

# Dillard

## Financial Solutions Inc.

### Smarter Retirement Planning



## FIRST QUARTER 2015 NEWSLETTER

### It's Time to Rethink Your Retirement

STEVE DILLARD

All of us at Dillard Financial Solutions, Inc. would like to wish all of you a very safe and prosperous new year. Teresa and I have been on the road quite a bit visiting with federal employees all over the United States. We hope to connect with even more of you this year, and if we are not able to be in your area, we will be in touch with you through our newsletters, emails and phone calls. We think that 2015 is going to be a great year and we are looking forward to working with all of you.

The start of a new year is a perfect time to **Rethink Your Retirement**. During our visits with you over the last couple of years, one of the most common questions asked was, "How long will my retirement income last?" If you are not asking this question, then you're not asking the right question. Only an insurance company can give you the promise, in writing, of Lifetime Income with a guarantee that your income will be in-place when you need it the most.

There has been a lot of talk recently about the market and where to put your money. Risk advisors want you to put your money in their products where you will be subjected to fees and at risk to ups and downs in the stock market. However, a Fixed or Fixed Index Annuity gives you a guaranteed, lifetime income with safeguards in place to protect your initial balance as well as your interest gains from year-to-year.

I share this with you because I strongly believe that putting all of your eggs in one basket, especially one that is at risk in the stock market, is setting you up for financial hardship during your retirement years. If you would like to learn more about the products and services we offer and how we can help secure your retirement income, please contact us toll-free at 1-800-692-7643 and we will tell you the truth about how our clients are enjoying a guaranteed income during retirement.

God Bless,  
Steve Dillard, ChFEBC<sup>SM</sup>



We are a **Verified Vendor** on the United States  
Federal Contractor Registry  
DUNS: 078747605



**Steve and Teresa Dillard**  
Chartered Federal Employee Benefit Consultants<sup>SM</sup>

*\*Returns are guaranteed by the reserves of the insurance companies.*





# THE 2014 IRA CONTRIBUTION DEADLINES ARE APPROACHING QUICKLY

Financially, many of us associate April with taxes — but we should also associate April with important IRA deadlines.

- April 1 is the absolute deadline to take an initial IRA Required Mandatory Distribution (RMD).
- April 15 is the deadline for making annual contributions to a traditional or Roth IRA.<sup>1,2,7</sup>

Let's discuss the contribution deadline first and then the deadline for that first RMD (which affects only those IRA owners who turned 70-and-a-half last year).

The earlier you make your annual IRA contribution, the better. You can make a yearly Roth or traditional IRA contribution any time between Jan. 1 of the current year and April 15 of the next year. For example, you can make your IRA contribution for 2014 any time from Jan. 1, 2014 to April 15, 2015.

So you have more than 15 months to make your IRA contribution for a given year. But why wait? Savvy IRA owners pour new money into their accounts each January — as early as they can — to give those dollars more months to grow and compound. (After all, who wants less time to amass retirement savings?)

You cut your income tax bill by contributing to a deductible traditional IRA. That's because you are funding it with pre-tax dollars. To get the full tax deduction for a 2014 traditional IRA contribution, you have to meet one or more of these financial conditions:

- You aren't eligible to participate in a workplace retirement plan.
- You are eligible to participate in a workplace retirement plan, but you are a single filer with adjusted gross income of \$59,000 or less. (Or if you file jointly with your spouse, your combined AGI is \$95,000 or less.)
- You aren't eligible to participate in a workplace retirement plan, but your spouse is eligible, and your combined 2014 gross income is \$178,000 or less.<sup>2,3</sup>
- If you are the initial owner of a traditional IRA, by law you are required to stop making contributions to that IRA starting in the year you turn 70-and-a-half. If you are the initial owner of a Roth IRA, you can contribute to it as long as you live.<sup>4</sup>

If you are making a 2014 IRA contribution in early 2015, be aware of this fact: You must tell the investment company hosting the IRA account what year the contribution is for. If you fail to indicate the tax year that the contribution applies to, the custodian firm may make a default assumption that the contribution is for the current year (and note exactly that to the IRS).<sup>1</sup>

So, write "2014 IRA contribution" as applicable in the memo area of your check, plainly and simply. Should you make your contribution electronically, double-check that these details are communicated. How much can you put into an IRA this year? You can contribute up to \$5,500 to a Roth or traditional IRA for the 2014 tax year. If you have multiple IRAs, you can contribute up to a total of \$5,500\* across the various accounts. Should you contribute in excess of \$5,500, you will not be rewarded for it: you have until the following April 15 to correct the contribution with the help of an IRS form, and if you don't, the amount of the excess contribution will be taxed at 6 percent each year the correction is avoided.<sup>5</sup>

If you earn a lot of money, your maximum contribution to a Roth IRA may be reduced because of modified adjusted gross income phase-outs, as follows.<sup>6</sup>

*\*Individuals over 50 can contribute \$6,500 due to the catch-up provision.*

So you have more than 15 months to make your IRA contribution for a given year. But why wait? Savvy IRA owners pour new money into their accounts each January — as early as they can — to give those dollars more months to grow and compound.



