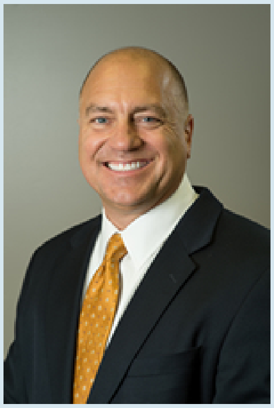

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The month of August once again lived up to its reputation as one of the most volatile months for stocks. No doubt many investors will open their account statements this month and be dismayed. However, it is important to keep market sell-offs in perspective relative to your own personal goals.

For younger investors still in the accumulation phase, volatility should be welcomed. In fact, young investors would benefit the most if stock prices were to stay low for an extended time as they accumulate assets and rise when they are ready to sell.

For investors in the spending phase of their lives volatility can be painful if they don't have the right investment strategy. Too often investors rely on long-term investments (stocks) to fund short-term obligations, and then panic when markets start to correct. Money that will be spent in the next couple of years should be set aside in safe assets. If you're not sure if you have the right investment strategy, give us a call to review.

**September 2015**



Accredited Wealth Management

# September 2015

*Don't Let Volatility Disrupt Your Plan*

## Social Investing Has Evolved & Improved

The concept of socially responsible investing (SRI) gained popularity during the 1970s, when highly charged political issues such as the Vietnam War and apartheid in South Africa led some investors to try to avoid supporting policies that were counter to their beliefs. Early versions of SRI involved screening out companies whose products or actions were deemed contrary to the public good.

Over the past decade, we have seen the traditional exclusionary approach to SRI evolve into a more dynamic approach.

The new approach seeks to review corporations in a more proactive and comprehensive manner, putting a greater emphasis on identifying the positive long-term impact of a company's operations, products and policies on society, the environment and the economy.

This approach is commonly referred to as sustainable, responsible and impact investing and also goes by the acronym SRI. The factors considered for this strategy generally fall into the categories of environmental, social and governance (ESG) and are highlighted as follows:

**- *Environmental factors*** consider if a company manages its resources in a sustainable fashion and whether it is a good steward of the environment.

**- *Social factors*** evaluate how well a company deals with issues such as diversity, human rights and interacts within the communities in which it operates.

**- *Governance*** evaluates how well the leaders of a corporation oversee their rights and responsibilities in relation to the various stakeholders (employees, shareholders, etc.).

**Demand for SRI Investing**
Demand for SRI strategies has increased significantly the past few years. According to a recent survey conducted by the Institute for Sustainable Investing, 71 percent of individual investors expressed an interest in sustainable investing.

According to the Forum for Sustainable and Responsible Investment (also known as US SIF), investment dollars also are moving. SRI assets have grown 76 percent in the past couple of years and reached $6.57 trillion at the start of 2014.

If you are interested in sustainable, responsible and impactful investing, here are a few tips to help you find the right fund and manager:

- Review the manager's investment and ESG criteria from their website and marketing materials. Determine if they are proactively identifying leading companies making a positive impact or if it is primarily a “negative” screening approach. Both can work — you just want the strategy to be consistent with your values.

- Evaluate the manager's experience and performance track record. You want to invest with a team that is experienced and has competitive investment results relative to their peers, non-SRI funds and the popular market indices.

- Search for managers that charge reasonable fees, preferably below the average for their particular asset class. Fees for many SRI funds can be high, so you might want to consider SRI exchange traded funds with lower charges.

Historically, the knock on SRI has been poor investment results. However, this is quickly changing as more quality investment managers enter the space.

Including sustainable investment strategies in your portfolio can be an effective way to align your investments with your values. If you are interested in learning more about sustainable, responsible and impact investing and if it makes sense for you give us a call for a complimentary meeting.

# Taxes, Retirement, and Timing Social Security

The advantages of tax deferral are often emphasized when it comes to saving for retirement. So it might seem like a good idea to hold off on taking taxable distributions from retirement plans for as long as possible. (Note: Required minimum distributions from non-Roth IRAs and qualified retirement plans must generally start at age 70½.) But sometimes it may make more sense to take taxable distributions from retirement plans in the early years of retirement while deferring the start of Social Security retirement benefits.

## Some basics

Up to 50% of your Social Security benefits are taxable if your modified adjusted gross income (MAGI) plus one-half of your Social Security benefits falls within the following ranges: $32,000 to $44,000 for married filing jointly; and $25,000 to $34,000 for single, head of household, or married filing separately (if you've lived apart all year). Up to 85% of your Social Security benefits are taxable if your MAGI plus one-half of your Social Security benefits exceeds those ranges or if you are married filing separately and lived with your spouse at any time during the year. For this purpose, MAGI means adjusted gross income increased by certain items, such as tax-exempt interest, that are otherwise excluded or deducted from your income for regular income tax purposes.

