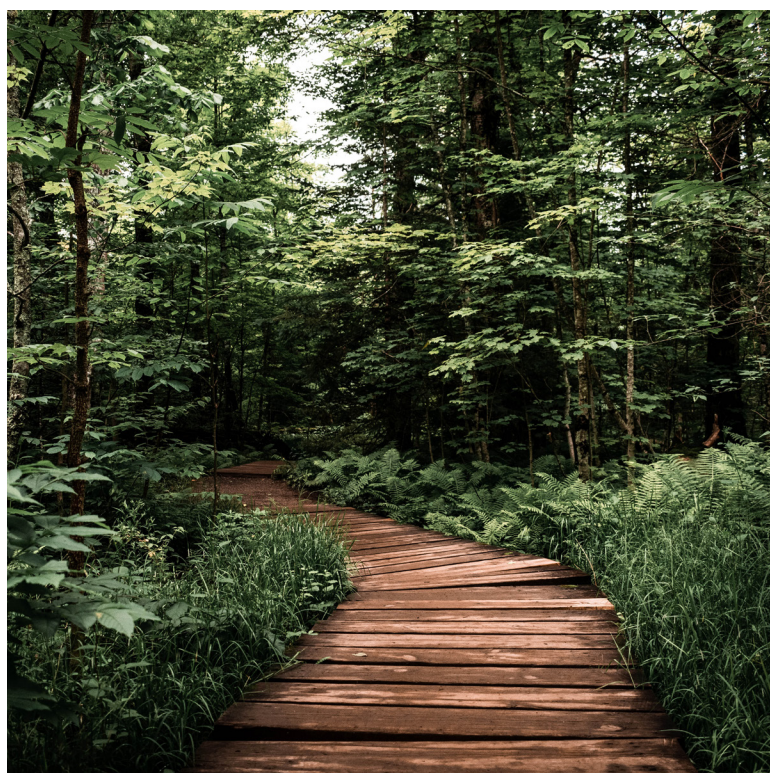


# THE ADVANCED CONNECTION

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## Congratulations Graduates!

Congratulations to all the recent and soon-to-be graduates! Whether the students in your life are graduating from preschool or college, spring is an exciting time to contemplate future changes. And, speaking of changes, the financial side of education has seen a lot of changes recently. Student loans have been in the news constantly over the last few years. Federal student loan payments have been paused since the early days of the pandemic and are supposed to be restarting in a few months (although the restart has been scheduled and moved several times already). As for saving for college, 529 plans (a very common type of account used for the tax advantages it offers) have seen many changes over the last few years, mostly increasing the flexibility and usefulness of these accounts. If you haven't revisited your education financing plans, or if you know someone who might benefit from talking through how education funding fits in their overall financial plan, let us know!



## Connect with us.

If you are anticipating any changes in your life (such as a new job, new house or renovations, large purchase, growing family, education expenses, etc.), or if it has simply been a while since we've talked, we'd love to connect with you and review your financial plan. Click [here](#) to schedule a time to talk with us.



## Why, What, and When to Shred Documents

Now that tax time is over and you have gone through many of your documents, here is a good guide for what to keep and what to shred.

### Why You Should Shred

“Dumpster diving,” or rifling through trash cans for personal information, is a tactic used by identity thieves to get their hands on documents they can use to impersonate someone. As much as you may want to get rid of items, throwing away materials that have information about you or your family creates a cause for concern. By shredding sensitive materials, you reduce the risk of identity theft. To destroy all sensitive information, invest in a shredder for your home or office, preferably one that “cross-cuts” (i.e., slices in two directions) or a strip-cut shredder. You can also bring your documents in to our office and we will shred them for you! If your shredder can’t handle plastic, use scissors to cut up expired credit and identification cards before discarding them. Remember that if you opt into receiving materials electronically, you not only help the environment by reducing paper use, you also reduce the risk of someone rummaging through your discarded hard-copy documents.

### What to destroy?

#### What constitutes “sensitive information?”

In general, you should shred documents that contain any of the following:

- Social security number
- Any account number or credit or debit card number (with or without any required security code)
- Access code, PIN, or password that would permit access to an individual’s account
- Date of birth
- Any information related to a financial account, including type of account, suitability information, holdings, and financial advice
- Driver’s license number or state-issued identification card number
- Any medical-related information
- Signatures

**CONTINUED...**

## Why, What, and When to Shred Documents

To protect your privacy, you should also consider shredding items that include names, addresses, phone numbers, and email addresses.

### Digitally Stored Document Issues

When it comes to the digital storage of documents, the concept of “shredding” becomes more nuanced. Because there is far more space to digitally save documents, there isn’t necessarily as much urgency to purge documents. If any electronically stored materials contain sensitive information, however, it’s critical that appropriate technological steps (e.g., virus software, password protection) are taken to secure the files from unwanted intruders. If you decide that certain files should no longer exist, ensure that those files are permanently deleted and copies are properly stored.

### When to Destroy

Whether your files are physical or electronic, the same principles and time frames for record retention apply. Here are some guidelines for determining how long to keep records:

## Types of Documents & Time Frame for Retention

### Tax Records – 7 Years

The IRS has three years to audit your return if the agency suspects you made a mistake and up to six years if you likely underreported your gross income by 25 percent or more. If you failed to file a return for any year, keep records indefinitely.

### Pay Stubs Records – 1 Year

Compare them to your W-2 form, and then shred.

### Bank Statements/Credit Card Statements – 1 Year

Hold onto records related to your taxes, business expenses, home improvements, mortgage payments, or any major purchases for as long as you need them. A better option would be to opt into receiving your statements online instead of receiving them in the mail.

