

The Light

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Retirement Planning Checklist



By Tim Rowsey, CPA, Investment Advisor Rep.

As retirement approaches, it is sometimes helpful to take a look at some of the issues and decisions relating to retirement before making the final decision. Here is a check list of many of the important considerations.

Can I afford to retire? Knowing your expenses and potential income streams in retirement is very important. One of the most challenging questions for clients, when we work through the retirement planning process, is what income is needed in retirement to cover your expenses. A budget is a great tool to help determine actual expenses. If your projected income sources aren't sufficient to cover your expenses at retirement, it may still be too soon to think about retiring. A comprehensive retirement plan can help ensure that you are really able to retire.

How will health care needs be covered? For those retiring at age 65 or later, Medicare will provide primary health care coverage. Most individuals will still want some kind of supplemental insurance in addition to Medicare. For those trying to retire before age 65, the cost of health care can be a major deterrent to retiring at an earlier age. While individual policies may be obtained, the additional cost must be considered in the overall retirement budget.

What will I do in retirement? For many retirees one of the biggest challenges is finding a purpose or identity outside of their employment. For those with hobbies or desire to travel or spend time with family, retirement can open a window of time to enjoy things that were more limited during their working years. Part time jobs are also very common, especially for newly retired individuals. Having a plan for your time in retirement can make the transition much smoother.

Where will I live? Most retirees simply stay where they have been living during their working years. For others, retirement is the perfect opportunity to

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Chris Bevington Joins Lighthouse!



By Cheri Smeltzer, Office Manager/Compliance Specialist

We are growing again! When Tim started Lighthouse in 2011 it was just the two of us. Since then, we have been blessed with steady growth and we have been thrilled to add new team members over the years with diverse knowledge, experience and expertise so we can better serve our clients and meet all of their financial needs. Today we have a team of 5 with 4 advisors including 2 CPAs and a CFP®.

Our ownership group consists of Tim Rowsey, our President, CPA, and Lead Investment Advisor Representative; Aaron Rowsey, our Vice President and Investment Advisor Representative; and Greg Emmons, CFP® and Investment Advisor Representative. I serve as our Office Manager and Compliance Specialist. And now please join us in welcoming Chris Bevington, our newest CPA and Investment Advisor Representative! Chris brings over 20 years of financial experience to Lighthouse having previously worked as an Accounting Manager for Whitcomb and Hess.



Chris passed the Uniform Investment Advisor Series 65 exam in 2002. He is also a Certified Public Accountant. Chris is a graduate of North Central Technical College, Ashland University, where he obtained a Bachelor of Science Degree, and The University of Akron, where he earned a Master's Degree in Taxation.

As an Investment Advisor Representative at Lighthouse, Chris provides investment advisory services, individual portfolio management, financial planning, tax planning, and wealth preservation for clients.

Welcome Chris! We are so glad to have you here!

We would like to thank our current clients for the trust they continue to place in us and for referring their friends and family!

We are currently accepting new clients with a minimum of \$250,000 of investable assets. Give us a call! (419) 496-0016

Helping individuals navigate their financial lives.

Retirement (continued from page 1)

relocate closer to family or to a warmer climate. The financial considerations of housing at a new location are also an important part of the retirement decision-making process.

How long will I live? While this is really a total unknown, looking at family history and longevity may give some clues. As our aging population lives longer and longer, the possibility of outliving retirement income can be a real threat if there is no margin of safety in the overall retirement plan. We generally recommend that individuals plan for a longer life expectancy or have sufficient resources at the end of their plan that would allow for additional years of life in retirement.

What income should I use first in retirement? For individuals that have other retirement income sources beside just Social Security or a pension, there may be planning opportunities in choosing where to draw retirement income. We often help clients choose to draw from Roth IRA's vs. traditional IRA's or other savings accounts. Significant tax savings are sometimes possible by properly managing the source of retirement income in the draw-down stage.

Continued 

Aaron Rowsey Passes Series 65 Exam

By Cheri Smeltzer, Office Manager/ Compliance Specialist

Our Vice President, Aaron Rowsey, has passed the Series 65 Uniform Investment Advisor Exam. The Series 65 Exam is a North American Securities Administrators Association (NASAA) exam administered by the Financial Industry Regulatory Authority (FINRA). Passage of the exam qualifies Aaron to act as an Investment Advisor Representative.

Aaron is a graduate of Franklin University where he earned a Bachelor of Science Degree in Business. He is also a 2014 graduate of Leadership Ashland and he serves on the board of the YMCA.



Aaron has been with the firm since 2013, focusing primarily on investment research. As an Investment Advisor Representative he will now provide investment advisory services, individual portfolio management, financial planning, tax planning, and wealth preservation for clients.

Congratulations, Aaron! ■

As you can tell, the retirement decision is somewhat complex with many factors involved. We recommend that you talk with a professional who can help you with both the financial and emotional decisions involved in this major life decision. If retirement is on your horizon, give us a call. ■

Tax Reform Recap

By Chris Bevington, CPA, Investment Advisor Rep.

On December 22, 2017, President Trump signed the *Tax Cuts and Jobs Act*, providing the largest piece of tax reform legislation in more than three decades. The bill takes affect for the 2018 tax year, and is expected to reduce the overall tax burden for most taxpayers. To keep the cost of the bill within Senate budget rules, all individual tax changes expire after 2025, and tax law reverts back to 2017 provisions, unless Congress acts to extend. Here is a recap of some of the more significant changes, and how the new tax law may impact you.

