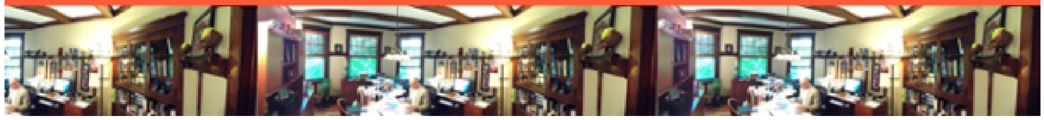
Total Benefit Services

Employee Benefits - Insurance - Investments



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Thank you for taking an interest in the services provided by Total Benefit Services. We have been providing Benefits (Health, Life, Disability, Dental, Vision, Long Term Care, Medicare and Retirement Planning) for individuals as well as small and mid-sized business since 1980.

At Total Benefit Services, we work with a wide variety of insurance plans tailored to each client. We evaluate the needs of our client, the demographics, the risk tolerance, and financial affordability of various products. Prior to making a recommendation, we analyze which insurance carriers and plan designs are best suited for our clients. Once your plan has been implemented, our staff at TBS is here to assist with claims, administration, renewals, and any concerns you may have. We pride ourselves on providing concise, accurate and expedient service.

We look forward to providing you additional information and to servicing your benefits needs.

June 2015

Reviewing Your Finances Mid-Year

You made it through tax season and now you're looking forward to your summer vacation. But before you go, take some time to review your finances. Mid-year is an ideal time to do so, because the demands on your time may be fewer, and the planning opportunities greater, than if you wait until the end of the year.

Think about your priorities

What are your priorities? Here are some questions that may help you identify the financial issues you want to address within the next few months.

- Are any life-changing events coming up soon, such as marriage, the birth of a child, retirement, or a career change?
- Will your income or expenses substantially increase or decrease this year?
- Have you managed to save as much as you expected this year?
- Are you comfortable with the amount of debt that you have?
- Are you concerned about the performance of your investment portfolio?
- Do you have any other specific needs or concerns that you would like to address?

Take another look at your taxes

Completing a mid-year estimate of your tax liability may reveal tax planning opportunities. You can use last year's tax return as a basis, then make any anticipated adjustments to your income and deductions for this year.

You'll want to check your withholding, especially if you owed taxes when you filed your most recent income tax return or you received a large refund. Doing that now, rather than waiting until the end of the year, may help you avoid a big tax bill or having too much of your money tied up with Uncle Sam. If necessary, adjust the amount of federal or state income tax withheld from your paycheck by filing a new Form W-4 with your employer.

To help avoid missed tax-saving opportunities for the year, one basic thing you can do right now is to set up a system for saving receipts and other tax-related documents. This can be as simple as dedicating a folder in your file cabinet to this year's tax return so that you can keep track of important paperwork.

Reconsider your retirement plan

If you're working and you received a pay increase this year, don't overlook the opportunity to increase your retirement plan contributions by asking your employer to set aside a higher percentage of your salary. In 2015, you may be able to contribute up to $18,000 to your workplace retirement plan ($24,000 if you're age 50 or older).

If you're already retired, take another look at your retirement income needs and whether your current investments and distribution strategy will continue to provide enough income.

Review your investments

Have you recently reviewed your portfolio to make sure that your asset allocation is still in line with your financial goals, time horizon, and tolerance for risk? Though it's common to rebalance a portfolio at the end of the year, you may need to rebalance more frequently if the market is volatile.

Note: *Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.*

Identify your insurance needs

Do you know exactly how much life and disability insurance coverage you have? Are you familiar with the terms of your homeowners, renters, and auto insurance policies? If not, it's time to add your insurance policies to your summer reading list. Insurance needs frequently change, and it's possible that your coverage hasn't kept pace with your income or family circumstances.

As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. In addition, if a policy is surrendered prematurely, there may be surrender charges and income tax implications.

Any guarantees associated with payment of death benefits, income options, or rates of return are based on the claims-paying ability and financial strength of the insurer.

