

MOLDENHAUER & ASSOCIATES

JANUARY NEWSLETTER

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I am writing this the week before Christmas 2017. For most of us this is an extremely important part of the year. As families we celebrate and, when possible, gather together. It is an important time of year for Christians as well as those who practice other religions. It marks the time of new beginnings and joy.

As I reflect on 2017 many things stand out. The sadness I felt and feel for those dear people we lost during the year. Several dear friends and clients passed away this past year, but their memories live on in our hearts. God Bless each of you who has been touched by loss in 2017. Several people we know have dealt with and are dealing with serious illnesses and infirmities. I truly hope 2018 is a year of better health and improvement for all.

For the Moldenhauer & Associates firm it was a challenging year. After changing broker dealers in 2016, 2017 was a year of growth for the firm. Our senior personnel grew professionally and our junior members became more important members of the firm. We added employees and new capabilities.

Much has been accomplished and 2018 will be a frontier of new mountains to climb and rivers to ford. With the momentum created in 2017, I expect to be amazed.

If there was any question whether Brett had really taken over the firm's leadership, 2017 confirmed his ability. I could never have hoped for our own Succession Plan to develop so well.

I have worked with many clients over the past decades. One of the areas I feel capable about is succession planning. Far too many great businesses do not handle this issue adequately. It is always uplifting when I see a business that successfully deals with the "succession issue".

In advising and working with clients, I have discovered that "letting go" so the business can survive and grow is very difficult for "start-up owners" to do.

I believe we are proving that you can successfully transition and preserve the business and its culture. As one leader moves aside, a new leader with more vision and energy can build on the past work.

I am so proud that Moldenhauer & Associates will continue our history of competent financial planning for individuals and businesses for decades to come.

I am writing this from my home near Charleston, SC and while I am happy in so many ways, I do miss the clients and staff at our firm. As the weather mellows in the early spring, you'll again see me at and around 6195 West Quaker St. Yes, I'll still be working, doing my best to help both clients and our leadership team climb those mountains.

Happy New Year 2018.

Richard Moldenhauer

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SAVING MORE MONEY, NOW & LATER

You could save today & tomorrow, often without that penny-pinching feeling.

Directly & indirectly, you might be able to save more per month than you think.

Hidden paths to greater savings can be found at home and at work, and their potential might surprise you.

Little everyday things may be costing you dollars you could keep.

Simply paying cash instead of using a credit card could save you four figures annually. An average U.S. household carries \$9,000 in revolving debt; as credit cards currently have a 13% average annual interest rate, that average household pays more than \$1,000 in finance charges a year.¹

The typical bank customer makes four \$60 withdrawals from ATMs a month – given that two or three are probably away from the host bank, that means \$5-12 a month lost to ATM fees, or about \$60-100 a year. A common household gets about 15 hard-copy bills a month and spends roughly \$80 a year on stamps to mail them – why not pay bills online? Automating payments also rescues you from late fees.¹

A household that runs full loads in washing machines and dishwashers, washes cars primarily with water from a bucket, and turns off the tap while shaving or brushing teeth may save \$100 (or more) in annual water costs.¹

Then, there are the big things you could do.

If you are saving and investing for the future in a regular, taxable brokerage account, that account has a drawback: you must pay taxes on your investment income in the year it is received. So, you are really losing X% of your return to the tax man (the percentage will reflect your income tax rate).²

In traditional IRAs and many workplace retirement plans, you save for retirement using pre-tax dollars. None of the dollars you invest in those plans count in your taxable income, and the invested assets can grow and compound in the account without being taxed. This year and in years to follow, this means significant tax savings for you. The earnings of these accounts are only taxed when withdrawn.^{2,3}

How would you like to save hundreds of dollars per month in retirement?

By saving and investing for retirement using a Roth IRA, that is essentially the potential you give yourself. Roth IRAs are the inverse of traditional IRAs: the dollars you direct into them are not tax deductible, but the withdrawals are tax free in retirement (assuming you abide by I.R.S. rules). Imagine being able to receive retirement income for 20 or 30 years without paying a penny of federal income taxes on it in the years you receive it. Now imagine how sizable that income stream might be after decades of compounding and equity investment for that IRA.⁴

Many of us can find more money to save, today & tomorrow.

Sometimes the saving possibilities are right in front of us. Other times, they may come to us in the future because of present-day financial decisions. We can potentially realize some savings by changes in our financial behavior or our choice of investing vehicles, without resorting to austerity.

Richard Moldenhauer may be reached at 716-662-4361.

