

## 2022 FINANCIAL MILESTONE BIRTHDAYS

You are entitled to all benefits mentioned up to your current age.

- **Age 50** (born in 1972): you are now eligible to make “catch-up” contributions to your IRA and 401(k). For 2022, the 401(k) catch-up is \$6,500 in addition to the basic limit of \$20,500. For 2022, the IRA catch-up is \$1,000 in addition to the basic limit of \$6,000.
- **Age 55** (born in 1967): in addition to retirement “catch-ups” you are eligible for the \$1,000 catch-up on HSA plans. You are also eligible to withdraw savings from your 401(k) without a 10% early withdrawal penalty if you leave your job or retire. Normal income taxes apply if you do not properly rollover the 401(k) distributions. Talk to me about your 401(k) options.
- **Age 59.5** (born by June 30, 1963): you may now withdraw funds from your 401k or IRA without a 10% early withdrawal penalty whether or not you leave your job or retire. Normal income taxes apply if you do not rollover the distributions.
- **Age 62** (born in 1960): you now qualify for Social Security’s “Early Retirement”. However, it may pay to wait, and couples may wish to split the difference (typically wife at 62 and husband at 70). The wage earner’s benefit is reduced to 70% and the spousal benefit is reduced to 32.5% of the monthly benefit (normally 100% and 50%) because you will be getting benefits for an additional 48 months. At age 62, you are also eligible to purchase a lifetime “America the Beautiful” Senior Pass for \$90 (including a \$10 processing fee) that is good at over 2000 National Parks and other recreational sites across the USA.
- **Age 65** (born in 1957): you are entitled to Medicare coverage, even if you did not elect Social Security yet. Be sure to apply within 3 months of your 65th birthday.
- **Age 66 & 4 months** (born by August 31, 1956) You have reached Social Security’s current “Full Retirement Age” and are eligible to receive full benefits. You will no longer be subject to the “earnings test” wherein your benefits were reduced by \$1 for every \$2 you earned above \$19,560. The earnings limit for people turning 66 in 2022 is \$51,960. (They deduct \$1 from benefits for each \$3 earned over \$51,960 until the month the worker turns 66 & 4 months).
- **Age 67** (born in 1955): You are entitled to receive your full Social Security benefit since you will be at the “full” retirement age for the entire year. The “earnings test” no longer applies.
- **Age 70** (born in 1952): if you haven’t yet filed for Social Security, do so. You won’t receive any additional benefits for waiting past age 70. Congratulations, you’re going to earn 32% more income each year for life from Social Security than those who began collecting at age 66!
- **Age 70.5** (born before June 30, 1951): You can direct up to \$100,000 per year (adjusted for any deductible IRA contributions made after the year in which you turn 70½) from your IRA to charity. This is called a Qualified Charitable Distribution (QCD). You must wait until age 70.5 to make the QCD. You do not need to take an RMD from a traditional IRA or 401(k) until age 72.
- **Age 72** (born in 1950): you are required to take your first minimum distributions from your 401(k) and traditional IRA by April 1, 2023. However, if you don’t take an RMD in 2022 you’ll need to take two RMDs in 2023 (by April 1, 2023 and December 31, 2023).

Scott P. Ellis  
First Vice President—Investments  
Financial Advisor

Mary H. Magee  
Senior Registered Client Service Associate

## MARKET INDICATORS\*

Market Index	12/31/21 Value	52 Week High	52 Week Low
DJIA	36338	36679	29856
S&P 500	4766	4809	3663
NASDAQ Composite	15645	16212	12397

## CONTACT INFORMATION

☎ Scott P. Ellis (980) 465-6561 First Vice President—Investments	
☎ Cell Phone: (704) 577-1548	
✉ Scott.Ellis@RaymondJames.com	
☎ Mary Magee (980) 465-6560 Senior Registered Client Associate	
✉ Mary.Magee@RaymondJames.com	
☎ Fax: (833) 673-0128	
🌐 www.RaymondJames.com/ScottEllis	
🌐 https://clientaccess.rjf.com	

## HONOLULU BRANCH OFFICE

American Savings Bank Tower  
1001 Bishop Street, Suite 2920  
Honolulu, HI 96813

## INTEREST RATES

At their December 2021 meeting the FOMC left the target range for the federal funds rate unchanged at 0% - 0.25%. The FOMC meets next on January 25-26, 2022.