Income Tax Rate		Income Levels for Those Filing As:	
2017	2018-2025	Single	Married-Joint
10%	10%	\$0-\$9,525	\$0-\$19,050
15%	12%	\$9,525-\$38,700	\$19,050-\$77,400
25%	22%	\$38,700-\$82,500	\$77,400-\$165,000
28%	24%	\$82,500-\$157,500	\$165,000-\$315,000
33%	32%	\$157,500-\$200,000	\$315,000-\$400,000
33%-35%	35%	\$200,000-\$500,000	\$400,000-\$600,000
39.6%	37%	\$500,000+	\$600,000+

- The bill retains the seven tax brackets found in current law, but **lowers a number of the tax rates**, and changes the income thresholds at which the rates apply. The chart above summarizes the new rates, along with the approximate matching of the old rates:
- **Standard deductions have nearly doubled**, as the single taxpayer standard deduction jumps from \$6,350 for 2017 to \$12,000 for 2018. Married filing joint couples see their standard deduction increase from \$12,700 for 2017 to \$24,000 in 2018. There is also an additional \$1,300 per person add-on for individuals age 65 and older. The increased standard deduction will simplify tax prep for many, as an estimated 90 percent of

taxpayers will take the standard deduction, and will no longer be burdened with the gathering of itemized deduction items. Prior to this change, roughly 30% of taxpayers itemized.

- **The Child Tax Credit doubled** from \$1,000 to \$2,000 per child, and the bill raises the income threshold for which these benefits phase out from \$110,000 for married couples to \$400,000. In addition, the credit amount that is refundable increased from \$1,100 to \$1,400. The bill also adds a new, non-refundable credit of \$500 for dependents other than children.
- The bill **eliminates the personal and dependent exemptions**, which were \$4,050 for 2017. The decrease in tax rates, in conjunction with the higher standard deductions, and changes to the child tax credit, minimize the negative impact of this change for most taxpayers.
- The bill **limits the amount of state and local property, income, and sales taxes** that can be deducted to \$10,000. In the past, these taxes were generally fully tax deductible.
- The bill clarifies the **deduction of interest paid on home equity loans** as deductible only if the loan is used to “buy, build or substantially improve” the home that secures the loan. The bill also caps the amount of mortgage indebtedness on new home purchases on which interest can be deducted at \$750,000, down from \$1,000,000 allowed prior to the change.
- The bill **eliminates the tax penalty for not having health insurance** after December 31, 2018. It also temporarily keeps the floor above which **out-of-pocket medical expenses can be deducted at 7.5%** of their adjusted gross income for 2018. For tax years after 2018, the floor returns to the higher 10% of adjusted gross income.
- The deduction for **miscellaneous itemized deductions subject to the 2% floor has been eliminated**. This includes unreimbursed employee business expenses, tax prep fees, union dues, and investment expenses.

The *2017 Tax Cuts and Jobs Act* is considered the most significant update to the tax code in more than 30 years. The new bill lowers tax rates, expands the child tax credit, and nearly doubles the standard deduction. With the standard deduction becoming the new “norm” for an estimated 90 percent of taxpayers, it simplifies tax prep for many, and eliminates the burden of gathering itemized deduction items. Although the tax code remains complex, and will need revisited by Congress in the coming years, the reform provided by this bill provides significant tax relief to the vast majority of taxpaying Americans. ■

Market Recap

How the major indices performed in the 3rd Quarter 2018

DOW JONES INDUSTRIAL AVERAGE

3rd Quarter return 9.6% YTD return 8.8%

S & P 500 COMPOSITE

3rd Quarter return 7.7% YTD return 10.5%

RUSSELL 2000

3rd Quarter return 3.5% YTD return 11.5%

BARCLAYS AGGREGATE BOND

3rd Quarter return 0.1% YTD return -1.6%

*All indices are reported Total Return which includes Dividends

Market Update

By Tim Rowsey, CPA
Investment Advisor Rep.

The third quarter was a good one for equities.

Stocks increased significantly during the third quarter. The Dow Jones Industrials gained over 9% on a total return basis (including dividends). The S & P 500 gained 7.7% for the quarter. Small cap stocks, as represented by the Russell 2000 showed a smaller gain with a 3.5% gain.

Bonds were relatively flat for the quarter.

The Barclays Aggregate Bond Index rose by 0.10% for the quarter. The Fed increased the benchmark interest rate another .25% in September as was widely expected. One more rate increase is projected in December. Ten year treasuries went over the 3% yield rate at the end of the quarter.

Stocks again approach record highs.

Tariffs on China and trade agreements have continued to put a damper on the market at times. In spite of this, strong corporate earnings have helped propel stocks higher. The S & P 500 set a new record in September and is up over 9% for the year. Companies in the S& P 500 are expected to report a jump in profits of nearly 20% when earnings season kicks off in October. This is actually down slightly from the 25% increase in the first and second quarters. Much of these increases are due to the tax overhaul from last year. ■



Helping individuals navigate their financial lives.



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To learn more about the benefits of working with an independent advisor go to <http://www.findyourindependentadvisor.com>.

Lighthouse Wealth Management believes in giving back. We give 10% of our profits to charities, including several local charities and CURE, International. www.cure.org

Our Services

- Investments
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