**CONTINUED...**



## Why, What, and When to Shred Documents

### Types of Documents & Time Frame for Retention

#### Medical Records - Varies depending on the material

If you are claiming any medical deductions, the medical bills should be kept with your tax information. Otherwise, once you have reconciled your medical insurance claims, medical bills should not need to be kept more than a year or two. While you probably do not need to retain statements or documents, definitely keep longer-term records regarding prescriptions and contact information for your current and past physicians. For any surgeries or medical procedures, keep a record of what was done, when, by whom and where. The older you get, the more your medical past becomes important for your new-age health!

#### Insurance Records - Varies

Keep policy information for the life of the policy plus an additional five years.

#### Utility and Phone Bills - Immediately after payment

Shred after you've paid them unless they contain tax-deductible expenses.

#### IRA Contribution - Until you withdraw the money

Quarterly statements can be destroyed as soon as you match them with your yearly statement.

#### Home Purchase/Sale - Until 6 years after you sell

#### Warranties - When expired



## Financial Trivia Tax Day Fun Facts

Now that Tax Day has passed, we wanted to share some interesting tax history that we read online. Here are a few of our favorites, and you can read the rest of them [here](#).

### Withholding Started Because of a Cash Crunch

In the 1940s, the government needed a steady flow of cash to fund the war effort. It passed the Current Tax Payment Act of 1943, which required that companies withhold income taxes from employees' paychecks and make ongoing payments on employees' behalf. Before this (from 1916 to 1943), Americans paid income taxes quarterly or annually.

### Even Einstein Didn't Understand Taxes

Albert Einstein apparently found taxes more inscrutable than theoretical physics. He once said, "The hardest thing in the world to understand is the income tax" (that is, according to Leo Mattersdorf, the math genius' tax preparer).

### Tax Prep Time Can Really Add Up

According to the IRS, the average time it used to take to complete a Form 1040 was 16 hours; a 1040A took seven hours; and a 1040EZ took five hours. Overall, the average was 13 hours. In 2019, the IRS processed more than 154 million individual tax returns, equivalent to about 83.4 million days' worth of prep time.



## Risk Management

Risk management is a critical component to investment and wealth management. We have written in the past that there are many kinds of risks. Some clients, before they begin working with us, worry about “losing it all.” This is “principal risk,” and if we can build a diversified portfolio, the only way to “lose it all” would be to have the global economy collapse, which would put us all back into a barter economy.

Usually when we work with clients on risk management it is about coping with “fluctuation risk,” or “market risk.” Here the focus is on how much your account values might go up or down, and how you can be predicted to manage the emotional reactions to these market changes. The more anxious an investor is about experiencing portfolio declines, the less their accounts will likely be allocated to the stock market. This reduces potential decreases in account values, but ... it also limits the potential for long-term growth.

Which leads us to today’s last topic, which is “goal risk.” It would be nice if we could generate returns some percentage greater than inflation - with no market risk. Unfortunately, the world has never worked that way, and does not now. Instead, we work with investors to estimate how much net worth might be needed at specific life stages, like retirement, in order to have funds available to meet or support those goals. Then we look at how

much can be added to savings and investments over the target time periods. And then we attempt to build an investment strategy that can put the client on a path that has the potential to achieve their goals. And here is the important part. This investment strategy should be built so that the investor will not react emotionally and want to change strategies, just when unexpected (and undesired) events occur which threaten portfolio values. This is the most difficult and important part of “risk management.”

We are always working to help you reach your goals by attempting to optimize (not maximize) your potential risk/reward ratio. Please let us know if you would like to discuss this further!



## Assistance League of Greater Portland

Advanced Wealth Management, as sponsors, attended the Assistance League of Greater Portland's Promenade Portland Annual Luncheon and Fashion Show, which was held on Monday, April 24th at the Sentinel Hotel. Poison Waters emceed and Shauna Parsons from KPTV was the special guest, making for a fun time. Funds were raised to support several of the programs run by the non-profit organization, including:

**Operation School Bell** which provides clothing for elementary and middle school children in the Beaverton and Hillsboro areas.

**Assault Survivor Kits** which supplies a fresh set of clothing to victims of assault and domestic violence after their clothing has been surrendered for evidence in a medical facility.

**Youth Support at the Cordero House** which provides enrichment activities to recovering boys under the age of 19 residing in the Janus Youth program.

**Scholarship Program** which provides funds for student candidates entering trade programs.

The AWM team enjoyed the food and entertainment, and with the successful fundraising had an enjoyable and rewarding time. You can read more about the Assistance League on their [website](#).





## Traci Featured in Oregon Business Magazine

Traci was featured in the April edition of Oregon Business magazine. Click [here](#) to read the article [online](#). Congratulations Traci!



# Oregon Business

### Office Closures

Memorial Day

May 29th

Juneteenth

June 19th

Independence Day

July 4th

Labor Day

Sep 4th

*The fees, expenses, and features of 529 plans can vary from state to state. 529 plans involve investment risk, including the possible loss of funds. There is no guarantee that a college-funding goal will be met. In order to be federally tax<sup>[1]</sup>free, earnings must be used to pay for qualified higher education expenses. The earnings portion of a nonqualified withdrawal will be subject to ordinary income tax at the recipient's marginal rate and subject to a 10-percent penalty. By investing in a plan outside your state of residence, you may lose any state tax benefits. 529 plans are subject to enrollment, maintenance, and administration/management fees and expenses. Securities and advisory services offered through Commonwealth Financial Network®, member FINRA/SIPC, a Registered Investment Adviser.*

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