



ZUEHLKE  
KARCZ

FINANCIAL GROUP

# MONEY MATTERS

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1ST QUARTER 2021

grateful  
FOR THE  
small things,  
**BIG**  
THINGS,  
&  
EVERYTHING IN  
BETWEEN

## Grateful for the good things in life

While the holidays looked different this year, there is much to be thankful for, healthcare workers keeping the hospitals running, generous souls donating to food banks and helping out their communities, and for the good things in our lives. As we begin the year, that feeling of gratefulness is at the forefront of our minds.

One of the things we're most thankful for is the privilege to partner with you in helping you achieve your financial goals. Our team understands that you have honored us with an important task, to help guide you along your financial journey in a way that feels true to your ideals. We're grateful for it, not just today, and not just around the holidays, but all year long.

As we ring in a new year, we're thankful for another chance to exceed your expectations, to work toward bigger goals, and to learn more about how we can help as your life unfolds. We wish you much success and prosperity throughout the year.

## The Habits We'll Keep

The disruption of the crisis offers a rare chance to make space for what matters in our lives.

Here are a few new habits on the rise. Do you find yourself doing some of them too?

- 94% are washing their hands more often
- 54% are cooking more
- 50% are using video calling to connect with loved ones
- 39% of people who never or seldom pray have started
- 25% of people are reading more books
- 21% have attended a large gathering online
- 21% have used food delivery services
- 12% have attended an online exercise class



### What you can do next:

- 1 Ask yourself how you might continue new habits, whether it's gratitude journaling, cooking at home or eating dinner as a family.
2. If your estate plan is outdated or nonexistent, consult with an estate attorney.

3. To energize your giving, contact our office about ways to maximize it.

We are a nation disrupted from our usual way of doing things, and at times it has been painful, but hopefully it's taught us more about what we value and who we are which may offer a chance to reset the course for a life well lived.

Sources: HUNTER's Food Study Special Report; Pew Research Center March survey; Statista March media consumption survey; Democracy Fund + UCLA Nationscape Project; Ipsos/Axios poll



## Plan A Visit To Our Office

Welcome to 2021. Though it has been a bumpy ride to this moment, the start of a new year offers a chance to reset and refocus. What will you strive toward this year? Are there resolutions you've written out? Perhaps you're planning to achieve a new level in your career, nurture a hobby or do more for the causes you care about. No matter your resolution, you'll need dedication and planning to reach it. The same can be said of achieving the goals laid out in your financial plan.

A new year could bring with it new challenges that, if you're not careful, could throw you off your financial course. By resolving to uphold your financial plan as we head into the year and making adjustments as your life changes, the path toward achieving your goals becomes an easier one to follow. It is important to set aside time once a year to review and or update your financial plan.

## 5 Tips for Safe Online Shopping

1. Be Choosy about where you shop
2. Be stingy with your credit card info
3. Don't click retailer email links, which includes the "unsubscribe" button
4. Don't use public Wi-Fi
5. Stay informed - sites like [ftc.gov/coronavirus](https://www.ftc.gov/coronavirus) list shopping scams and other types of online fraud

### SHOPPING SIDEKICKS

These browser add-ons act as your personal shopping assistant.

- ▶ Honey: Automatically finds coupon codes for your cart
- ▶ The Camelizer: Reveals historical pricing data
- ▶ Avast Online Security: Warns you if a page is fake or a security risk

## A Plan For The Season - A Clean Slate



### DATES TO REMEMBER

**Jan. 31:** Raymond James mails year-end retirement tax forms for 1099-R and 5498, if applicable.

#### **Group 1: Mailed by Feb. 15**

Forms mailed for accounts with holdings where issuers have finalized income reallocation or accounts holding less complex securities, such as equities.

#### **Group 2: Mailed by Feb. 28**

Forms mailed for accounts with holdings where issuers have finalized income reallocations since Group 1 was mailed (this typically includes Mutual Funds and Unit Investment Trusts (UITs)). Additionally, the first amended composite Form 1099s are mailed.

#### **Group 3: Mailed by March 15**

Forms mailed for remaining original 1099s including final real estate mortgage investment conduit (REMICs) that report on Form 1099-OID. Additionally, the second amended forms are mailed as needed.

#### **Amended 1099 Mailing**

As needed - Mailing of amended 1099s (primarily due to additional income reallocation)

### **Delays Expected for Tax Season 2020**

In an effort to control amended 1099s, we currently expect to delay the mailing of 1099s that meet the following criteria:

- 1099s for accounts which hold securities that have not 100% reallocated or could potentially have income reallocation (such as mutual funds, real estate investment trusts, unit investment trusts, exchange traded funds and holding company depository receipts and select equity securities)
- 1099s for accounts which hold Original Issue Discount (OID) bonds, including select municipal bonds
- 1099s for accounts with hold specific 45 day delay Mortgage Backed Securities which are reportable based on record date (i.e. Record on 12/31, payable on 2/15)
- Specific expected cost basis adjustments

### **THINGS TO DO**

- **Organize for tax time:** By early February, you should have tax forms in hand. Make sure to organize them, as well as any receipts if you itemize. To ensure all is in order, talk to your advisor about coordinating with your tax professional.
- **Brush up on benefits:** Research your company's open enrollment schedule and decide if you need to make changes



