



Dillard

Financial Solutions Inc.

Smarter Retirement Planning



FOURTH QUARTER 2014 NEWSLETTER

Who Will Guarantee Your Retirement Income?

STEVE DILLARD

With winter approaching quickly, many of you will be challenged with the changing weather, increased cost of living and the business that accompanies Thanksgiving and Christmas. One thing that you should never have to worry about is your monthly income. One of the topics we talk about with many of the folks we meet is the security of their income. Many people understand that the stock market puts their hard-earned retirement dollars at risk, yet they continue to allow their broker to handle their income with most, if not all of it, being at-risk in the stock market. Here's the big question to consider:

Who will help you if you lose your money in the stock market during your retirement years?

Stock market funds are buying on faith. They are simply "paper gains." But how secure are they? When you die, how much risk will you be passing down to your spouse and children? Throughout the United States, we have over 4,000 clients that will never have to worry about market risk, buying on faith, or passing down risk to their spouse and children. We provide our clients with products that are guaranteed by insurance companies. The insurance company assumes the risk, not the client. The contract protects the money and provides a continuous income stream for the life of the client with most people receiving 4-6% of their contract value per year with no risk, giving them the lifestyle they have grown accustomed to during their working years.

What people don't want, is a gap, or income that comes up short. When you go to bed at night, you should be able to rest easy knowing that your money is secure and that you don't have to worry about the up's, down's and side-to-side's of the stock market. You can be at peace, knowing that your balance is guaranteed, while continuing to grow. This is why we use insurance companies to assume the risk, rather than our clients.

We hope you have a safe winter, and if you need assistance with securing your hard-earned retirement income, please give us a call at 1-800-692-7643 and one of our licensed representatives will assist you.

God Bless,
Steve Dillard, ChFEBCSM



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



Steve and Teresa Dillard
Chartered Federal Employee Benefit ConsultantsSM

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



UNDERSTANDING THE ROTH IRA

What is a Roth IRA?

A Roth IRA is an Individual Retirement Account that provides tax-free growth. As a result, it's the simplest – and potentially the most effective – sheltered account imaginable. You're probably asking if the Roth IRA has tax advantages. Lucky for you, it does.

The Roth IRA Tax Advantage

Like a deductible IRA, Roth gives you the advantage of getting taxed only once, rather than twice (or more) as with a regularly-taxed investment account. The chart below shows a summary of how it works:

REGULARLY TAXED ACCOUNT	DEDUCTIBLE IRA	ROTH IRA
You pay income tax , and then make your contribution with post-tax dollars	You get a tax deduction, essentially letting you deposit pre-tax dollars	You pay income tax , and then make your contribution with post-tax dollars
Your principal may be subject to taxes on dividends and capital gains as it grows	Your principal grows tax-free	Your principal grows tax-free
You pay capital gains tax on your gain at the time of withdrawal	You pay income tax on the entire amount of your withdrawal	You pay no further taxes on withdrawal

The advantage of a Roth IRA over a regularly-taxed account is obvious. Either way you pay income tax up front. But with Roth, you're then done paying taxes; with a regular account you're just getting started. Your agent will be able to run a calculator to see what happens to your money under different scenarios.

The Roth IRA has several obvious advantages over the Traditional IRA:

- **Roth is Simple:** It requires no special reporting to the IRS. (With a deductible IRA you have to report a deduction on your 1040 form when you make a contribution; on withdrawal, you report the entire withdrawal amount as taxable income.)
- **Roth is Flexible:** Because you've taken care of your tax obligations up front you tend to face fewer restrictions later. (For example, you don't need to begin withdrawing your money by a set age; with a deductible IRA you're required to start making withdrawals by age 70½.)
- **Roth has an extra advantage if you think your taxes will probably rise in the future,** since you're paying now rather than later. (Note that your own tax bracket might be lower in retirement than it is while you're working, even if tax rates go up in general.)
- **Roth has a less obvious advantage in that it lets you shelter more real money:** The same dollar amount, but in post-tax, rather than pre-tax dollars. (The idea is that a tax deduction isn't "money you're getting back"; it's "money you aren't sheltering".)

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Roth gives you the advantage of getting taxed only once,
rather than twice (or more)...

