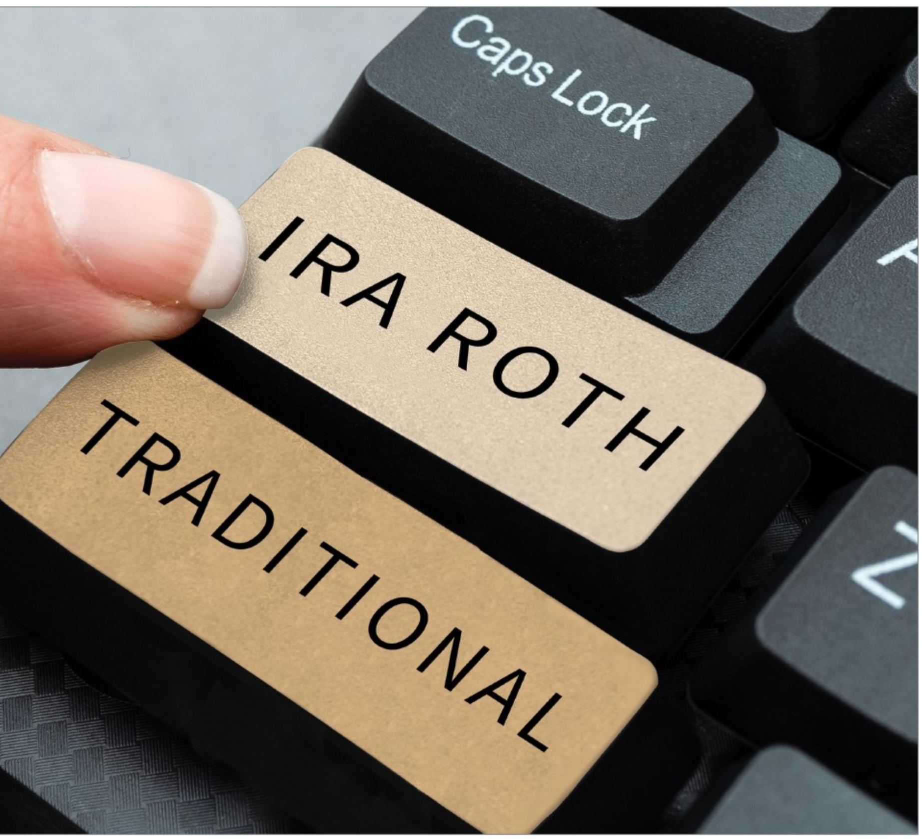
MICHAEL W. McCONNELL'S FINANCIAL NEWS DIGEST



MONEYLINE

To Roth Or Not To Roth. An Important Question.

Courtesy of Michael W. McConnell, CLU, ChFC, CASL

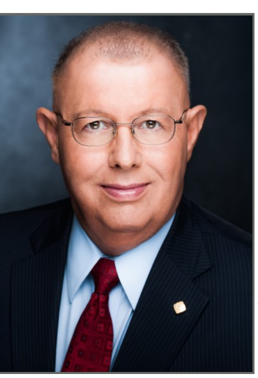
Retirement savers frequently ask, which is better, traditional pre-tax retirement contributions which deliver a current year tax reduction, but will require you to pay taxes later upon withdrawal, or post tax Roth contributions which trade a current tax benefit for future tax-free income?

The decision point around "Roth or Not to Roth" often focuses on the present-day tax implications, guiding you to a traditional pre-tax contribution if you are in a high-income tax bracket, and a Roth contribution if you are in a low-income tax bracket. The logic behind this approach is that if you are in a high tax bracket, the pretax contribution will result in a significant current-year tax reduction whereas there will be little present tax benefit if you are in a low-income tax bracket. In this case, you may be better off paying the taxes at a low rate now and enjoy tax-free earnings later in life by making Roth retirement contributions.

What if you are neither in a high or low-income tax bracket? In this case, consider planting the seeds of a tax diversified retirement income by investing regularly in both pretax and Roth accounts. When the time comes to fund your retirement income, you will have the option to withdraw from the taxable funds when your tax rates are low and can then switch to the tax-free Roth funds to avoid the higher tax brackets. This strategy can be utilized in each year of retirement, permitting you to adjust as your spending and tax laws change. For example, you might not touch the Roth funds for many years, then make a large tax-free withdrawal to fund a vacation or a major purchase.

