



Tax me now or tax me later?

IRAs are the DIY option of retirement planning—and, just like DIY projects, they offer you choices that, at times, can seem a little daunting. How to choose which is best for your financial plan? Comparing your two main options is a good place to start.

TAX ME NOW

Roth IRA

Preferred by those currently in lower tax brackets—they expect their tax bracket is lower now, when their IRA contributions are taxed, than it will be in retirement

TAX ME LATER

Traditional IRA

Preferred by those currently in higher tax brackets—they expect their tax bracket will be lower in retirement, when taxes will be assessed on their IRA withdrawals

Tax-free growth (Contributions taxed at time of funding)	Tax advantage	Tax-deferred growth (Contributions taxed at withdrawal)
\$5,500 per year combined limit for all IRAs, additional \$1,000 catch-up contribution for age 50 and older	Contribution limits (tax year 2017)	\$5,500 per year combined limit for all IRAs, additional \$1,000 catch-up contribution for age 50 and older
None	Age limits	Must be younger than 70½
Not eligible above: Married filing jointly: \$196,000 Single: \$133,000 Subject to reduced contribution limits above: Married filing jointly: \$186,000 Single: \$118,000	Income limits (tax year 2017)	None
No	Required Minimum Distributions (RMDs)	Yes, starting at age 70½
Yes, before age 59½* Penalties generally assessed only on withdrawals from earnings, not contributions	Early withdrawal penalties	Yes, before age 59½*
No	Contributions tax deductible	Yes. However, if you or your spouse are covered by a retirement plan at work, your deduction may be limited or eliminated based on your income level.

You've already made the most important choice: choosing to save for retirement. Both traditional and Roth IRAs are excellent options to reach your retirement goals. Contact a financial advisor at Hooker & Holcombe for additional insight into which type of IRA may work best for you.

*Exceptions for special circumstances apply

the February market

at a glance



U.S. Large Cap
(S&P 500)

2,363.64

3.72%



U.S. Mid/Small
(Russell 2000 Index)

1,386.68

1.83%



Foreign Large
(NYSE International 100)

5,073.47

0.89%



Bond Market
(Barclays US Aggregate)

1,993.56

0.67%

February 2017 market data

in action

- A study by Ipsos surveyed respondents from various countries on whether they thought their country was headed in the right direction in 2017. Of the countries represented, Peru had the highest level of optimism; France had the lowest.
- Total household debt in the United States climbed to its highest level in nearly a decade. The New York Fed projects that household debt will reach a new all-time high in 2017.
- The New York Fed released a report that the average amount of student debt per household has doubled since 2008, which was by far the largest such relative increase among all forms of household debt.
- China's foreign exchange reserves fell below \$3 trillion in January, marking the first time this has happened in about six years. Not only did this outpace estimates by economists polled by Reuters, but it follows a \$320 billion decrease in 2016 and a \$513 billion dollar drop in 2015.
- A report from Fidelity indicated that retirement savers are doing better than ever. The average Fidelity IRA is worth about \$93,700 while the average Fidelity 401(k) has a balance of \$92,500. Additionally, the percentage of 401(k) savers has reached a seven-year high.
- According to Business Insider, an estimated 10 million cars with self-driving features will be on the road by 2020.
- In a report released by Reuters, unemployment claims in early February hit a 43-year low. This further demonstrates the job market essentially maintaining full-employment, as the unemployment rate has remained below 5 percent since May 2016.
- First Trust recently gathered data on the historical performance of bear and bull markets. Since 1926, the average bull market lasted nearly 9 years, resulting in a 490 percent total return. Over the same time frame, bear markets lasted an average of 1.3 years and suffered a cumulative 41 percent loss. It's important to note, however, that past performance does not guarantee future results.

Your future self will thank you

IRA contribution deadline: April 18

Max out your retirement savings while there's still time! You have until April 18 to max out your IRA contributions for the last tax year. If not, you may be missing out on tax-advantaged retirement savings and an income tax write-off.

What should you do?

1. Learn the IRA contribution limits: \$5,500 for filers 49 and under, and \$6,500 for those age 50 and older. These limits apply to all of your IRA and Roth IRA accounts combined.
2. Check with your advisor to find out your individual contribution limit, how much of your IRA contributions are tax-deductible, and which type of IRA may be appropriate for you.
3. Contribute as much as you can to your IRA or Roth IRA (within the contribution limits and your financial plan) to maximize your retirement savings and build a financially sound future.

March

is Colorectal Cancer Awareness Month

Colorectal cancer is the fourth most common cancer in the United States and the second leading cause of death from cancer. Colorectal cancer affects all racial and ethnic groups and is most often found in people ages 50 and older. You may be at higher risk if you are African American, smoke, or have a family history of colorectal cancer.

Everyone can take these healthy steps to help prevent colorectal cancer:

- Get screened starting at age 50
- Encourage family members and friends over age 50 to get screened
- Quit smoking and stay away from secondhand smoke
- Get plenty of physical activity and eat healthy

Learn more at healthfinder.gov

planadviser's 2016
TOP100
RETIREMENT PLAN ADVISERS

planadviser's 2017
TOP100
RETIREMENT PLAN ADVISERS

The "PLANADVISER Top 100 Retirement Plan Advisers" list is compiled from responses to the PLANADVISER Retirement Plan Adviser Survey. The list is drawn solely from a set of quantitative variables and information in the survey supplied by the advisers themselves. H&H qualified under the small team category which is an advisor with 10 or fewer team members. Go to planadviser.com/Top100 for more information.

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