The
ASTORINO
Financial Group, Inc.

Start Your New Year with a Financial Review

As you plan for the year ahead, is an investment checkup leading your list of resolutions? Taking time for a detailed financial review -- including retirement planning, college savings, and your tax situation -- may help you progress toward your long-term goals. Consider the following items as part of your checkup:

Capitalize on tax reductions. If you plan to adjust your investment allocations, make sure you understand the tax consequences of your actions. Taxes on both long-term capital gains -- profits earned on investments held for more than one year -- and equity dividends are generally lower than rates on ordinary income (15% for many taxpayers, 20% for those in the highest tax bracket). Because of these tax reductions, you may now have greater incentive to hold your mutual funds for the long term and include equity funds that pay dividends within your portfolio.

School yourself in education incentives. Consider opening a 529 college savings plan account if education is part of your family's future. Contributions to a 529 plan compound tax-deferred, and withdrawals are tax free[1] when the money is used for qualified higher-education expenses.

Remember three important letters -- IRA. You can boost your retirement planning efforts by making the maximum annual contribution of up to $5,500 to either a traditional or Roth IRA. Investors aged 50 and older get an added bonus: A $1,000 "catch up" contribution that can be made in addition to the annual maximum for a total investment of $6,500. Your money compounds tax-deferred until you begin withdrawals.

At that point, earnings withdrawn from a traditional IRA may be taxable, while those withdrawn from a Roth IRA may be tax free, subject to certain restrictions.[2]

There are other factors to consider -- such as your investment mix -- as you evaluate your progress toward your long-term goals. But this list can help you get started as you chart your financial course for the year ahead.

[1]Withdrawals used for expenses other than qualified education expenses may be subject to a 10% additional tax on earnings, as well as federal and state income taxes. Prior to investing in a 529 plan investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other benefits that are only available for investments in such state's qualified tuition program. Tax treatment at the state level may vary. Please consult with your tax advisor before investing.

[2]Withdrawals before age 59½ may be subject to ordinary income taxes and 10% additional tax.