

Legacy Press

LIFESTYLE & LEGACY CHOICES BY DESIGNSM

Fact

64% of wage earners believe they have a 2% or less chance of being disabled for three months or more during their working career. The actual odds for a worker entering the workforce today are about 25%.

Source: Council for Disability Awareness

"We don't just talk-the-talk, we walk-the-walk, and we lead by example."

Charles Kerwood, III
CFP®, ChFC®, AEP®

The Importance Of Disability Insurance Coverage

By: Charles Kerwood, III, CFP®, ChFC®, AEP®



Disability insurance coverage is often overlooked. A professional's future earned income is one of the most valuable assets one has, but what if you lose that income due to an unfortunate event? Few think about the importance of insuring this from a loss.

There are generally two types of disability insurance categories: short-term disability coverage and long-term disability coverage. Short-term disability coverage usually pay up to 100% of lost earnings for a period of six months. Long-term disability coverage generally starts after short-term benefits are exhausted and typically pay up to 66% of pre-disability earnings.

There are three primary ways to obtain disability insurance coverage:

1. The Social Security Administration
2. Your employer
3. A private insurance company

Social Security has various tests that one must meet in order to qualify for payment of benefits. For a person to receive benefits, the qualifying medical condition must last a year, or ultimately result in death. Social Security has a very strict definition of disability, and does not pay short-term or partial disability. In addition, the benefits are relatively small.

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The Importance Of Disability Insurance Coverage (Continued)

Many employers offer group disability insurance coverage, both short-term and long-term. When the employer pays the premiums, benefits will be taxed as ordinary income should one qualify to receive them. When the employee pays the premiums, benefits are generally received tax-free. The only exception to the latter situation is if the employee pays the premium with pre-tax dollars. In this situation, benefits would ultimately be taxed as ordinary income, similar to the employer paying the premium. For those paying for group coverage, we counsel clients to pay with after-tax dollars, so that the benefits, should they be needed, get paid out tax-free.

Finally, coverage may also be purchased through a private carrier. Premiums for the coverage may cost anywhere from 1% to 3% of annual earnings to insure up to 66% of pre-disability earned income. The advantage of a personal policy is portability when making a job change. In addition, the carrier may offer other additional benefits, such as covering one's occupation (versus being able to work at any job). Although more expensive coverage, an individual may tailor the coverage to their specific needs.

If you have questions about disability insurance coverage, **please contact** one of our advisors.

Seven Ways To Achieve A Work-Life Balance



By: Jason Farris, CFP®, CAP®

Are you ready to achieve a work-life balance? The American Sociological Review has published a study showing that most of us struggle—which is a fancy word for “fail”—in this important endeavor; nevertheless, there's hope, the study also found that

the minority of people who HAVE managed to achieve some form of the work/life Holy Grail are doing certain things well.

Like what? **First**, they take the time to make deliberate choices about what they want in their lives. Rather than collapse after work in front of the TV or stay at their desk through vacation time, they create a road map of the kind of life they want to live, and how they will spend their time – and they commit to this path.

Second: they regularly communicate with important people in their lives about what's working for them, and what isn't working. This prevents them from drifting off the work-life rails because of outside influences and pressures.

Third: they make sure they set aside time for family, friends and their important interests. Instead of waiting to see if there is any free time left after work, they make a point to book time off, and they are willing to guard this time and resist intrusions.

Fourth: they develop a strong sense of who they are, what they value and what's important to them. They define what success looks like, and what makes them truly happy.

Fifth: they are able to tune out distractions, such as mobile devices or the TV to enjoy quality uninterrupted time. This allows them to participate in meditation, enjoy music, engage in physical activity or other activities that rejuvenate and regenerate them.

Sixth: they are willing to make sacrifices to get what they want. They are determined to work extra hard during the week, so they can get the weekend off—or earn an extra day off to add to the planned weekend activity.

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Seven Ways To Achieve A Work-Life Balance (Continued)

Finally: they develop a strong support network that they can depend on to get them through difficult times. They have a variety of interests, which brings them in contact with like-minded people who will enrich their lives and be there when they are needed.

Interestingly enough, I believe these same characteristics of those who are successful in achieving work-life balance can transcend to your financial affairs as well.

Seven habits of people who have achieved work-life balance said differently to assist in financial success:

- 1. Prioritize your goals
- 2. Regularly meet and collaborate with your financial planner
- 3. Savings is not what is left over at the end of the month, it should be your first expense every month
- 4. Avoid keeping up with the Joneses
- 5. Block out the noise
- 6. Sacrifices
- 7. Surround yourself with the right network of people

Source:
<https://www.fastcompany.com/3047825/how-to-be-a-success-at-everything/7-habits-of-people-who-have-achieved-work-life-balance>

Retirement Contribution Limits Unchanged For 2017



By: Jason Farris, CFP®, CAP®

In case you missed it, the contribution limits to your 401(k), IRA and Roth IRA—set by the government each year based on the inflation rate—will not go up in 2017. Just like 2016, you will be able to defer up to \$18,000 of your paycheck to your 401(k), and individuals over age 50 will still be able to make a “catch-up” contribution of an additional \$6,000. (The same limits apply to 403(b) plans and the federal government’s Thrift Savings Plan.) Your IRA and Roth IRA contributions will continue to max out at \$5,500, plus a \$1,000 “catch-up” contribution for persons 50 or older.

SEP IRA and Solo 401(k) contribution limits, meanwhile, will go up from \$53,000 this year to \$54,000 in 2017.

The government has made small changes to the income limits on who can make deductions to a Roth IRA, and who can claim a deduction for their contribution to a traditional IRA. The phase-out schedule for single filers for 2016 starts at \$117,000 and contributions are entirely phased out at \$132,000; for joint filers the current range is \$186,000 to \$196,000. In 2017, the single phase-out will run \$1,000 higher, from \$118,000 to \$133,000; and the joint phase-out threshold will rise \$2,000, to \$188,000 up to \$198,000.

Single persons who have a work retirement plan will see the income, at which they can no longer deduct their IRA contributions, go up \$1,000 as well with the phase-out starting at \$62,000 and ending at \$72,000. Couples will see their phase-out schedule rise to \$99,000 to \$119,000.

While there have been little to no changes to retirement contribution limits for 2017, that doesn’t mean your financial situation is still the same. It is still essential to review your financial plan for the upcoming year. Is your current retirement savings plan still prudent for your personal financial circumstances? If you should have any questions, please feel free to contact Waller Financial Planning Group.

Source:
<http://money.cnn.com/2016/10/27/retirement/401k-ira-contribution-2017/index.html?iid=Lead>

<http://www.investopedia.com/articles/retirement/111516/2017-cola-adjustments-overview.asp?partner=mediafed>





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News and Notes

The Team Waller Gingerbread House Build Off!



Team Waller participated in friendly competition and team-building exercise in December. For not being professional bakers, we think our gingerbread houses turned out fantastic.

We Need Your Help

We need your help: we are looking for new locations in the community for our Make a Difference events. Please contact Sandy (svidosh@waller.com) if you are aware of an outstanding organization that can benefit from having approximately 20 volunteers at one time.