Waller Financial Planning Group

LegacyPress

LIFESTYLE & LEGACY CHOICES BY DESIGN

Fact

Percentage of investors surveyed who want to discuss an adviser's training and certifications before engaging with him/her...80%.

Source: CFP Board

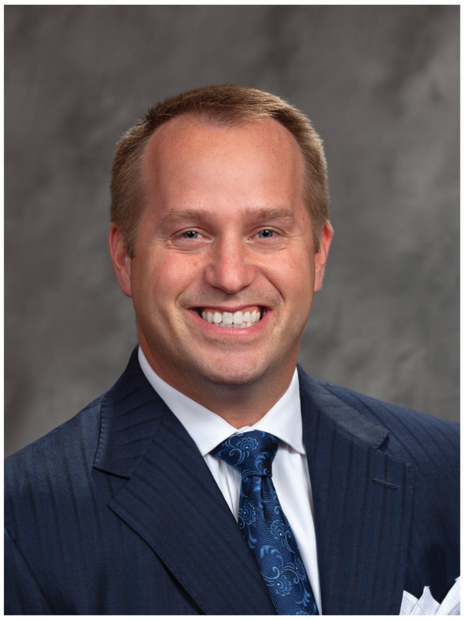
"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."

Robert Kiyosaki

Fact

Make a Difference Day at Waller Financial

By: Jason Eliason, Partner, CFP®, ChFC®, CFA®



Recently, I was finishing up a client appointment and had to head out for a nonprofit board meeting. I felt torn; I did not want to leave the client appointment, but I also did not want to miss the board meeting. I very much enjoy both aspects of service. On my drive to the board meeting, it dawned on me: Why not build a program that combines both – serve those who need, alongside those we serve. And that's the idea behind Make a Difference day at Waller Financial, which we hold every quarter.

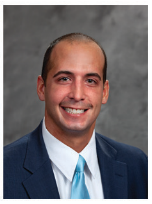
The word **"philanthropy"** comes from the Greeks, and at its core, simply means love of humanity. What I have come to believe is that all of us can be philanthropic. To me, philanthropy means using my resources to help make a difference in my community. It's looking outward, not inward. It's about giving back and paying it forward. As Gandhi said, "Be the change you wish to see in the world."

We are blessed to work with many philanthropic people who have inspired us by the work they do to help others. The impact people have made in this community is astounding. I have felt the excitement and joy people get out of helping others; It's contagious. So, I designed a program that **brings people together** where they can share and multiply this happiness while helping our community.

Today, our firm, as well as some of our clients, are volunteering at Ronald McDonald House Charities of Central Ohio. We will be creating homemade snacks for Valentines Day as a fun way to provide a taste of home for families at the Ronald McDonald House. Make a Difference Days are about working to make this community a better place to call **home**.

Can I Make a Roth IRA Contribution?

By: Jason Farris, Partner, CFP®



A Roth individual retirement account (IRA) is a unique retirement account that may offer income tax benefits and flexibility in your financial plan. These unique retirement accounts have intrigued investors and became very popular since their introduction. Named for Sen. William Roth, the Roth IRA became available to U.S. taxpayers courtesy of the Taxpayer Relief Act of 1997.

Roth IRA has two principal differences from most tax-advantaged retirement plans. 1) Distributions from the account are not included in your taxable income, provided distributions are deemed qualified. 2) There is no deduction on your income tax return for contributions into a Roth IRA.

The obvious attraction of tax-free growth and tax-free distributions has many financial planners and investors utilizing this special retirement plan. Why wouldn't everyone use a Roth IRA? First, you might be foregoing a current income tax deduction by choosing a Roth IRA over a traditional IRA. Second, you generally need earned income. Last, you need to be eligible to make a contribution.

Are You Eligible? – Generally, you can contribute to a Roth IRA if you have taxable compensation, and your modified adjusted gross income (AGI) is less than:

- $183,000 for married couples filing jointly, or a qualifying widow(er);
- $116,000 for single, head of household, or married filing separately, and you did not live with your spouse at any time during the year;
- $10,000 for married couples filing separately, and you lived with your spouse at any time during the year.

If you meet the criteria outlined above, you are permitted to contribute up to the $5,500 limit. Individuals, age 50 and over, can contribute up to $1,000 per year to "catch up," totaling $6,500.

If your modified AGI exceeds the threshold, your contribution limit will be reduced, or you may be ineligible for a Roth IRA contribution all together. To learn more about modified AGI and IRAs, go to **www.irs.gov/pub/irs-pdf/p590a.pdf**.

Not eligible, now what? If you are not eligible to make a Roth IRA contribution, all hope is not lost. If you are a high income earner, and want to contribute to a Roth IRA, it is still possible; however, it's a two-step process.

While you may be ineligible to contribute directly to a Roth IRA, Congress enacted a law that opened the "back door" to Roth IRAs. The law, which took effect in 2010, lifted income restrictions on converting to a Roth IRA; therefore, high income earners willing to take an additional step can place money into a Roth IRA.

