

# *AFM News and Views*

## *February 2017*



**Alltrust Financial Management<sup>(sm)</sup>**  
Trusted Financial Guidance - Exceptional Personal Attention

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***Our mission** is to serve our clients, in an atmosphere of trust, to help grow and preserve their wealth. We provide personal attention and comprehensive strategies, striving to enable our clients to live and retire with stability. Alltrust Financial Management serves clients seeking comprehensive financial guidance, with a team approach, in a manner that continuously exceeds our clients' expectations. We are a recognized and respected financial management firm delivering trusted, personal attention.*

### **IN HONOR OF VALENTINE'S DAY – 5 EASY WAYS TO SAY “I LOVE YOU”**

If gift-giving isn't your strong suit, occasions like Valentine's Day are likely to bring on stress and worry, but procrastinating will only serve to elevate your unease.

Follow these steps to simplify your shopping, and while you may not come to love the task of finding the perfect gift, your loved one will undoubtedly appreciate your effort.

1. **Browse for ideas online.** Many retailers offer special promotions and gift idea sections on their websites, so finding inspiration can be as easy as visiting the sites of your loved one's favorite stores. There are also dozens of articles online to help get the ideas flowing. Searches such as "gifts for horse lovers" or "Valentine's gifts for a new boyfriend" will reveal a long list of ideas to peruse.
2. **Keep it simple.** Although the advertising industry works hard to convince consumers otherwise, Valentine's Day isn't really all about the bling. Sure, a pretty bauble is a welcome gift, but there are plenty of ways to show your affection that don't require spending a month's salary. A heartfelt card paired with a memento of a meaningful event or place in your relationship sends the same loving sentiment.
3. **Make it a (different) date.** For many couples, navigating the demands of work, kids and life make spending time together a luxury. Instead of fighting crowds at busy restaurants on the official date, celebrate your love on a day of your own choosing, when you can relax and enjoy the time together without the pressure to rush through dessert so your table can be flipped for the next waiting couple.
4. **Give blooms a boost.** A dozen long-stem red roses is a beautiful gesture, but unless your intended rose receiver is a strictly traditional type, try adding a little spice to your floral arrangement. Go for a bouquet in her favorite color, or have the flowers arranged in a practical vessel she can reuse to remember the occasion, such as a cocktail shaker or a watering can.
5. **Go ahead, gift yourself.** It may seem counter-intuitive, but finding a gift you'll enjoy may inspire an idea for your loved one. The trick is finding something you can share together, whether it's tickets to a show or his and hers mugs for enjoying your favorite brew. Just be sure the item is something your intended will share your enthusiasm for, or you may as well go buy a blender.

### **NEW FAKE IRS TAX SCAMS (SOURCE: HEALTH CARE MAGAZINE – STEVE MENDELSON)**

Avoid getting scammed this tax season by learning the tactics used by criminals posing as the IRS. Have you gotten an ominous phone call in the last few weeks? Is the voice on the other end of the line insistent that you owe the IRS money? Maybe an email is in your inbox right now instructing you to click a link to settle your IRS debt.

If these scenarios sound familiar, you're likely the target of a tax scam -- and you're not the only one. Come tax season, scammers take to their phones, computers, and any other source they can get their hands on to try and turn American citizens' fear of an audit into some quick cash. Unfortunately, it works. Since October 2013, the U.S. Treasury Inspector General for Tax Administration projects that victims have paid more than \$50 million to scammers posing as IRS officials, leading to an average loss of \$5,200.

I recently had a chance to speak with Bill Smith, Managing Director for CBIZ MHM's National Tax Office. He has more than 30 years of experience in both the public and private sectors, including five years in the office of General Counsel at Deloitte & Touche LLP. He told me just how widespread these tactics are, and how easy it is to fall victim to them.