Opening & Funding a Roth IRA Account

You can open a Roth account at any time. You can start a monthly deposit amount or a lump sum. Here at Dillard Financial Solutions, Inc., we represent several insurance companies that can assist you with a custom-built tax-free retirement account. We have fixed accounts and index funds to choose from that will ensure your money is protected from market risk.

Contribution Limits

Your ability to contribute to a Roth IRA is based on your Modified Adjusted Gross Income (MAGI), therefore not everyone is eligible. The IRA contribution limits of \$5,500/\$11,000 may be split between both Roth and Traditional IRA accounts. However, the income phase out range for Roth contribution is much higher – \$112,000 to \$127,000 for single filers and \$178,000 to \$188,000 for joint filers in 2013. In effect, the Roth IRA reverses the tax process. With the Traditional IRA, contributions are not taxed but withdrawals are. Under a Roth IRA, contributions are taxed but withdrawals are not. The similarity between the Roth and Traditional IRA is that you do not pay taxes while the money is in either of these accounts. The minimum age for a Roth withdrawal is the same as a Traditional IRA – 59 1/2. However, with a Roth there is no maximum age when withdrawals must begin and contributions must stop. A disadvantage of the Roth IRA is a five-year holding period. This requirement means the account must be in existence for five years before withdrawals can begin (See Below).

ROTH IRA contribution limits

\$5500 49 and Under
\$6500 50 and Above

Contribute to a strategy that will provide a tax-free retirement for as little as \$50 per pay period.

Some taxpayers may consider converting their Traditional IRA to a Roth IRA because of the flexibility the Roth program offers (higher income limits and no maximum age restrictions). However, a Roth conversion involves many considerations including the potential payment of taxes on the converted amount, future income needs and the impact of the conversion on the taxability of social security benefits. In short, conversion should only be made with the advice of a qualified financial planner.

If You're Just Starting Out

Remember the 5-year rule from the IRS. You are required to keep your Roth IRA for 5 years. Withdrawing before this time is possible under the following circumstances:

- You are disabled and require income
- Payment is made to a beneficiary or to your estate after your death
- You meet the requirements and fall under the first home exceptions (\$10,000 lifetime limit)

While there are exceptions to the 5-year rule, you should hold on to your Roth IRA balance because the money you put into it is most effective when used as income dollars during your retirement years.

In Regards to Thrift Savings Plan

Your TSP dollars are 100% taxed when you withdraw it at retirement. The Roth IRA is 100% tax-free at retirement. More and more people are maxing out the Roth to get the most out of the tax-free options for retirement income.

For more information about Roth IRAs and how to take advantage of the ways they can help you prepare for a better retirement lifestyle, contact one of our licensed representatives toll-free at **1.800.692.7643** or email us at **dillardfs@aol.com** to set up a complimentary benefits review.

You and a Guest are invited to the
Dillard Financial Solutions, Inc.
Christmas Social

December 13, 2014 • 5:00 pm

**at Bethesda Church of God
2730 Broad Street • Sumter, SC 29150**

Bring your best dessert for our Dessert Contest!

We will have Live Entertainment, Games, Prizes, Food and Fun!

RSVP to 803.499.6623 by December 2, 2014

Attire is Christmas Dressy • No Children, Please

**This year we are proud to welcome a very special
guest speaker from American Equity!**

**Join us for a Southern style buffet dinner, Bingo, a Putting Contest,
Let's Make a Deal and our very own Showcase Showdown!**

**This is our biggest Christmas Social ever.
You won't want to miss this event!**

RSVP by December 2 to Reserve a Seat for You and Your Guest!



This is your opportunity to provide life insurance protection for your child or grandchild and guarantee his or her future insurability, regardless of what happens in life. Armed Forces Benefit Association (AFBA) offers a level term life insurance, Children's Term, that is easy and affordable. If your child or grandchild is between the ages of 1 year and 17 years, you can get coverage that will continue up to age 70. No medical exam is required to apply for coverage.

Monthly Contributions for \$50,000 of life insurance coverage:

Age	1-17	18-40	40-49	50-59	60-64	65-69
Monthly Contribution	\$4	\$5	\$9	\$20	\$40	\$70

Product available in all states except New York.