Provided by Richard C. Moldenhauer, CLU, CEP, RFC, ChFC

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Citations.

1 - realsimple.com/work-life/money/saving/money-saving-secrets [7/13/17]

2 - investopedia.com/articles/stocks/11/intro-tax-efficient-investing.asp [8/5/16]

3 - blog.turbotax.intuit.com/tax-deductions-and-credits-2/can-you-deduct-401k-savings-from-your-taxes-7169/ [2/7/17]

4 - cnbc.com/2017/05/15/personal-finance-expert-do-these-6-things-to-save-an-extra-700-per-month.html [5/15/17]



ARE THERE BLIND SPOTS IN YOUR INSURANCE PLAN?

Deficient coverage may cost you someday.

Many households and businesses are insufficiently insured.

The problem is not necessarily the quality of coverage, but the breadth and depth of it. Your own business or household may be more vulnerable than you realize.

Too many people go without disability insurance. If you work in a physically demanding field, your employer may provide short-term disability coverage – but many companies do not. According to the Bureau of Labor Statistics, just 39% of workplaces offer employees short-term coverage, and only 33% offer long-term coverage.¹

If you are disabled and cannot work, your income soon disappears. Short-term disability insurance, which may last anywhere from 10-26 weeks, commonly replaces around 60% of it. Not ideal, but better than 0%. About 8% of the time, however, a short-term disability lasts more than six months and extends into a long-term disability. Long-term disability coverage can replace 50-70% of your salary for a period of 2-10 years, perhaps even until you turn 65.^{1,2}

More people ought to have earthquake and flood coverage.

You may think that earthquake insurance is only for those living right on top of fault lines. If your home sustains quake damage that you must repair with tens of thousands of dollars of your hard-earned money, or if your business is forced to close for two weeks after a major quake hits your area, your opinion will change.

Recent hurricanes and flood surges have underlined the value of flood insurance for those living in low-lying areas. Just 12% of U.S. homeowners have this coverage. A typical homeowner policy will cover minor water damage, but not flood damage.³

If you finance a car and it is stolen or totaled, will you have to pay for it?

Not if you have GAP (Guaranteed Auto Protection) insurance. If you are going to finance a car, SUV, or truck, ask about this coverage – especially if you intend to use that vehicle for work or business. The coverage is cheap – payments are usually \$10-15 more each month (over the life of the loan).⁴

If you buy a new truck for \$25,000 and it is totaled a year later, the insurer providing GAP coverage will determine the current value of the vehicle and write a check for that amount minus your deductible. You may want GAP coverage if you are buying a vehicle with less than 30% down. Without it, you may risk owing more than the current market value of your vehicle if it is stolen or wrecked.⁴

Is your sewer line insured?

Cities usually require homeowners to maintain the sewer lateral running onto their property – the “branch” of the main sewer system on the street that connects to their house. If that sewer lateral backs up, it could cost you thousands and create a health problem for your neighbors. (Businesses have the same responsibility.) Tree roots and even improper disposal of paper products and grease can lead to this problem. Coverage against it is relatively cheap – it just adds about \$40-50 to the annual premium on a homeowner policy.⁵

Address the weaknesses in your personal or business coverage, today.

You certainly do not want to look back with regret on “what you should have done.” Be prepared, and put coverage for some or all of these potential crises in place.

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Citations.

1 - time.com/money/4428179/short-term-disability-pay/ [6/19/17]

2 - thebalance.com/what-is-long-term-disability-insurance-1918178 [7/9/17]

3 - cnbc.com/2017/09/11/navigating-insurance-claims-post-hurricane-irma.html [9/11/17]

4 - chron.com/cars/article/Financing-a-car-GAP-insurance-can-keep-drivers-12200736.php [9/15/17]

5 - wnins.com/resources/personal/features/sewerbackup.shtml [9/15/17]

UPCOMING EVENTS:

Our January seminars are at:

Ilio DiPaolo's Restaurant

Tuesday, January 23, 2018 at 6 p.m.
3785 South Park Avenue
Blasdell, NY 14219

JP's Pub

Thursday, January 25, 2018 at 6 p.m.
1986 Lakeview Road
Lake View, NY 14085

We encourage clients who live in the area to introduce potential clients to our firm by bringing a friend to one of our seminars. These are informational and educational events. We are not there to convince people that we are the only firm to consider. Rather, we believe our firm offers a quality opportunity for people looking for a new advisor. Please attend a seminar in your neighborhood with a friend.

Richard Moldenhauer is a representative with Commonwealth Financial Network. Call him at 716-662-4361.

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