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Mr. Kennedy's investment philosophy is the same that he has practiced over the last decade: securities markets are efficient and advisors primarily add value by coordinating the asset allocation for clients based upon risk tolerance, objectives, and time horizons. The firm has constructed 5 models for clients that vary in risk to meet the goals of each client. The firm primarily uses passive mutual funds in each model and uses select actively managed funds for bond, commodity, and real estate exposure. ITI uses several research resources, including many that were used over the last 20 years, to assist with the recommended asset allocation and the appropriate funds to utilize in each model.

Mr. Kennedy is an Investment Advisor Representative of ITI Financial Management, LLC. Investment services are offered through ITI Financial Management, LLC, a registered investment adviser with the state of Missouri.

PERSONAL FINANCIAL REVIEW

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How Social Security

AFFECTS YOUR RETIREMENT

When contemplating retirement, you, like many other people today, may be counting on Social Security benefits to provide you with a basic level of income. The age at which you choose to retire is an important part of the equation. In addition, there are many other issues to consider when making that choice.

Let's look at the following questions: 1) How would an early retirement, for example, at age 62 vs. age 65, affect your Social Security benefits? 2) How will those benefits be taxed? and 3) Is it in your best interest to continue working to earn extra income when your Social Security benefits could be reduced, based on your earnings?

What's the Maximum?

As most people realize, Social Security provides only a *base level* of income. The maximum benefit for a person who retires in 2018 at full retirement age (65–67 depending on your year of birth) is \$2,788 per month. In comparison, the maximum benefit in 2017 was \$2,687 per month. It is important to note that the benefit for a non-working spouse is only 50% of that amount.

Should You Delay Retirement?

If you delay retirement past your **full retirement age**, your monthly benefit will increase, based on the age at which you elect to take retirement benefits. But, upon reaching age 70, the benefit increase no

longer applies, even if you continue to delay the payment of benefits.

Receiving benefits at age 62 (considered early retirement) is appealing to many people. However, if you decide to take early retirement benefits from Social Security, your monthly benefit amount will be permanently reduced by 20–30%, based on your full retirement age.

Some people continue working and earning additional money to supplement basic Social Security income. This is where you need to be careful. If you earn more than the maximum amount allowed, you may forfeit some of your benefits. If you are under full retirement age, receive Social Security benefits, and

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Protecting Your Financial Information

ONLINE

More consumers are conducting financial transactions online and may become vulnerable to tracking, hacking, identity theft, phishing scams, and other cyber-space risks. While nothing can guarantee *complete* safety on the Internet, understanding how to protect your privacy can help minimize your exposure to risk.

Here are some ways to safeguard your information:

Read privacy policies. Before conducting any financial transactions online, carefully read the privacy policies of each institution that you plan to do business with to find out how secure your financial information is. If you do not understand the legal jargon, email or call customer service to request a simplified explanation of the privacy policy.

Avoid using weak PINS and passwords. When deciding PINS, passwords, and other log-in information, avoid using your mother's maiden name, your birth date, the last four digits of your Social Security number, or your phone number. Avoid other obvious choices, like a series of consecutive numbers or your home town. Also, do not use the same PINs and passwords on multiple sites.

Look for secured web pages. Use only secure browsers when shopping online to safeguard your transactions during transmission. There are two general indicators of a secured web page. First, check that the web page url begins with "https." Most urls begin with "http;" the "s" at the end indicates



that the site password will be encrypted before being sent to a third-party server. Second, look for a "lock" icon in the window of the browser. (It will not be in the web page display area.) You can double-click on this icon to read details of the site's security policy. Be cautious about providing your financial information to websites that are unfamiliar. Larger companies and well-known websites have developed policies to protect the rights and financial information of their customers. So, resist the temptation of providing personal information to unknown companies.

Keep your operating system up-to-date. High-priority updates are critical to the security and reliability of your computer, and offer the latest protection against malicious online activities. When your computer prompts you to conduct an update, do it as soon as possible.

Update antivirus software and spyware. Keep both your antivirus and your spyware programs updated regularly.

Keep your firewall turned on.

A firewall helps protect your computer from hackers who might try to delete information, crash your computer, or steal your passwords or credit card numbers. Make sure your firewall is *always* on.

Do your homework. To learn more tips for securing your computer and protecting your private information when conducting financial transactions online, visit www.getnetwise.org, www.onguardonline.gov, or www.wiredsafety.org.

In addition, the Federal Trade Commission (FTC) works on behalf of consumers to prevent fraudulent, deceptive, and unfair practices in the marketplace. To file a complaint or to obtain more information, visit www.ftc.gov or call 1-877-FTC-HELP (1-877-382-4357).

As the Internet continues to evolve, new risks, along with additional protective measures, will be revealed. However, it is up to *you* to safeguard your financial information online through education and awareness. **20/20**

Evaluating the Costs

OF HOME OWNERSHIP

The decision to rent or buy a home is generally based on three factors: cost, investment, and personal preference. Initially, home ownership may be more expensive than renting, due to the upfront costs associated with buying a home, such as closing costs and a down payment. But in the long run, homeowners may build equity and save on taxes.