The **first step** is to make a non-deductible traditional IRA contribution. There are no income limitations on making a traditional IRA contribution, as long as the taxpayer is not claiming a deduction. The **second step** is to immediately convert the traditional IRA contribution to a Roth IRA. A non-deductible traditional IRA contribution creates cost basis in the IRA. The cost basis represents after-tax money, and will not be taxed again when it is converted to a Roth IRA. Thus, high earners willing to take the extra steps can effectively make a Roth IRA contribution.

However, it is not always this easy for every investor. If you have an existing IRA, additional analysis is required. Conversions may be fully taxable, partly taxable or non taxable; determining the taxable amount depends on how the contributions were made, and how much accumulation of **tax-deferred growth** (investment earnings which accumulate tax free until investor withdraws and takes possession of them) has occurred. If only **deductible IRA contributions** (IRA contributions deducted against your income) or any rolled over pretax amounts were made to your traditional IRA, you have no cost basis in your IRA. Because you have no basis in your IRA, any conversions are fully taxable. If you made non-deductible contributions or rolled over any after-tax amounts, you have a cost basis. These non-deductible contributions are not taxed when they are converted.

Many investors have a combination of pre-tax and after-tax amounts in their IRA, thus any conversions would be partly taxable. So how much would be taxable? IRS provides instructions on how to calculate the taxable amount; however, in general terms each dollar converted will have a prorated cost basis associated with it. While this could be an extremely beneficiary strategy one should consult with their financial planner or tax professional before implementing.

Who are likely candidates to utilize this two-step Roth contribution? Investors who do not have existing IRA balances, have all their pretax money invested in an employer sponsored retirement plan, are contributing the maximum amount to their existing employer sponsored retirement plan, and have extra cash flow to invest, should consider implementing this strategy.

If you, or anyone you know, would like to learn more about the two-step Roth IRA Contribution, please feel free to **contact us** to discuss more.

Return on Investment or Return on Life, Which is the more Important Metric?

By: Jason Eliason, Partner, CFP®, ChFC®, CFA®

Not too long ago, I attended the American Institute of Certified Public Accountants (AICPA) Advanced Personal Financial Planning conference. Mitch Anthony, president of Advisor Insights Inc., gave a keynote address. Mitch is a highly thought of industry consultant whose most impressive work has been helping financial advisors connect with clients. I found his address uplifting and inspiring. I really appreciate that one of his goals is to help develop better financial advisors, because that will ultimately translate into more people being helped.

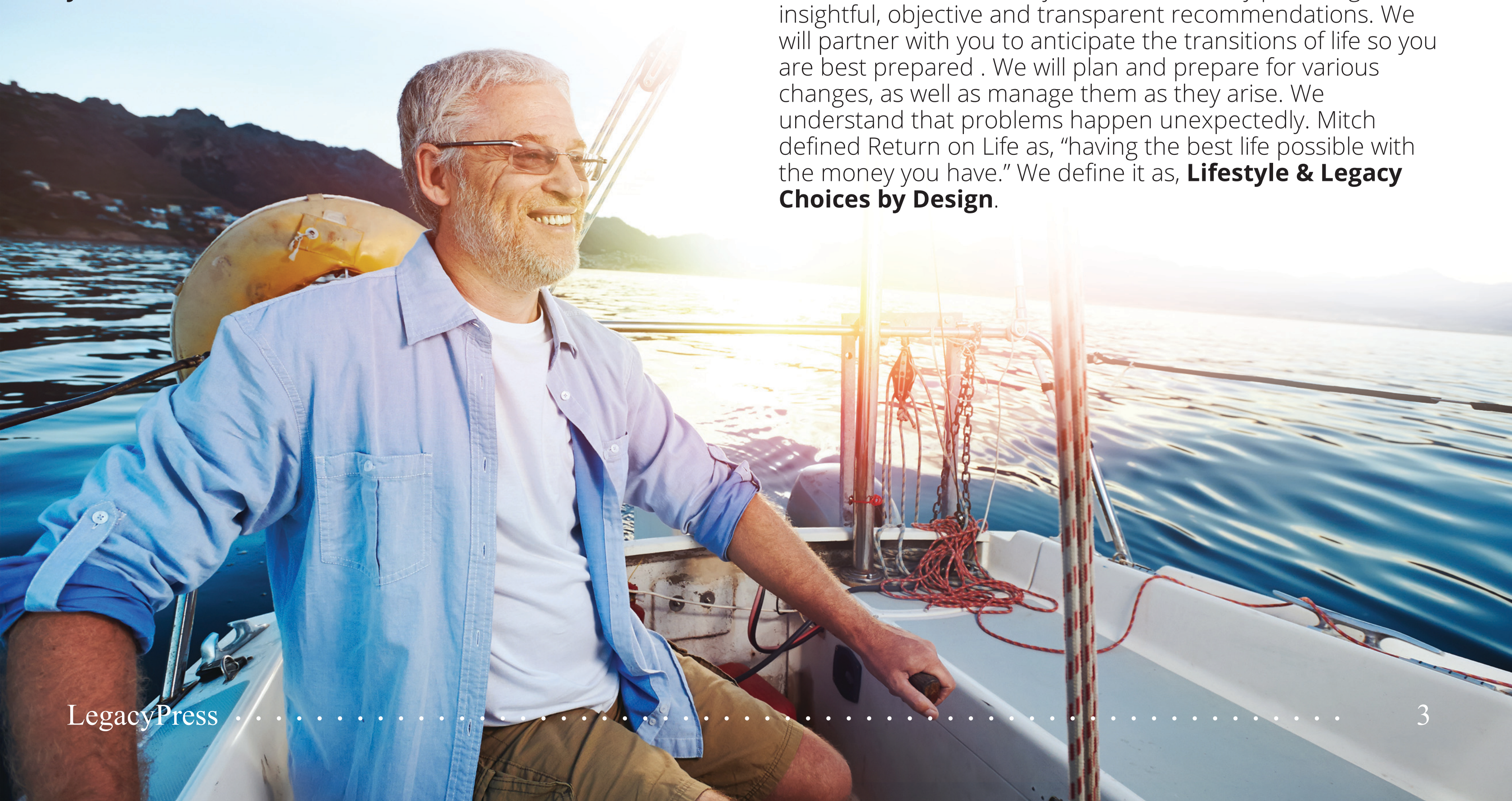
His address focused on the concept of, **"Return on Life" (ROL)**. Many folks know the acronym ROI, which stands for, **"Return on Investment."** The financial industry often focus on just ROI. Mitch was not intending to marginalize the importance of ROI, but instead highlighted the role of Return on Life. The role of ROI is to produce a higher ROL.