At age 18, rate increases to \$5.00 per month until age 40 and increases per age band in chart above. Coverage continues to age 70 and cannot be cancelled as long as insurance contributions are paid. Contributions change on the anniversary of your coverage effective date following entry into a new age group. Contributions are based on current age at enrollment. Contributions may increase should AFBA encounter a significant change to cost factors like expenses, persistency, mortality or interest rates. Refer to the Certificate of insurance for details of coverage.

For over 65 years, AFBA has provided life insurance in both war and peace to those who serve this great nation including our military, first responders and federal employees.



If you would like to learn more about insurance opportunities for your family or yourself, please call us toll-free at 1.800.692.7643 today and one of our licensed representatives will assist you .

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Looking for **Guaranteed Income** for the rest of your
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NAPS 2014 PRESIDENTIAL SCHOLARSHIP AWARD WINNER: SANTORIA WEEMS-PICKENS

An education is one of the most important investments you can make. However, the cost of college stands between many students and their dream of earning a degree. My name is Santoria Weems-Pickens; I am a junior at Rutgers University in New Brunswick. I want to personally express my gratitude to the selection committee for the scholarship you generously provided. I appreciate your confidence in me and your willingness to contribute to my education. The 2014 NAPS Presidential Scholarship Award has enabled me to continue to pursue my goal of achieving a degree.

At present, I am going for a double major in History/Political Science and Communications. During the summer of 2014, I was an Orientation Leader for Rutgers University. I am currently working towards becoming a Resident Assistant and taking steps to becoming a member of the Bonner Scholar Program.

Once again, thank you. I completely rely on financial aid and loans to help finance my education. Your support really does make a difference.



William Taylor of Dillard Financial Solutions, Inc. presented Mary Pickens of Branch 34 the 2014 NAPS Presidential Scholarship Sponsorship Award for her efforts in supporting and sponsoring this year's Scholarship Winner, Santoria Weems-Pickens.

Thank you to Mary for your support of this young scholar and congratulations to Santoria for winning the scholarship! We wish you the best as you pursue your degree!

NAPS NATIONAL CONVENTION

San Diego,
California



Louis M. Atkins
President

Ivan Butts
Executive V.P.

Brian Wagner
Sec./Treasurer

We would like to congratulate
the NAPS Executive Board
members on the elections!



We are proud to welcome our
newest team member, Amy Jones!

Amy will be assisting us with
administration in our home office.
She comes to us with 22 years of
experience in the United States
Air Force. We are excited to have
Amy on board and are looking
forward to a great 2015 with her
on our team.



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
retirement benefits consultation

Pension Plan Limitations are Increased for Inflation

Taxpayers will be allowed to contribute more money to their retirement savings in 2015 under new pension plan limits announced by the IRS on Thursday. The IRS annually adjusts the limitations on pension plan contributions in cases where cost-of-living increases meet the statutory requirements for inflation adjustment.

A list of the more significant items that are increased for 2015 includes:

- The elective deferral limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is increased from \$17,500 in 2014 to \$18,000 in 2015.
- The catch-up contribution limit for employees age 50 and over who participate in one of the plans listed above is increased from \$5,500 in 2014 to \$6,000 in 2015.
- The ability of taxpayers who are covered by workplace retirement plans to make a deductible individual retirement arrangement (IRA) contribution is phased out for singles

and heads of household who have modified adjusted gross incomes (AGIs) between \$61,000 and \$71,000. For married couples filing jointly, where the spouse who makes the IRA contribution is covered by a workplace retirement plan, the income phaseout range is \$98,000 to \$118,000. When an IRA contributor is not covered by a workplace retirement plan but is married to someone who is, the deduction is phased out if the couple's income is between \$183,000 and \$193,000.

- For taxpayers making contributions to Roth IRAs, the phaseout range for determining the maximum contribution is \$183,000 to \$193,000 for married couples filing jointly and \$116,000 to \$131,000 for singles and heads of household.
- The AGI limit for the saver's credit is \$61,000 for married couples filing jointly, \$45,750 for heads of household, and \$30,500 for single taxpayers and for married individuals filing separately.

To learn more about pension plan limitations and how we can help you with a Smarter Retirement Strategy, call us toll-free at 1.800.692.7643. *Source: JournalOfAccountancy.com*

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We have representatives to assist you nationwide!