Many homeowners qualify for tax savings by deducting mortgage interest and property taxes, which may represent considerable savings in regions where property taxes are high. On the other hand, renters miss out on these tax savings, but generally don't pay for emergency repairs or general maintenance, which can be expensive for today's homeowner. Renting also offers more flexibility for those who anticipate relocating for work or other reasons.

Here are some calculations that may help you decide whether to buy or rent a home:

1. Investigate the purchase price and financing terms for the type of house or condominium you would like to purchase in your target location. Be sure to include the down payment, closing costs, and any points.
2. Estimate your gross monthly costs as a homeowner, including utilities, maintenance, and repairs. If you are considering buying a condominium or townhouse, also factor in any applicable association fees.
3. Calculate your net monthly outlay. This figure is computed by taking into consideration any tax savings you may receive by deducting mortgage interest and property taxes.
4. Project what the proceeds would be after selling the property in five, 10, or 20 years.
5. Calculate your total rent for the same period.
6. Finally, compare the two sets of figures. What would your



financial results be if you saved the money you would spend on a down payment, closing costs, and points (assuming a reasonable growth rate)? What is the difference between your rent and the “net outlay” as a homeowner?

In addition, you may also need to determine all of the other non-financial advantages that home or condominium ownership provides. Analyzing your short- and long-term goals can help you decide whether renting or owning best suits your lifestyle and your financial situation. **20/20**

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HOW SOCIAL SECURITY AFFECTS YOUR RETIREMENT

earn additional income, your benefits will be reduced by \$1 for each \$2 you earn over \$17,040 in 2018. During the year in which you attain full retirement age, your benefits will be reduced by \$1 for every \$3 earned over \$45,360 in 2018. Upon attainment of full retirement age, there is no earnings limit, and Social Security benefits will not be reduced.

Full Retirement Age: It's Changing

For a long time, the retirement age has been 65. Due to longer life expectancies, that age will increase in gradual steps until it reaches age 67. This change began in the year 2000 and affects people born in 1938 and later. Age 62 still remains the earliest you may begin to receive Social Security retirement benefits.

For Your Information

Note that as of April 2011, the SSA stopped mailing out annual estimated benefit statements to workers under age 60 and retirees already receiving benefits as a fiscal restraint measure. To receive an estimate of your projected payments, you can go to the SSA's website at www.ssa.gov. **20/20**

Who Needs

DISABILITY INCOME INSURANCE?

I'm all set. I'll be fine. I've got plenty of insurance already.

Have you thought the same about insurance or made these statements before? Maybe you do have an appropriate amount of coverage, but do you have plans to protect your income stream in the future? Although many people understand that an unexpected accident or illness could affect their ability to earn income, they are unprepared for a sudden, permanent disability that could decimate a lifetime of savings and cut off income altogether.

Typically, permanent disability involves sustaining an illness or injury that results in an inability to perform certain work and daily activities for the foreseeable future. While some professions and occupations may be a higher risk than others, all workers who depend on their income may want to consider purchasing protection in the event of an accident or illness.

Consider the benefits of disability income protection under the following scenarios:

Jobs requiring specialized abilities. Replacing income without **disability income insurance** can be especially challenging; comparable pay and work conditions may be difficult to restore. Years of vocational training, professional experience, and education are invaluable but may be rendered useless if a disability occurs. Occupations that require physical labor are particularly vulnerable to physical disabilities;

however, physical impairments are just *one* type of disability. Workers from all professions are equally vulnerable if an *emotional* or *mental* disability affects their usual functioning.

One- and two-income families.

Parents, in-laws, siblings, or friends may not be able to offer immediate emergency financial help or ongoing support if you should become disabled. One-income households are particularly vulnerable to the permanent or temporary loss of that income. A family situation in which each partner or spouse covers between 30% to 70% of financial need may also be greatly impacted by the loss of one income.

Small businesses. Partnerships and corporations (i.e., business enterprises run by two or more owners) are particularly vulnerable to the effects of a disability. If a disability curtails the involvement of one owner, the other owner must either “carry” the co-owner or close the business. In addition to earnings lost, the disabled business owner may miss certain planning opportunities, such as preparing for retirement.

High stress, service, and production-oriented occupations. Long hours, deadlines, quotas, and the heightened pace of modern living place a tremendous burden on both mind and body. While a healthy



diet, physical exercise, meditation, and relaxation are popular stress inhibitors that may extend our life expectancies, even health-conscious workers face the possibility of sustaining a disabling accident or illness.

Group and individual disability income insurance policies cover most individual concerns and family or business situations. Careful planning with a qualified insurance professional can help ensure that you have the proper amount of coverage for your unique circumstances. **20/20**

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