Even if you are in a high-income tax bracket, diversifying your retirement income stream by allocating some of your retirement savings to accounts which will provide a tax-fee income may still be a wise decision.

To Roth or not to Roth? Often the answer is "yes" to both! Diversifying the tax treatment of your retirement income is a great strategy to prepare for a comfortable and enjoyable retirement experience. Your financial services professional and tax professional is the best resource to learn more.



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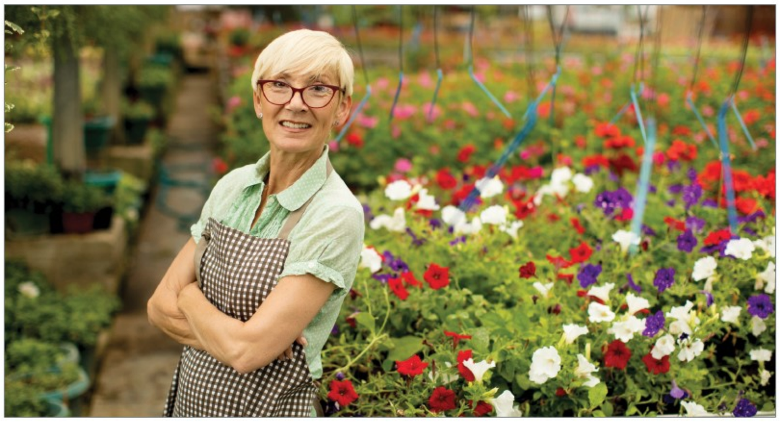
Expressive faces win funding. Entrepreneurs seeking financing from the crowdfunding site Kickstarter were more likely to reach their goal, get more investors and get more total financing if they allowed their faces to show not just happiness but also anger and fear at appropriate points. This is contrary to the common belief that you must be only positive and optimistic about your ventures when seeking funding. People who had only upbeat expressions or whose faces showed very little emotion were less likely to meet their funding goals. Sadness also had a negative effect on funding.
Source: Journal of Business Venturing

Don't spend more than $500 on your next cell phone. Because of trickle-down technology from flagship phones of a few years ago, today's basic low- or mid-range cell phones are among the market's most attractive and affordable phones. Previously, such phones were stripped-down versions of flagship models, but they now have great displays, biometric security such as fingerprint sensor, good cameras, and reliable and timely updates.
Source: ReviewGeek.com

"Change is inevitable - except from a vending machine."
—Robert C. Gallagher



Retiring Retirement: Is The Notion Changing?

By Jill Schlesinger, Tribune Content Agency

The notion of retirement, as we know it, is changing – some might even say disappearing. "Retiring at age 65 is becoming as much of an anachronism as getting a gold watch and a traditional defined pension," wrote Jane Bennett Clark and Sandra block recently in Kiplinger's Personal Finance magazine.

Such a rethinking suggests that traditional coverage of retirement issues also is due for an overhaul, as the narrower view of a decade or more ago becomes outdated in the current struggling economy.

While our traditional images of retirement – rocking on the porch, lounging by a clubhouse pool – may never have been the literal truth, most people viewed "retirement" as a firm delineation at a predictable age: leaving the workforce for a new stage of life that had been planned for and funded.

Today, however, in many cases that scenario has slipped out of reach because of the drastic economic downshift. Americans now are working longer, often far past the age of 65, and many who are out of work at that age are still looking for jobs.

In fact, according to a recent study by Wells Fargo, fewer than one in three middle-class Americans ages 40-59 has a written retirement plan. One third also said they planned to stay on the job until 80, due to a lack of means to retire. Stunningly, more than a third said they have no plans to retire – ever.

So while columns and articles on retirement often have focused on the over-50 set and topical notions of where to retire or what leisure activities to pursue – in addition to money management and planning — today's pre-retirement set may be focused on a much wider range of concerns that also include their children, grandchildren and other family members.