Social Security retirement benefits are reduced if started prior to your full retirement age (FRA) and increased if started after your FRA (up to age 70). FRA ranges from 66 to 67, depending on your year of birth.

Distributions from non-Roth IRAs and qualified retirement plans are generally fully taxable unless nondeductible contributions have been made.

## Accelerate income, defer Social Security

It can sometimes make sense to delay the start of Social Security benefits to a later age (up to age 70) and take taxable withdrawals from retirement accounts in the early years of retirement to make up for the delayed Social Security benefits.

If you delay the start of Social Security benefits, your monthly benefits will be higher. And because you've taken taxable distributions from your retirement plans in the early years of retirement, it's possible that your required minimum distributions will be smaller in the later years of retirement when you're also receiving more income from Social Security. And smaller taxable withdrawals will result in a lower MAGI, which could mean the amount of Social Security benefits subject to federal income tax is reduced.

Whether this strategy works to your advantage depends on a number of factors, including your income level, the size of the taxable withdrawals from your retirement savings plans, and how many years you ultimately receive Social Security retirement benefits.

## Example

Mary, a single individual, wants to retire at age 62. She can receive Social Security retirement benefits of $18,000 per year starting at age 62 or $31,680 per year starting at age 70 (before cost-of-living adjustments). She has traditional IRA assets of $300,000 that will be fully taxable when distributed. She has other income that is taxable (disregarding Social Security benefits and the IRA) of $27,000 per year. Assume she can earn a 6% annual rate of return on her investments (compounded monthly) and that Social Security benefits receive annual 2.4% cost-of-living increases. Assume tax is calculated using the 2015 tax rates and brackets, personal exemption, and standard deduction.

**Option 1.** One option is for Mary to start taking Social Security benefits of $18,000 per year at age 62 and take monthly distributions from the IRA that total about $21,852 annually.

**Option 2.** Alternatively, Mary could delay Social Security benefits to age 70, when her benefits would start at $38,299 per year after cost-of-living increases. To make up for the Social Security benefits she's not receiving from ages 62 to 69, during each of those years she withdraws about $40,769 to $44,094 from the traditional IRA--an amount approximately equal to the lost Social Security benefits plus the amount that would have been withdrawn from the traditional IRA under the age 62 scenario (plus a little extra to make the after-tax incomes under the two scenarios closer for those years). When Social Security retirement benefits start at age 70, she reduces monthly distributions from the IRA to about $4,348 annually.

Mary's after-tax income in each scenario is approximately the same during the first 8 years. Starting at age 70, however, Mary's after-tax income is higher in the second scenario, and the total cumulative benefit increases significantly with the total number of years Social Security benefits are received.*

***This hypothetical example is for illustrative purposes only, and its results are not representative of any specific investment or mix of investments. Actual rates of return and results will vary. The example assumes that earnings are taxed as ordinary income and does not reflect possible lower maximum tax rates on capital gains and dividends, as well as the tax treatment of investment losses, which would make the return more favorable. Investment fees and expenses have not been deducted. If they had been, the results would have been lower. You should consider your personal investment horizon and income tax brackets, both current and anticipated, when making an investment decision as these may further impact the results of the comparison. Investments offering the potential for higher rates of return also involve a higher degree of risk to principal.***

# Same-Sex Couples: When You Marry, Who Should Be Notified?

The day has come--you're finally getting married. Now that your life is changing, you'll need to let others know. Although this is not an exhaustive list, here are some of the people and institutions you may need to notify.

## Your employer

When you marry, you'll want to contact your employer's human resource department in order to re-evaluate the benefits that are available to you. For example, you may want to enroll your spouse in your health and dental plans, or cancel your own coverage if you opt for coverage under your spouse's plan.

Normally you can make benefit changes only during your employer's annual open enrollment period, but under IRS guidelines there's an exception for certain qualifying events, including marriage. However, you have a limited window (30 days) to make eligible changes. If you don't make these changes within this period, you'll need to wait until the next open enrollment season.

Your company's human resource representative can give you information about other information you'll need to update. For example, you may need to update contact information and beneficiary designations for your life insurance, accident insurance, retirement plan, and other benefits. You may also need to report any name and address changes.

You might also take a second look at your federal and state income tax withholding. If you and your spouse both work, you may end up in a higher tax bracket based on your combined income. Make any necessary adjustments by completing updated tax forms, such as a new Form W-4. For more information about withholding and other tax issues, visit www.irs.gov. You may want to talk to a tax professional for help with your particular situation.

Finally, review retirement plan contributions. If both you and your spouse are contributing to retirement plans, you may want to plan jointly, even though you're contributing separately. For example, you might adjust your contribution rate or change your investment mix.