"Simply put, tax scams are a very lucrative business," Smith said. "Often times, criminals try to file fraudulent returns before the matching information returns go out, whether it's W2s or 1099s. So while you're waiting to collect all your information, they're filing false claims and making up the numbers, and the IRS has nothing to match it with."

Smith says that some of these scams include requesting fake tax payments via automated messages threatening legal action. Fake notices about the Affordable Care Act (ACA), "verifying" tax return information over the phone, scammers pretending to be taxpayers, phishing, and fake charities are other common tax scams.

"The phone scams are growing bigger and bigger all the time, because it's still proving to be successful," he said. "In my experience, older people are much more susceptible, because in general they're more likely to be rule followers, don't want to be in trouble with authority, and are less tech savvy, so if they get a phone call or an email that says they owe the IRS money, they're much more likely to believe it."

New and/or complicated legislation, like the ACA, can also be a scammer's best friend. "Nobody understands the ACA, so it makes it easier to manipulate people," Smith said. "When something is new, scammers are going to get a higher hit ratio." Smith reiterated a fact that many Americans should be mindful of: the IRS will never call to demand immediate payment, so don't be afraid to call a potential scammer's bluff. Furthermore, electronic filings can be a deterrent, thanks to the safeguards built into the process.

"By and large, we're electronically filing now for most of our clients, and when you file the return electronically, you'll immediately get a response saying that a return has been filed in connection with a social security number," he said. "So then you have to go through the process of filing the affidavit form verifying that it wasn't you who filed it. It's a very time-consuming process, and you're not going to get your refund very quickly, but at least you'll know right away if there is a problem, and you can work towards correcting it."

So as you're prepping your tax documents for the upcoming April 15 deadline, be skeptical of anyone claiming to be the IRS, because once a scammer sinks their claws in, it's hard to wriggle out of harm's way.

**IRA SEASON: OPEN TO ALMOST ANYONE (SOURCE: BRIAN DOBBINS - LORD ABBETT)**

Old age is no place for the timid, to paraphrase a long-ago quote by the legendary actress Bette Davis. And that was before Individual Retirement Accounts (IRAs) caught on. Forty-one years after IRAs were signed into law, investors have sunk more than \$7 trillion into such retirement vehicles. And they show no signs of slowing down. Total IRA assets are expected to reach \$11.7 trillion by 2020, according to new research from global analytics firm Cerulli Associates. A significant portion of this growth is being fueled by rollovers from 401(k) and other workplace retirement plans.

Confusion surrounding who is eligible to make an IRA contribution may explain why IRA annual participation has been stuck for a number of years—only 12% of U.S households contributed to any type of IRA in 2013, according to the Investment Company Institute.

January 1 until April 15 is generally considered IRA season, when individuals can still fund their 2016 IRA before the IRS tax-filing deadline—making it an excellent time to review overall IRA eligibility rules. Until April 15, individuals can make IRA contributions for both 2016 and 2017. Different eligibility rules apply to SEP IRAs and SIMPLE IRAs.

Below are the contribution limits for both 2016 and 2017:

YEAR	IRA CONTRIBUTION LIMIT Traditional and Roth	AGE 50 CATCH-UP CONTRIBUTION
2016	\$5500	\$1000
2017	\$5500	\$1000

Any taxpayer who has compensation (earned income) is eligible to fund a traditional IRA. The sole exception is a spousal IRA, whereby the working spouse funds an IRA on behalf of the nonworking spouse. In addition, investors have the ability to contribute the maximum to a 401(k), SIMPLE IRA, SEP IRA, 403(b), and 457(b) plans. In 2017, investors can contribute up to a total of \$23,500 between their 401(k)s (\$18,000) and IRAs (\$5,500), and those 50 and older can contribute up to \$30,500, including catch-up contributions of up to \$1,000 for IRAs and \$6,000 for 401(k) plans. However, it is important to note that participation in other employer-sponsored plans may affect whether or not IRA contributions are deductible.