That could include helping kids with a down payment for a home (or advising on the subject), paying off student loans, choosing and financing college, all the while making critical decisions about caring for elderly parents and downsizing or even expanding a household to include family members also trapped in a sluggish work market. The last thing on these 50-plus readers' minds is Palm Beach vs. Palm Springs or an Airstream for cross-country retirement adventures.

Even for those who do have the means, the current health-conscious, fitness-oriented culture works against the idea of a hard cutoff in working life. Indeed, the notion of age itself seemingly is being redefined. The celebrity world, of course, is an extreme example. Despite the emphasis on youth in some areas, aging superstars are becoming the norm: Betty White, starring in a hit TV show, no less, in her 90s; Morgan Freeman, 76, appearing in one major film after another; Clint Eastwood, 83, still churning out hit films, and Judy Dench, at 79, up for Best Actress at the Oscars.

AARP Illinois State Director Bob Gallo says, "There's no doubt that the notion of retirement is changing. People are living longer, they're working longer — either out of desire or financial necessity — and they're looking for ways to stay active and engaged in their communities."

In fact, a 2011 study by the Employee Benefit Research Institute found that "the economy" was the number one reason for postponing retirement.

When asked if the notion of retirement even still exists, Gallo responded: "People do still expect to retire. Unfortunately, the scary reality is that many people are unprepared for retirement. On a national level, 45 percent of working-age households have no retirement savings."

According to Gallo, this changing retirement landscape is being driven by the Baby Boomers, the youngest of whom turn 50 this year. "We can expect this trend to continue as Boomers continue to demand a society where age doesn't define possibility," said Gallo.

Kids And Money: "Are We Rich?" Kids Want To Know

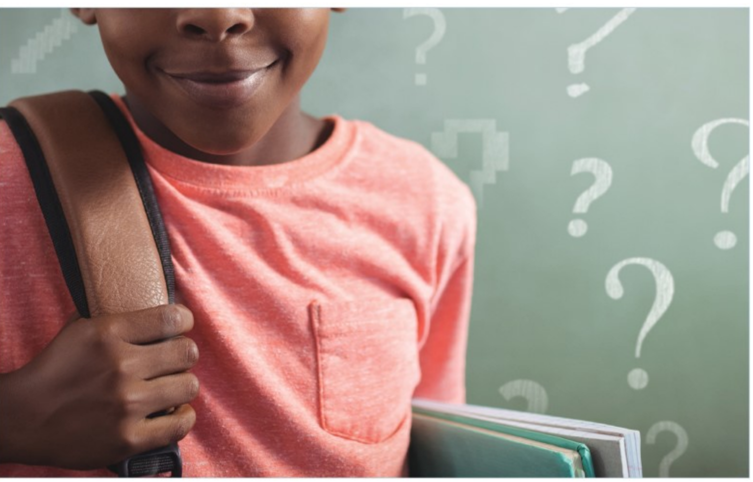
By Steve Rosen, Tribune Content Media

"Are you rich," the eight-year-old asked me, which in rapid-fire fashion was followed by "how much money do you make?"

Say again sweet pea?

Kids often think in concrete terms, so it's not surprising that many of the questions they ask about money involve cold hard cash.

Adults, of course, take money for granted and don't have the same sense of wonderment. They're also often thrown off guard by these



types of personal questions that can come out of nowhere, and their natural response is to ignore them.

That's a missed learning opportunity.

In my case, I'm not sure what triggered the questions from my nephew's daughter during a recent vacation visit to the family cottage. But the questions popped right after she took a quick tour of the cabin and noticed there were two full bathrooms, three bedrooms, and four burners on the stove.

While I could have dodged her questions, I took a breath, then asked why she wanted to know. That was a trick I learned long ago from interviewing a financial pro about kids and money topics. Although I didn't get a clear answer, that strategy bought me some time to rebound and respond.

I briefly explained I made enough money to pay the bills, cover the trips for groceries and pizza and keep the lights on at the cabin. I also briefly explained that I got my money from working. Her curiosity was satisfied, plus I didn't have to share my bank statement.

Whatever the age, your kids at some point will ask you about your personal finances, the role money plays in your household, and how the economy works. Depending on their age, or maturity, you can respond as deeply as you want.