# A plan for all seasons

A CLEAN SLATE

## (continue) A Plan For The Season - A Clean Slate

- **Play by the IRA rules:** Pre-tax contributions to IRAs can reduce taxable income, and you have until April 15 to contribute for the current tax year. You also have the option to contribute early in the year toward the next tax year.
- **Study your health spending:** If you participate in a flexible spending account (FSA) or health savings account (HSA), review contribution levels to take full advantage, without exceeding limits, which are adjusted regularly for inflation. If you have an FSA, use available funds before your plan's use-it-or-lose-it deadline.
- **Prepare to turn 65:** This is the age you become eligible for Medicare; a 10% premium penalty applies for each year you go without Part B coverage beyond this birthday in most cases. You have seven months to enroll, starting from three months before your birth month. You can ask your advisor about healthcare planning resources.
- **Think through a work windfall:** Plan how you want to use your year-end bonus before it hits your checking account. Consider paying down high-interest debt, shoring up your emergency fund or increasing your 401(k) contribution.
- **Set savings to automatic:** If you haven't automated retirement contributions, start now. It's also a good time to reconfirm your employer match and increase your contributions to allow more time to generate tax-deferred gains.
- **Contributions:** For the 2021 tax year, individual investors can contribute up to \$6,000 to either a traditional or Roth IRA. If you're age 50 or older, you can contribute an extra \$1,000. Contributing as much as you can as early as possible allows those assets more time to potentially grow and compound. Keep in mind that contributions can still be made for 2020 before you file your tax return by April 15th.
- **Know when to take your Required Minimum Distributions:** A required minimum distribution, or RMD, is the minimum amount required to be withdrawn from retirement accounts each year. These retirement accounts include traditional IRAs, simplified employee pension (SEP) IRAs, SIMPLE IRAs, and many employer sponsored retirement plans such as 401(k) and 403(b) plans. The RMD is designed to ensure that you withdraw at least a portion of the funds in your account over your lifetime and that you pay taxes on those funds. Failure to withdraw the required minimum will result in a potentially hefty penalty. The amount not withdrawn is taxed at 50%. With the SECURE Act of 2019, anyone born on or after July 1, 1949, will have to start taking annual RMDs during the year they turn 72. Individuals born prior to July 1, 1949, have to start taking RMDs in the year they turn 70½. Generally you must take your RMD by December 31 of the year it is due. However, for the first year you are required to take a distribution, the IRS permits you to take your first RMD by as late as April 1 of the next year. Though the RMD were waived in 2020 via the CARES Act.
- **Social Security:** Cost-of-Living Adjustment (COLA) Information for 2021 Social Security and Supplemental Security Income (SSI) benefits for approximately 70 million Americans will increase 1.3 percent in 2021. The maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$142,800. The earnings limit for workers who are younger than "full" retirement age will increase to \$18,960. The earnings limit for people reaching their "full" retirement age in 2021 will increase to \$50,520. *Source: Social Security Administration*

Withdrawals from tax-deferred accounts may be subject to income taxes, and prior to age 59 1/2 a 10% federal penalty tax may apply. Investment products are: not deposits, not FDIC/ NCUA insured, not insured by any government agency, not bank guaranteed, subject to risk and may lose value. © 2020 Raymond James & Associates, Inc., member New York Stock Exchange/SIPC. © 2020 Raymond James Financial Services, Inc., member FINRA/SIPC. Raymond James financial advisors do not render legal or tax advice. Please consult a qualified professional regarding legal or tax advice.

## Upcoming Holiday Schedule

In recognition of the upcoming holiday, our office is closed:



Mon., Feb. 15th - Closed

Fri., April 2nd - Closed

## Why Contribute to a Roth IRA?

Thinking about opening or contributing to a Roth IRA? Learn more about the benefits of this type of retirement account and whether you may be eligible to contribute.

### Consider the positives

The key benefits of Roth IRAs include:

**All distributions from the account can be tax free.** Although contributions to a Roth IRA are not tax deductible, earnings grow free of taxes. When you reach age 59 1/2, if the Roth IRA has been in place for at least five years, any withdrawal from the contributions and earnings is tax free. Avoiding the tax bite at the time of withdrawal in retirement can be attractive – particularly for investors who anticipate having a higher marginal income tax rate at the time of withdrawal than they do at the time of contribution.

**No required minimum distributions.** While distributions from a traditional IRA must begin upon reaching age 72, there are no similar requirements for a Roth IRA.

**No age limit on contributions.** You can continue contributing to your IRA, Roth or traditional, as long as you have earned income.

**Withdrawals may be made without penalty for a first-time home purchase.** As with a traditional IRA, you can withdraw funds from your Roth IRA (up to a lifetime maximum of \$10,000) to make a down payment on a first-time home purchase. A first-time homebuyer is defined as someone who has not owned a home for two years prior to the purchase of the new home.

Our office can answer any questions you may have about the features and benefits of IRAs and help determine which type may be appropriate for addressing your retirement needs.



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ZK Financial is on Facebook and LinkedIn. We use these social media channels to post informational articles and to keep you up to date on the industry and events happening at our office.



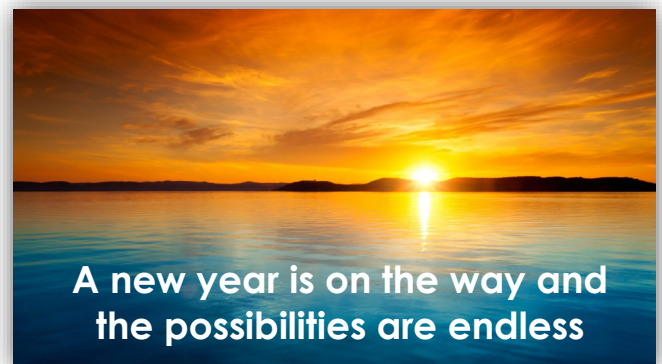
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