There were a number of points Mitch made that really resonated with me, because I know how vital they are to the clients we serve. One point was about money and freedom. Specifically, Mitch stated the greatest benefit of **money is the freedom** to use your time however you want. I truly believe this is something most people strive for. For many, this translates to the notion of **retirement:** when you can finally have the freedom to do what you want, when you want. I remember talking with a client about this very subject, and he asked, "what does financial independence mean."; my response was, **"work because you want to, not because you have to."**

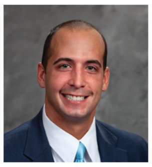
In this pursuit toward retirement, there tends to be a number of sacrifices one has to make. The question of, "are we depriving today's happiness for some future retirement happiness" comes to mind. Part of our responsibility to clients is to construct a prudent financial plan that attempts to balance today and tomorrow, not just one of them. I too have questioned parts of my financial plan after having some of those uncomfortable thoughts about dying. I have asked myself, "What am I saving for if I am not around to enjoy it?" Yes, even financial advisors have those thoughts too. Financial planning, at its core, is assessing and understanding the risks to your situation – **your happiness** – and developing a plan to mitigate those risks while pursing your hopes and dreams. That is why we have always advanced the thought of financial planning as a process, not a product. Your financial plan needs to evolve and progress throughout your life. The goal of financial planning is not to maximize your ROI, but instead, **maximize your ROL**.

Mitch highlighted a number of core values that are essential for a company to have if they want to help someone maximize their Return on Life. When he mentioned the core values of organization, accountability, objectivity, proactivity and partnership, I was filled with pride, as these are values we embody. These values can also be viewed as reasons why people value our firm.

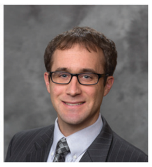
Our mission is to provide holistic financial structure and long-term counsel to assist in the pursuit of your desired lifestyle and legacy. We do this by bringing organization, structure and control to your financial life by providing insightful, objective and transparent recommendations. We will partner with you to anticipate the transitions of life so you are best prepared . We will plan and prepare for various changes, as well as manage them as they arise. We understand that problems happen unexpectedly. Mitch defined Return on Life as, "having the best life possible with the money you have." We define it as, **Lifestyle & Legacy Choices by Design**.

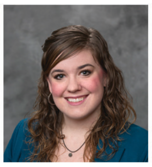


News and Notes



Congratulations Jason & Abby Farris! The Farris family welcomed their first baby, Augustus "Gus" Arthur Farris, born March 6, 2015.





We are proud to introduce our newest employees, Ben Botbyl and Kristen Rhine. Last year, our firm decided to create two unique positions that were not client-service oriented or financial planners. They will play important roles in the future of the firm. Ben is our information Systems Coordinator and Kristen is our Brand Manager.

"Souper" Bowl Winner
In honor of the 2015 Super Bowl Championship, our office held the annual "Souper" Bowl Challenge. Sandy Vidosh has held the coveted Blue Ribbon Soup Ladle for the past two years. Kathy Kincaid won the battle with her homemade Tortellini soup with sausage, chicken and spices. Congratulations Kathy!

New Website

Our website was recently redesigned thanks to ***BLUE Laser Design***. Our website is now easier to navigate, and compatible with all mobile devices.

www.waller.com

Stay Social

Stay connected with our firm on Facebook & Twitter! In addition to investment news and updates, we will keep you up-to-date on the activities within our office, our community involvement and the accomplishments of our staff.

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