## The Social Security Administration

If you decide to legally change your name, you'll need to contact the Social Security Administration (SSA) so you can get a corrected Social Security card. Your Social Security number will remain the same; only your name will change. You'll need to provide recent documentation, such as a copy of your marriage certificate. Notifying the SSA as soon as possible is important to help prevent problems later on. For example, if you file a joint tax return, the IRS will have trouble processing your return if the name shown on your tax return doesn't match your SSA records, and this could delay an expected refund.

The SSA can answer any questions you have about current or future benefits you may be entitled to as a married individual. For more information, visit www.ssa.gov.

## Your insurance company

If you have disability or life insurance policies, you'll want to determine whether your existing coverage is adequate. While life insurance helps ensure that your family is financially provided for at your death, disability insurance provides your family with income if you're unable to work as a result of a serious illness or injury. Contact your insurance professional to discuss how marriage affects your insurance needs. You should also review your auto and homeowners coverage. For example, you may want to combine your individual policies with one company or change your coverage limits.

## Your attorney

Your attorney can help you update your estate planning documents such as a will, trusts, powers of attorney, and living wills. If you have children, you may need to discuss other issues, such as guardianship and adoption.

## Financial institutions

You and your spouse will have to decide whether to combine your bank and credit union accounts or keep them separate. Maintaining a joint account does have advantages, such as easier record keeping and potentially lower overall maintenance fees. However, it's sometimes more difficult to keep track of how much money is in a joint account when two individuals have access to it, and your spending styles may be different. If you decide to open a joint account or want to add your spouse to an existing account, contact an account representative who can tell you what paperwork you'll need to fill out and what documentation is required.

If you're legally changing your name, don't forget to ask about the process for updating your account information. For example, you may need to bring in a new photo ID, along with a copy of your marriage certificate, and fill out a new signature card. You may also need to obtain a new debit card and credit card.

***If you change your name***

*The exact process and timeline for changing your name may vary by state or transaction type, but generally it's a good idea to complete your name change as soon as possible. To avoid delays, obtain official copies of your marriage certificate and a reissued copy of your Social Security card showing your new name. Here's a short list of who you may need to contact to update your name:*

- *State department or registry of motor vehicles*
- *Utility and phone companies*
- *Post office*
- *Passport office*
- *Physician's office*
- *Local voter's registration office*
- *Social media companies*
- *Professional membership organizations and schools*

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## I've recently changed my legal name. Do I need to change my name on my Social Security card?

Whenever an individual legally changes his or her name, it is important to contact the Social Security Administration (SSA) as soon as possible. Failure to notify the SSA of a name change could prevent your wages from being posted correctly to your Social Security earnings record and might even result in a delay when you file your taxes.

To obtain a new card with your new name, you need to provide the SSA with a recently issued document that proves your identity and legal name change. Acceptable documents include:

- Marriage certificate
- Divorce decree
- Certificate of Naturalization showing new name
- Court order for approving the name change

If the document you provide doesn't offer enough information for the SSA to identify you in their records, you must also provide an identity document in your old name (expired documents with your old name are allowed).

In addition, if you were born outside the United States or you aren't a U.S. citizen, you typically must provide documentation to prove U.S. citizenship or lawful noncitizen status.

Once you have gathered the appropriate documentation, you need to complete the SSA Application for a Social Security Card. However, Social Security card applications are not accepted on the SSA website. As a result, you need to take or mail your application, along with your supporting documents, to your local Social Security office.

For more information on applying for a new Social Security card or finding a Social Security office in your area, visit the Social Security Administration website at www.ssa.gov.


## How can I protect my Social Security number from identity theft?

Your Social Security number is one of your most important personal identifiers. If identity thieves obtain your Social Security number, they can access your bank account, file false tax returns, and wreak havoc on your credit report. Here are some steps you can take to help safeguard your number.

**Never carry your card with you.** You should never carry your Social Security card with you unless it's absolutely necessary. The same goes for other forms of identification that may display your Social Security number (e.g., Medicare card)

**Do not give out your number over the phone or via email/Internet.** Oftentimes, identity thieves will pose as legitimate government organizations or financial institutions and contact you to request personal information, including your Social Security number. Avoid giving out your Social Security number to anyone over the phone or via email/Internet unless you initiate the contact with an organization or institution that you trust.

**Be careful about sharing your number.** Just because someone asks for your Social Security number doesn't mean you have to share it. Always ask why it is needed, how it will be used, and what the consequences will be if you refuse to provide it.

If you think someone has misused your Social Security number, contact the Social Security Administration (SSA) immediately to report the problem. The SSA can review your earnings record with you to make sure their records are correct. You can also visit the SSA website at www.ssa.gov to check your earnings record online.

Unfortunately, the SSA cannot directly resolve any identity theft problems created by the misuse of your Social Security number. If you discover that someone is illegally using your number, be sure to contact the appropriate law-enforcement authorities. In addition, consider filing a complaint with the Federal Trade Commission and submitting IRS Form 14039, Identity Theft Affidavit, with the Internal Revenue Service. Visit www.ftc.gov and www.irs.gov for more information.