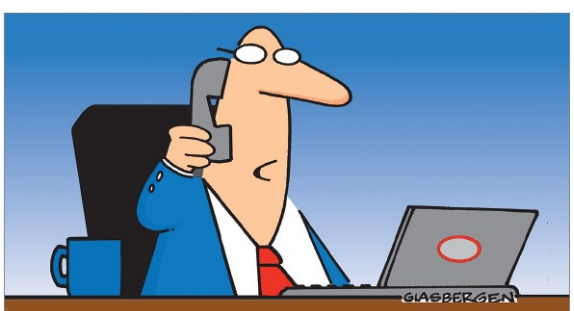
For example, how would you respond if your grade-schooler wants to know if "we're rich or poor." As in my situation, the best starting point may be to ask a question of your own. Why do you ask?

You might discover that kids have been running around in the neighborhood bragging about how their family has a lot of money. Your youngster may really want reassurance from mom and dad that the family has enough money to put food on the plate and a roof over his or her head.

To satisfy your child's curiosity and to alleviate any worries, you could start by saying you're somewhere in the middle – there are people poorer and people that are richer. Then explain that you have enough money to pay for food, clothing, housing and all the other things the family needs.

With older kids, you could use this as an opportunity to talk about family values about money and the different priorities you might have than your neighbor. For example, you might point out that your family chooses to go on nice vacations filled with lasting memories rather than buying a new car every two years.

Should you share your paystub with junior? No, you don't want your salary blathered all over the neighborhood. Rather some experts suggest shifting the discussion to explain how the value of education, different career paths, hard work, and just plain luck all play a role in determining financial success.



"People hate the rich. I need to make some bad investments, bankrupt my company, fire everyone and go out of business so people will like me again."

Save money on medicines with five popular apps. *GoodRx* has a network of 70,000+ pharmacies. *ScripSave WellRx* has more than 65,000. Both *SingleCare* and *Blink Health* have 35,000+ participating pharmacies. *RxSaver* does not say how large its pharmacy network is but says it works at major chains including Costco, CVS, Kroger, Walgreens and Walmart. If you use any medicine regularly, check several apps as well as your regular insurance coverage.
Source: Clark.com

Automakers are supercharging destination fees, warns car expert Jeremy Korzeniewski. These non-negotiable fees, covering the cost of shipping cars to dealerships, have climbed at more than 2.5 times the inflation rate in the past decade. *Worst offender:* Fiat Chrysler (now called Stellantis). The fee for the Fiat 500 was $500 in 2012…the 500X is now $1,495…the 2023 Jeep Grand Wagoneer fee is $2,000. Ask about destination fees when you obtain price quotes.
Source: Autoblog.com

"We count our miseries carefully and accept our blessings without much thought."
—Chinese Proverb

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How Much Risk Can You Stand?

By Anne Kates Smith, Kiplinger's Personal Finance

The investing world is full of unknowns these days. The only certainty is volatility. Knowing more about your tolerance for risk can help you design a portfolio that will ensure you can meet your goals without losing sleep.

"If investors are taking on more risk than they can emotionally tolerate, they'll hit the panic button and sell at the worst possible time," says Tyler Nunnally, a strategist at FinaMetrica, a firm that develops risk tolerance tests for investment advisers to use with their clients. If that sounds like you, then you need to ratchet down the aggressiveness of your portfolio.

But recognize that such de-risking comes with the trade-off of diminished rewards. Maybe you'll have to retire at age 67 instead of 65, or maybe you'll decide to spend less and save more. Conversely, you might have an appetite for adventure when it comes to investing, but if you are only a year or two from retirement (or some other goal), then your capacity for risk taking with the assets required to meet that goal is virtually zero.

One misconception about risk tolerance is that it varies with whatever is going on in the market. In fact, the psychological aspect of risk tolerance is just as much a part of your personality as, say, introversion or extroversion. Risk tolerance remains remarkably stable during market gyrations and throughout one's lifetime.

What can change with the market is your perception of risk, which wanes in boom times and waxes as markets head south. In other words, whatever your tolerance might be, a turbulent market can make you overestimate the level of risk. The best way to avoid any rash decisions is to maintain a well-diversified portfolio, which tends to smooth out returns over time, and to think long term. Don't obsess over your account balances, and turn off TV financial commentators if they spook you.