## 2014 Tax Year

- Single/head of household: \$114,000-129,000
- Married couples: \$181,000-191,000

You can't make a Roth IRA contribution if you are married filing separately with modified adjusted gross income of \$10,000 or more and lived with your spouse in any part of a year.<sup>6</sup>

A last-chance Required Minimum Distribution (RMD) deadline rolls around on April 1. If you turned 70-and-a-half in 2013, the IRS gave you a choice: You could (a) take your first Required Minimum Distribution from your traditional IRA before Dec. 31, 2013, or (b) postpone it until as late as April 1, 2014.<sup>7</sup>

If you chose b, you will have to take two RMDs this year — one by April 1, 2014, and another by Dec. 31, 2014. (For subsequent years, your annual RMD deadline will be Dec. 31.) The investment firm hosting your IRA should have already notified you of this consequence, and the RMD amount(s) — in fact, they have probably calculated the RMD(s) for you.<sup>7</sup>

Original owners of Roth IRAs will never face this issue — they are not required to take RMDs.<sup>7</sup>



For more information on Roth or Traditional IRA contributions, please contact one of our Smarter Retirement Specialists at 800.692.7643 today to arrange a complimentary Retirement Benefits Review.

<sup>1</sup> [taxmap.irs.gov/taxmap/pubs/p590-005.htm](http://taxmap.irs.gov/taxmap/pubs/p590-005.htm) [1/16/14]

<sup>2</sup> [turbotax.intuit.com/tax-tools/tax-tips/Tax-Planning-and-Checklists/Tax-Tips-After-January-1-2014/INF12070.html](http://turbotax.intuit.com/tax-tools/tax-tips/Tax-Planning-and-Checklists/Tax-Tips-After-January-1-2014/INF12070.html) [3/8/13]

<sup>3</sup> [money.cnn.com/retirement/guide/IRA\\_traditional.money/mag/index2.htm](http://money.cnn.com/retirement/guide/IRA_traditional.money/mag/index2.htm) [1/16/14]

<sup>4</sup> [money.cnn.com/retirement/guide/IRA\\_Roth.money/mag/index3.htm](http://money.cnn.com/retirement/guide/IRA_Roth.money/mag/index3.htm) [1/16/14]

<sup>5</sup> [finance.yahoo.com/news/over-contributed-ira-401-k-151500104.html](http://finance.yahoo.com/news/over-contributed-ira-401-k-151500104.html) [1/2/14]

<sup>6</sup> [irs.gov/publications/p590/ar01.html](http://irs.gov/publications/p590/ar01.html) [2013]

<sup>7</sup> [foxbusiness.com/personal-finance/2014/01/02/missed-your-ira-rmd-deadline-here-what-to-do/](http://foxbusiness.com/personal-finance/2014/01/02/missed-your-ira-rmd-deadline-here-what-to-do/) [1/2/14]

# NEW IRA OPTIONS FOR 2015

## 1. The New IRA Option: The myRA Account

A Roth IRA account that isn't connected to your employer. Fully guaranteed by the federal government, this account will be available to those with an individual income of less than \$129,000 annually and will allow workers to contribute after-tax dollars through payroll deduction.

## 2. Increased Limits for 401(k), 403(b), 457, SIMPLE and SEP Plan Contributions

Taxpayers will be able to contribute up to \$18,000 to their 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan in 2015. The catch-up contribution limit will also increase to \$6,000 in 2015 for a total contribution limit of \$24,000 for employees age 50 and older. See attached PDF for more details and limits

## 3. Higher Income Limits for Roth IRA contributions and regular IRA contributions

The income limits for contributing to a Roth IRA will increase by \$2,000 in 2015. The new limits are \$116,000 or more but less than \$131,000 for individuals, and \$183,000 or more but less than \$193,000 for married couples.

