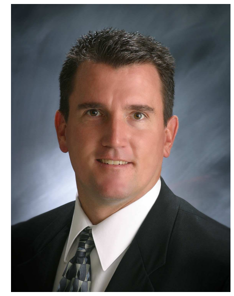
End-of-Year "To-Do" List

with Kirk Swartzbaugh



When I was younger my elders used to tell me that time goes by faster and faster each year you're alive. I have to admit they were so right. I can't believe we're already closing in on the end of another year. I've just gotten used to writing 2014 on my checks….

In any case, there tends to be many end-of-year items I've typically helped my friends/clients navigate in the Employee Benefit/401(k) world throughout the years. I thought I'd attempt to summarize and share:

Health Insurance

Many employers tend to pay a higher percentage of the Employee Only Premium. Families with two working parents may elect to have each parent covered at his/her work and find the better plan to cover the kids (i.e. Employee-Child Coverage). In many cases, I find families have simply chosen the better rate for the family, which can result in hundreds of dollars per month in extra expense to their family.

Please investigate the Out-of-Pocket Maximums associated with your Medical Insurance Policy. As a part of the Affordable Care Act, Co-Pays are now included in that figure, which was supposed to be a good thing. The unfortunate consequence is that the carriers simply raised those maximums. If you can't absorb that figure, you might want to consider enrolling in a worksite product to help provide the liquidity (ex. Accident, Hospital Indemnity, Critical Illness, etc.).

Long-Term Disability Insurance

There isn't a more important asset than your ability to earn a living. I think Long-Term Disability Income Protection is a must. Therefore, make sure your employer provides it.

If possible, elect to have the premiums added to your W2 or added as an in/out on your paycheck so the benefits will be received tax-free. Believe me, there is a huge difference between a tax-free and a taxable benefit. It is hard enough living off 60% of your income (typical benefit). If that benefit is taxed, the average worker will net approximately 40-43% of their income, which would likely be impossible for most to make ends meet.

401(k)

I'm a fan of maximizing the amount one contributes to their 401(k). At a minimum, you should try to defer the amount you need to maximize the matching contribution from your employer (for example, many need to defer 6% of their income to have their employer contribute another 3%). That match is free money that will help you prepare for retirement. I'm still kicking myself for not contributing my first year of employment. As people become accustomed to deferring, I like to eventually have my friends/clients get to the maximum annual contribution limit ($17,500 for anyone below age 50 and $23,000 for anyone over 50).

Many people don't like to look at their accounts on a daily basis because the volatility of the stock market causes them un-needed stress. The unfortunate by-product from the non-looking strategy is that many investors' accounts can get really out of whack. Thus, I recommend periodic rebalancing to help mitigate the risk of an investment portfolio from getting out of whack. Assuming new monies are being deferred, an annual rebalancing should be sufficient.

I hope this helps you get the most out of your benefit package in 2014 and beyond!

For more information, please contact your trusted advisor at Swartzbaugh-Farber – 'Client Centered – Client Advocates™'.