



## Consider This Program

Episode Date:

**July 6, 2019 Episode**

On This Show:

**Big Joe Clark**, CFP®: Managing Partner and Lead Advisor of Financial Enhancement Group

**Ken Dilger** : Former Tight End at Indianapolis Colts, Senior Loan Officer at Milestone

**Angi Kinser**: Event Coordinator at Financial Enhancement Group

### Show Notes:

#### **Topics Include:**

- Never confuse the economy and the stock market
- Retirement Budget
- What would you tell yourself if you were turning 30 all over again?
- Secure Act

#### Show Notes:

*Opening Heart:* What is your earliest childhood memory? Do you remember the 4th of July Midnight Parade in Anderson?

#### *Content 1:*

##### Cognitive Biases

- Political segregation & the economy
- *Never confuse an economy & the stock market!*
  - In March of 2003, George W. Bush changed the taxation on dividends. Dividend stocks became a preferred item & the stock market soared.
    - People that had a political bias missed out.



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- “The stock market is overblown & all the money that corporations got from the tax cuts went to buybacks.”
  - What is a stock buyback?
    - When a company makes a profit, they can either pay a dividend, reinvest in the company, or buy back some of their outstanding shares.

### *Content 2:*

*Question: What does “retirement budget” mean to you?*

- When you go to retire, you need a retirement budget.
  - Common Fears in Retirement: Running out of Money & Health Issues
- Making a budget:
  - How much income will you need in retirement?
  - How much have you saved?
  - What do you expect your rate of return to be as you continue saving?
  - Rate of Return in Distribution & Inflation.
  - Fixed & Social Expenses
    - Discretionary spending declines as you grow older
    - Most of your expenses are fixed (medical, etc)
- Retirement Scenarios
  - Monte Carlo Simulation/Stochastic Modeling

### *Content 3:*

*Question: What would you tell yourself if you were turning 30 all over again?*

- Things change -- don't get stuck in your ways!
  - Benjamin Franklin says most men die at age 25, it just takes time for their body to catch up.
- Things that feel good at the moment, sometimes produce the most painful results long-term.
- Margin in time, money, & energy
  - Debt to Income Ratio
  - Emergency funds

*Question: Can you use a Roth as an emergency fund?*

- Yes, in a Roth IRA, but not in a Roth 401(k).
  - Put & Take Account
  - Checklist for “Life in Your 30’s”



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- Have a strategy!

#### Content 4:

*Congress has already passed a bill titled the “Secure Act” dealing with your IRA & RMD’s. Under this new law, the age when you are required to take RMD’s will go from 70.5 years old to 72 years old.*

- In our experience, over 70% of our families would have waited until they were 70.5 years old to take out RMD’s if we had not explained to them why they should take it early.
- In 2016, the IRS said over 65% of the people that took out money for their first distribution were over the age of 70.5 years old. It was a forced RMD.

*Question: Will they change QCD’s (Qualified Charitable Distribution)?*

- The Financial Enhancement Group has the Better Giver program.
  - Maximizing your tax benefit.
  - Under the age of 65, the standard deduction is \$24,000 (over the age of 65 is an additional \$1,300)
    - Only \$10,000 can be deducted on property taxes
    - Charitable deductions would have to be \$14,000 or you won’t be able to itemize again
  - When you give money to a charity, you can write a check & deduct it on your return.
    - If your deductions are less than \$24,000, you won’t get the deduction.
    - You can gift appreciated stock.
      - What’s your basis?
  - Charitable Remainder Trust
    - Put money into the account & receive interest.
- Keys to Your Charitable Plan: Tax Return, Charitable Intent, Assets, & Income

#### Recap:

- Better Giver & Appreciated Stock
  - Tax Planning vs. Tax Preparation
- Stock Buybacks
- Retirement Budget
  - Retirement Practice Year
  - Fixed Expenses vs. Social Expenses
- What is one financial thing that you would tell your 30-year-old self?
  - Debt, Paying off Home, Things Change



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### *Hands (Call to Action):*

Make sure you understand the retirement budget! If you need help on your financial journey, give us a call at (800) 928-4001. We want to help you secure your financial future!

### *Closing Heart:*

What would you have told your 30-year-old self? Help your kids before they get there!

*Disclaimer: Joseph Clark is a Certified Financial Planner™ and the Managing Partner of Financial Enhancement Group, LLC an SEC Registered Investment Advisor. He is the host of "Consider This" found on WIBC Saturday mornings from 6-7a.m. as well as three other Indiana-based radio stations. Joe has served as an Adjunct Assistant Professor at Purdue University where he taught the capstone course for a degree in Financial Counseling and Planning.*

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