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# FINANCIAL TIPS & LIFESTYLE TRENDS



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## A ROTH IRA'S MANY BENEFITS

**Why do so many people choose them over traditional IRAs?**

**The IRA that changed the whole retirement savings perspective.** Since the Roth IRA was introduced in 1998, its popularity has soared. It has become a fixture in many retirement planning strategies because it offers savers so many potential advantages.

The key argument for going Roth can be summed up in a sentence: **Paying taxes on your retirement contributions today may be better than paying taxes on your retirement savings tomorrow.**

Think about it. Would you rather pay taxes today or wait 10 years and see where the tax rates end up? With that in question in mind, here are some of the potential benefits associated with opening and contributing to a Roth IRA.

**What you see is what you get.** Roth IRA contributions are made with after-tax dollars, and any potential earnings on investments within a Roth IRA are not subject to income tax or included in the account owner's income. Instead, they accumulate on a tax-deferred basis and are tax-free when withdrawn from the Roth if the distribution is qualified.



**You can arrange tax-free retirement income.** Roth IRA earnings can be withdrawn tax-free as long as you are 59½ or older and have owned the account for at least 5 years. The IRS calls such tax-free withdrawals qualified distributions.

**Withdrawals don't affect taxation of Social Security benefits.** If your provisional income is between \$25,000 and \$34,000 — or \$32,000 and \$44,000 for joint filers — then your Social Security benefits may be taxed if you take withdrawals before your full retirement age. Luckily, a qualified distribution from a Roth IRA doesn't count as taxable income, which may be a means of avoiding taxation on your social security benefit.

**Who can open a Roth IRA?** Anyone with earned income (and that includes a minor).

**How much can you contribute to a Roth IRA annually?** The combined annual contribution limit to all of your traditional and Roth IRAs is \$6,000 for 2019 and 2020 (\$7,000 if you're age 50 or older), but income limits may reduce or eliminate your ability to contribute. To sweeten the deal even further, you can keep making annual Roth IRA contributions all your life.

All this may have you thinking about opening up a Roth IRA. A chat with the financial professional you know and trust may help you evaluate whether a Roth IRA is right for you, given your particular tax situation and retirement horizon.

## **WHAT MATTERS MORE IN RETIREMENT: INCOME OR SAVINGS?**

Retirement saving is not just about accumulating assets. It is also about laying the groundwork for retirement spending. Any retirement strategy has a core goal: the goal of helping an individual or couple pursue their retirement dreams once their careers have concluded. So, from that perspective, the amount that needs to be saved directly relates to the amount a retiree household may need to spend. To live your best retirement, your degree of retirement savings needs to be great enough to try and correspond to that vision.

Often, articles state that pre-retirees will need to live on 70% to 80% of their final working incomes. This is a general guideline, yet it may or may not prove true for a particular household. Some people retire and find they are spending less than they once did. Others spend as much as they did while working, maybe even a bit more, due to traveling, hobbies, and social engagements. What does this imply for retirement saving? While you arguably cannot save too much for the future, you can save too little.

## **SENIOR COMMUNITIES SERVE UP MORE FLAVOR**

Historically, retirement homes and assisted living facilities have not been known for fine dining. Thankfully, that is changing. Upmarket retirement communities increasingly hire or contract chefs with corporate, resort or high-end restaurant experience and serve made-from-scratch cuisine made with locally grown fruit and vegetables.

As the Miami Herald notes, the major challenge is coming up with savory dishes



## DID YOU KNOW?

### The Romans may have built the earliest retirement villages

In the first century B.C., Julius Caesar, Sulla, and other Roman generals founded special *coloniae* (colonies) to serve as retirement communities for Roman army veterans. Pompeii actually began as one of these communities.

-livius.org/articles/concept/colonia/ [6/8/19]

## GOLF TIP



### MAXIMIZE YOUR TIME AT THE DRIVING RANGE.

For sand wedges and 8 irons, or when the club has more loft (i.e. a pitching wedge), place the ball just behind the middle of your stance. Place 7 irons and up in the middle of your stance; remember that the longer the club, the more forward the ball should be.

Source: <https://www.lostgolfballs.com/golftips>



that respect dietary restrictions. Often, spices and herbs stand in for salt, cuts of red meat are tender and not so chewy (filet mignon, New York steak), and pies and pastries contain either little sugar or sugar substitutes. Roasted, broiled and grilled dishes take priority over fried food. At some communities, daily happy hours are actually *de rigueur*.



## BRAIN TEASER

- 1) What goes up and down each day, yet does not physically move?
- 2) I am soft, and you can serve me indoors or outdoors, but you would not want to eat me. What am I?
- 3) A trail, a union, together tied. Come across me and you will find, you cannot change the course I'm on, without me you cannot travel on. What am I?
- 4) What invention lets you look right through a wall?
- 5) What English word has three consecutive double letters?

1. THE TEMPERATURE, 2. A TENNIS BALL, 3. RAILROAD TRACKS, 4. A WINDOW, 5. BOOKKEEPER

## Health Tip

### Beat the Sneezes

There are more than 240 allergens, some rare and others very common. If you're a sneezer due to pollen: close your car's windows while driving, rather switch on the internal fan (drawing in air from the outside), and avoid being outdoors between 5am and 10 am when pollen counts are at their highest; stick to holidays in areas with low pollen counts, such as the seaside and stay away from freshly cut grass.

## Travel Tip

### Clear cookies, and you might score a cheaper flight

Airlines use dynamic pricing to adjust airfares relative to demand, and they can actually do this per consumer. Most airline websites screen your search history, including the browser cookies you may have picked up while visiting other airline or travel websites. Based on these cookies, they may present you with more expensive flights than they would otherwise. Deleting cookies from your browser just before a fare search may help you avoid this dynamic pricing. Source: MSN2

**WHO SAID IT? MARCEL PROUST**

Please let us know if you would prefer to receive our newsletter by email. Send request to [info@wmdallc.com](mailto:info@wmdallc.com).

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## WHO SAID IT?

“Let us be grateful to people who make us happy: They are the charming gardeners who make our souls blossom.”

*See page 3 for answer*



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