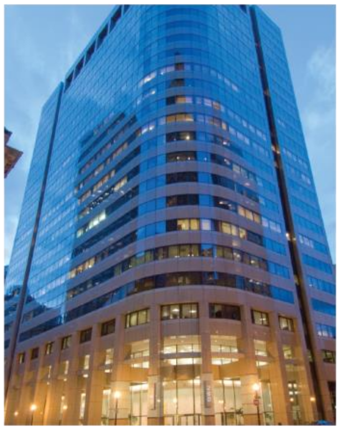
TFC FINANCIAL
The Financial Counselors

FINANCIAL PLANNING UPDATE
JANUARY 12, 2016

OUR VIEW



Social Security and Income Tax Update

There have been two recent laws signed by President Obama that we wanted to highlight as they relate to financial planning considerations.

In November, the Bipartisan Budget Act of 2015 was signed into law, eliminating two popular Social Security (SS) claiming strategies. The ability to utilize these strategies is still available for people age 62-70 as described below.

For those born on or before April 30, 1950 (defined by the Social Security Administration as having reached Full Retirement Age by the end of April 2016) who are not yet collecting SS benefits and intend to delay commencing benefits, it is recommended that you contact the SS Administration and "File and Suspend" your benefits before the end of April 2016. Doing this will preserve one of the eliminated strategies that may be advantageous for a spousal claim in the future.

For those who attained age 62 by the end of 2015, the ability to file a "Restricted Application" for benefits in the future is still available. This means that once your Full Retirement Age of 66 is reached, it may still be possible for you to tap more than one earnings record (spousal and your own work history) to maximize SS benefits. There is no action to be taken now for folks between ages 62-65, but it is important to know that this strategy remains an option in the future.

The Bipartisan Budget Act of 2015 and the Protecting Americans from Tax Hikes Act of 2015 were both recently signed into law.

Many articles have been published detailing different claiming strategies for individuals and couples as a result of the changes. As always, a personal meeting with a representative at the Social Security Administration in conjunction with discussions with your TFC Financial Advisor will determine the best strategy for you going forward.

In December, the Protecting Americans from Tax Hikes Act of 2015 (or PATH) was signed into law, extending many expired tax provisions. Importantly, this bill provided for the permanent extension of numerous provisions, eliminating ongoing uncertainty in many situations.

The PATH bill contains various extensions related to state and local sales tax deductions, education credits, depreciation, small business expenses, and research and development tax credits. Also included was the permanent extension of tax-free distributions to charitable organizations from IRA's for individuals over age 70½. This allows individuals to make charitable donations up to $100,000 directly from their IRA's which satisfies the annual required minimum distribution, yet does not reflect as taxable income on either Federal or state tax returns.

A summary of the PATH bill was provided by Newton-based accounting firm Abrams Little-Gill Loberfeld PC, with whom we share mutual clients, and can be accessed at this link.

Please contact your TFC Financial Advisor if you would like to discuss how either of these two recent laws may affect your personal financial planning.

Sincerely,

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Vice President and Shareholder

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