Source: [federalreserve.gov](https://federalreserve.gov), Dec. 15, 2021

## QUOTES

*“In the business world, everyone is paid in two coins: cash and experience. Take the experience first; the cash will come later.”*

— Harold Geneen

*“If at first, you don’t succeed, take the tax loss.”*

— Kirk Kirkpatrick

## EXPECT TWO 1099'S THIS YEAR

**Most 1099's are due to be mailed (and/or will be available online) by the March 15, 2022 deadline. You should be receiving two 1099's for each account: one from Wells Fargo Advisors for the first several months of the year and one from Raymond James for the balance of the year.**

Due to complex government regulations, each year it seems to take longer to receive original 1099's, and yet subsequent "Corrected 1099's" are a strong possibility for clients who hold a mutual fund, REIT, any kind of trust (unit trust, royalty trust, commodity trust), auction rate preferred, or foreign security. Wait as long as you can to file, especially if you received a Corrected 1099 in 2021 or own any of the above securities in a taxable account.

Here is the mailing schedule for Raymond James 1099s:

- February 15: Mailing date for "basic" or fully reallocated 1099s
- February 28: Mailing date for second round of original 1099s and first round of amended 1099s
- March 15: IRS mailing deadline for delayed 1099s. Remaining original 1099s and second round amended 1099s will be mailed by this date. After March 15, amended mailings will occur as needed.

Historically, with IRS' blessing, Raymond James has extended the February 15 mailing date of original 1099s by 30 days to March 15 for clients who hold particular types of investments including mutual funds, REITs, and unit investment, grantor and royalty trusts. This added time allows us to capture additional income and helps prevent the need for amended 1099s.

## IMPORTANT! REPORTING QCDs

Clients over 70½ can direct up to \$100,000 per year (adjusted for any deductible IRA contributions made after the year in which they turn 70½) from their IRA to charity. This is called a Qualified Charitable Distribution (QCD).

**Although QCDs are income tax free, they still require special handling since the IRS has made no provision for this on the 1099-R and therefore all financial institutions still report your entire distribution as taxable.** Be careful not to include this in your taxable income!

According to the IRS.gov website: "To report a qualified charitable distribution on your Form 1040 tax return, you generally report the full amount of the charitable distribution on the line for IRA distributions. On the line for the taxable amount, enter zero if the full amount was a qualified charitable distribution. Enter 'QCD' next to this line."

I encourage you to request a checkbook from us if you are over 70½ and wish to write checks to charities directly from your IRA account.

## DID YOU KNOW...

»»»» **In 2022, I'll be working in Honolulu from February 3—18 inclusive and in Ko'Olina from February 21—24 inclusive.** We are currently setting up client appointments for meetings in both locations. Please contact Mary or me to set up a convenient appointment.

## My regular office hours are:

Monday - Friday:

9:00 am - 4:00 pm Eastern

(Eastern Standard Time)

8:00 am - 3:00 pm Central

6:00 am - 1:00 pm Pacific

4:00 am - 11:00 am Hawaiian

*The information herein has been obtained from sources we believe to be reliable, but we do not guarantee its accuracy or completeness.*

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*Unless otherwise noted, all quotes, rates, and values contained herein are as of Dec. 31, 2021, and are subject to change and availability.*

*\* Source for Market Indicators: BigCharts®, a service of MarketWatch. All figures rounded to nearest whole number.*

*Keep in mind that individuals cannot invest directly in any index, and index performance does not include transactional costs or other fees, which will affect actual investment performance. Individual investor's results will vary. Past performance does not guarantee future results.*

*The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The NASDAQ composite is an unmanaged index of securities traded on the NASDAQ system.*

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Scott P. Ellis is a First Vice President-Investments, Financial Advisor, at Raymond James, with over 39 years experience. Scott is dedicated to assisting clients in building, preserving, perpetuating, and distributing their wealth. He focuses on providing lifetime investment, retirement & estate planning strategies, and risk management, through conservative stock, quality municipal bonds, a variety of other investment vehicles, and professional portfolio management. Scott works with a select group of individuals and families in an effort to give them a higher probability for meeting their goals. He also works with clients, attorneys, and accountants to provide estate consolidation, valuation and distribution. Scott enjoys working with folks who value experience and advice.