Individuals are eligible to make contributions to a **traditional IRA** if:

- they received earned income during the year *and*
- they did not reach the age of 70½ by the end of the year. Individuals who are 70½ or older at the end of this year are prohibited from making a traditional IRA contribution for 2017 and later.

For individuals who have earned income, but who are older than 70½, all is not lost. You may be eligible to make **Roth IRA** contributions. Individuals can qualify for **Roth IRA eligibility** if:

- they received earned income during the year *and*
- they satisfy the **statutory income thresholds**.

Unlike traditional IRAs, Roth accounts do not impose an age cap. In other words, individuals who are older than 70½ and who satisfy the earnings test are eligible to fund a Roth IRA.

Take advantage of “IRA Season” – give us a call with any questions.

### **YOUNGER NEXT YEAR – PART 2 (SOURCE: CHRIS CROWLEY AARP MAGAZINE)**

#### **The secret to a long life: Don't eat dead food!**

As a nation, we're a bit fat. Ok, more than a bit. After age 50, it doesn't get any easier. How come?

- **We eat too much.** For over 30 years, we have been trained to eat 20 percent more. And now we are almost 20 percent overweight. Bingo!
- **We're apt to move less.** So we don't burn as many calories.
- **Half or more of what we eat is “dead” food.** Dead food has no nutrients. We call it dead because refining takes out almost all of its vitamins, minerals and fiber. It's sure-tasty, super-digestible and you can eat a mountain of it without feeling full. But it's dead, and it's making us sick and fat. How? Stored body fat causes inflammation, the prime source of strokes, cancers, diabetes – all the bad boys. Plus, it makes you look funny and feel bad about yourself. Makes you old.

#### **An eating strategy for life**

1. Build the perfect plate – Your plate should be 50 percent vegetables and fruit, 25 percent whole grains, and 25 percent meat, poultry or fish. Go light on butter, milk, cheese.
2. Quit the clean plate club – your sainted mother was wrong: It's not good to clean your plate. Your plate has gotten crazy full in recent years. Try this: When you go out to eat, push half the food to one side and bring it home.
3. Skip solid fats – Set your mind against saturated fat (it's solid, like butter and the fat in beef). Use olive oil, not butter. You don't have a choice about tons of fat in processed foods. So don't eat processed foods. Also, shun fast-food joints, the temples of fat.
4. Limit your booze intake – The good news: If you can handle it, having one or two glasses of wine a night is fine. Having 17 is not.
5. Don't drink your calories – Sugar-laden colas, milk shakes and sports drinks are awash in calories, but they don't make you feel full. Whatever else you do, quit drinking your calories.
6. Swap whole grains for refined grains – Have brown rice instead of white. Try quinoa. Or farro. Use whole wheat instead of white wheat. And don't worry about gluten unless you have celiac disease.

Stay tuned for Part 3

#### **WEEKLY UPDATES ARE AVAILABLE**

Look for the links to the **Weekly Market Commentary** and the **Weekly Economic Commentary** on the sidebar of our website ([www.alltrust-financial.com](http://www.alltrust-financial.com)) under the “Information” heading. We also welcome suggestions on topics you would like us to cover.

#### **OTHER UPDATES AVAILABLE FROM LPL RESEARCH DEPARTMENT**

- Daily market update: <http://LPLresearch.com>
- YouTube Channel: <http://www.youtube.com/lplresearch> (which can also be found on our website)

#### **CLIENT CONNECT**

Are you anticipating an e-mail change? Let us know. We want to make sure you receive all of our e-mail communications. Send your new e-mail to [melissa.arbisi@lpl.com](mailto:melissa.arbisi@lpl.com)

If you have any input or comments about our newsletter, let us know. We love to hear from you!!

Your referrals mean a great deal to our business. If you know of a friend or family member who might benefit from our service, please let us know. We will work hard to ensure that your referrals feel it was a wise investment of their time – and their future- to have met with us.

Don't keep us a secret!! Share this with your family and friends.

Till next month,

The Alltrust Team

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