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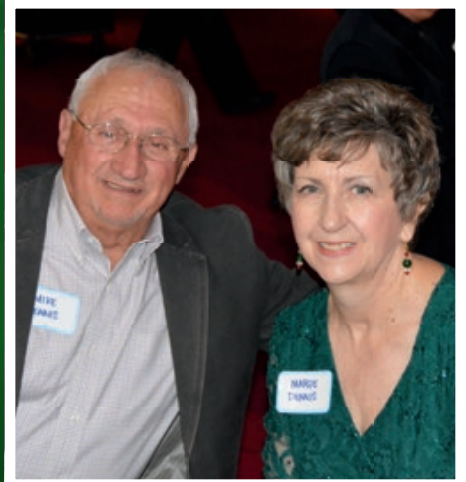


# The 2014 Dillard Financial Solutions, Inc. *Client Christmas Social*

We had over 240 clients and guests come out to Bethesda Church of God in Sumter, SC for our annual Client Christmas Social. We enjoyed great food catered by the wonderful folks at Little Pigs Barbecue over in Columbia, SC and our guests enjoyed entertainment by Bethesda's own Voices of Praise. Our games featured The Dillard Showcase Showdown, The Newlywed Game, Putt for Prizes and Door Prize Drawings from our gift tree. The highlight of our evening was a wonderful presentation from Tom Hamilton and the President of American Equity, Mr. Ron Grensteiner as well as Melissa Mursch and Jason Lechuga from Tucker Advisors. Our Grand Finale, cosponsored by American Equity and Tucker Advisors presented two lucky guests with large flat screen TVs. Thank you to all who attended! And a very special thanks to Pastor Al Sims of Bethesda Church of God for so graciously hosting our event. We had a wonderful time and look forward to seeing you all again next year!











# thinking about **retirement?**

## Understanding the Basics

A fixed index annuity is a contract between you and an insurance company that may help you reach your long-term financial goals. In exchange for your premium payment, the insurance company provides you income, either starting immediately or at some time in the future.

Whether your long-term objective is to build a source of guaranteed lifetime income, save for a specific retirement goal, or leave a legacy for your loved ones, Dillard Financial Solutions, Inc. can help by offering annuities with benefits designed to meet your retirement needs.

Today's fixed index annuities **offer a range of features and benefits** that may help you accumulate assets for retirement, preserve what you've accumulated, turn those assets into a guaranteed stream of income, and help you pass on a financial legacy to your loved ones.

### Phase One: Accumulation

The accumulation phase begins as soon as you purchase your annuity. Your annuity can earn a fixed rate of interest that is guaranteed by the insurance company or an interest rate based on the growth of an external index.

### Phase Two: Distribution

The distribution phase of a fixed index annuity begins when you choose to receive income payments. You can always take income in the form of scheduled annuitization payments over a period of time, including your lifetime. And many fixed index annuities allow you to take income withdrawals as an alternative to annuitization payments. Either way, you can choose from several different payout options based on your personal needs, including options for guaranteed lifetime income.

## How a Fixed Index Annuity Works

Most fixed index annuities have two phases. First, there's an accumulation phase, during which you let your money earn interest. This is followed by a distribution or payout phase, during which you receive money from your annuity.

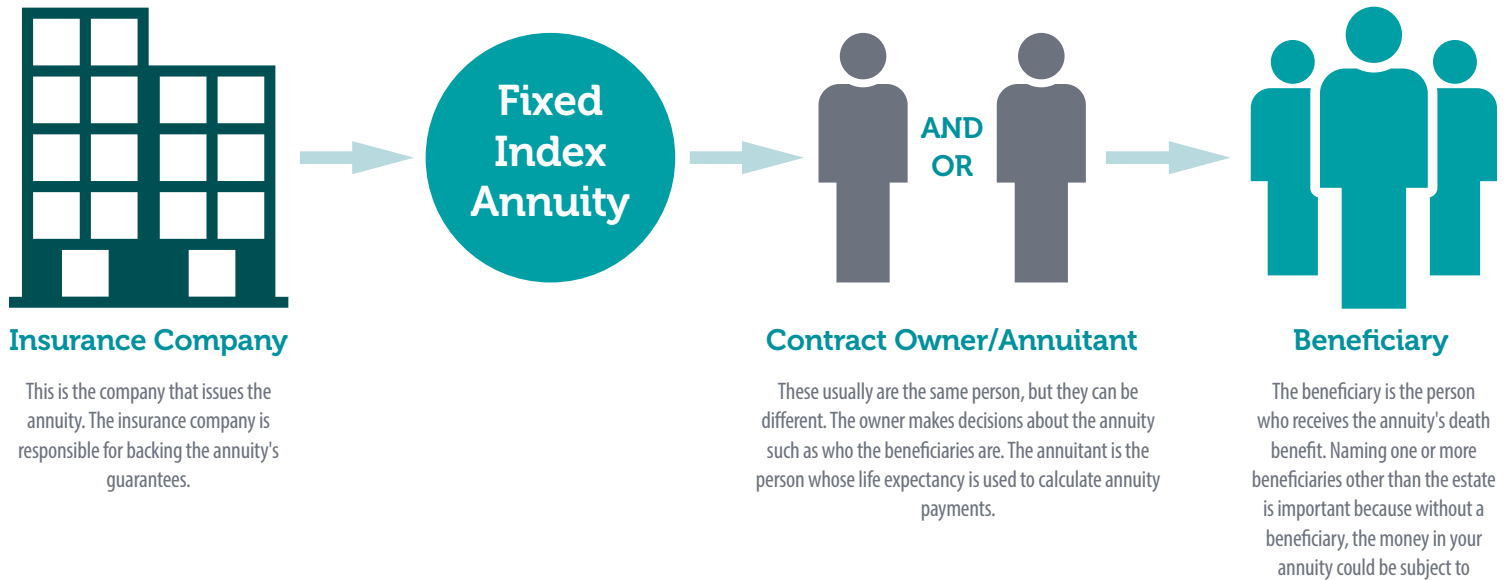
A fixed index annuity also guarantees you will receive at least the minimum guaranteed interest credited to the contract. Remember that all of these guarantees are backed by the claims-paying ability of the issuing company.

With a fixed index annuity, you defer paying taxes on your contract's interest until you receive money from the contract. Tax-deferred interest means the money in your contract can grow faster.

Your principal and bonus are never subject to market index risk. A downturn in the market index(es) cannot reduce your contract values.



# Who's Who in a Fixed Index Annuity



## Understanding the Benefits

A fixed index annuity (FIA) offers a unique combination of benefits that can help you achieve your long-term goals. No other product offers the tax deferral, indexed interest potential, and optional benefits to protect your retirement assets and income. Let's take a closer look at the three key benefits of fixed index annuities: **tax deferral**, **indexed interest potential** and **protection**.

### Tax Deferral

Under current federal income tax law, any interest earned in your fixed index annuity contract is tax-deferred. You don't have to pay ordinary income taxes on any taxable portion until you begin receiving money from your contract. Withdrawals are taxed as ordinary income and, if taken prior to age 59½, a 10% federal additional tax may apply.

### Indexed Interest Potential

Fixed index annuities provide an opportunity for potential interest growth based on changes in one or more indexes. Because of this potential indexed interest, FIA's provide a unique opportunity for accumulation. And since the interest your contract earns is tax-deferred, it may accumulate assets faster. In addition to potential indexed interest, FIA's can offer you an option to receive fixed interest.



### Protection

Fixed index annuities offer you a level of protection you may find reassuring. That protection can benefit you in three separate ways:

- **Accumulation:** Your principal and credited interest are protected.
- **Guaranteed Income:** You can be protected from the possibility of outliving your assets.
- **Death Benefit:** If you pass away before annuity payments begin, a fixed index annuity may help you provide for your loved ones.



"FOR I KNOW THE PLANS I HAVE FOR YOU," DECLARES THE LORD,  
"PLANS TO PROSPER YOU AND NOT TO HARM YOU, PLANS TO  
GIVE YOU HOPE AND A FUTURE."

*Jeremiah 29:11*



# 2015 Roth IRA Contributions

Continued from Page 3

The IRA contribution limit will remain \$5,500 in 2015. Investors age 50 and older can contribute an additional \$1,000 to an IRA, an amount that is not eligible for an annual cost-of-living adjustment.

Bigger IRA income limits. The tax deduction for making a traditional IRA contribution is phased out for investors who have a workplace retirement plan and a modified adjusted gross income between \$61,000 and \$71,000 for individuals and \$98,000 to \$118,000 for couples in 2015, up \$97,000 and \$116,000, respectively, from 2014. For individuals who don't have a workplace retirement plan but are married to someone who does, the tax deduction for an IRA contribution is phased out if the couple's income is between \$183,000 and \$193,000 in 2015.

## 4. Limitations on IRA Rollovers

Beginning on Jan.1, 2015, investors are limited to one rollover from one IRA to another in any 12-month period. A second IRA-to-IRA rollover in a single year could result in income tax becoming due on the rollover, a 10% early withdrawal penalty, and a 6% per year excess contributions tax, as long as that rollover remains in the IRA. This is essentially a limit on what has been typically called an 'indirect rollover'—where an IRA owner takes a distribution of all or part of the account and moves it into a new IRA. There is no limit on trustee-to-trustee transfers between IRAs or conversions from traditional to Roth IRAs in the same year.

## 5. Increase in Social Security Payments

Social Security recipients will see a 1.7% increase in their social security benefit due to the cost of living adjustment (COLA) instituted for 2015

## 6. Tax Credits for Savers

If you're single and have an adjusted gross income of less than \$30,500 per year, you can apply for a saver's credit worth up to \$1,000 in taxes (up from \$500 in 2014) for contributing to your 401(k) or IRA.

We have a team of agents nationwide to assist you with your retirement needs.  
Call us toll-free at 1.800.692.7643 to set up a complimentary benefits consultation

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**We have representatives to assist you nationwide!**