TOTAL BENEFIT SERVICES

Should Life Insurance Be Part of Your Retirement Plan?

Most of us think of life insurance as protection against financial loss should we die prematurely. But if and when we reach retirement and the kids are all self-sufficient, do we still need life insurance? The answer is maybe--or maybe not. Here are some situations where life insurance may make sense for retirees, or those close to retirement.

Benefits at death

Provide for a dependent family member

Sometimes, even in retirement, there are family members who'll depend on you for financial and/or custodial support. Should you die unexpectedly, life insurance may help provide funds needed to support dependent family members who are physically or mentally challenged.

Income replacement for surviving spouse

Generally, Social Security retirement benefits are paid to both spouses, either based on their individual work records or on the work record of one spouse, with spousal benefits available for the other spouse. At the death of a spouse, his or her benefits end, reducing the total benefits available to the surviving spouse. Life insurance can be used to replace the loss of income for the surviving spouse.

Pay off debt

While past generations often retired with little or no debt, it is not uncommon for today's retirees to leave the workforce while still carrying a mortgage, car loan, and credit-card debt. Life insurance can provide the cash to pay off these debts, which is especially beneficial for a surviving spouse.

Provide a legacy

For many approaching retirement, as well as for those already there, a primary concern is having enough savings to provide income needed to live comfortably. While conserving savings and keeping track of spending in retirement are important, all too often retirees will forgo spending on themselves in order to fulfill a desire to leave a legacy. The death proceeds from a life insurance policy can provide a legacy for surviving family members, while allowing retirees to spend a little more on themselves, with the knowledge that they'll be leaving something for their loved ones.

Final expenses

Unfortunately, the expense of dying is often overlooked or underestimated. Uninsured medical bills, funeral costs, debts, and estate administration costs can add up. Typically, these expenses are paid in a lump sum, which can reduce savings for surviving spouses and dependent family members. Proceeds from life insurance can be used to help pay for these final expenses, which may help preserve savings for other needs.

Living benefits

Source of retirement income

While life insurance is designed to protect against unexpected economic loss, cash-value life insurance also may provide a source of income during retirement. Earnings in life insurance accumulate tax deferred, and in some instances cash-value distributions can be income-tax free. However, loans used to access cash values from a life insurance policy will reduce the policy's cash value and death benefit, could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.

Income you can't outlive

Your financial circumstances may change during retirement, and the need for the policy's death benefit may not be as important as the need for a steady income. One option that may be available is to exchange a portion or all of your policy's cash value for an immediate annuity that can provide a fixed income for the rest of your life, and for the life of your spouse if you choose. If the policy is not a modified endowment contract and there are no outstanding policy loans, the exchange to an annuity should be income-tax free. But exchanging your cash value for an annuity will likely decrease or eliminate the policy's death benefit. And these exchanges work only one way--you can't exchange an annuity for a life insurance policy.

Long-term care benefits

Some cash-value life insurance policies provide multiple sources of protection. Along with the death benefit and potential cash value, these policies may also provide a long-term care benefit. Often, these policies allow for a portion or all of the death benefit to be "accelerated" if used for the payment of qualifying medical and long-term care expenses.

Life insurance provides protection for your family's financial future should you die during your working years. However, life insurance may provide other benefits that can be useful during your retirement. Whether life insurance should be part of your retirement plan is best determined based on your individual circumstances and goals. You may want to talk with an insurance or financial professional before making this decision.

Millennials vs. Boomers: How Wide Is the Gap?

Can you tell the difference between the attitudes of baby boomers and millennials when it comes to finances? Take this quiz and see.

Texting versus email (or even snail mail). Angry Birds versus Monopoly. "The Theory of Everything" versus "The Sound of Music." "Dancing with the Stars" versus "American Bandstand."

It's no secret that there are a lot of differences between baby boomers, born between 1946-1964, and millennials, who were generally born after 1980 (though there is disagreement over the precise time frame for millennials). But when it comes to finances, there may not be as much difference in some areas as you might expect. See if you can guess which generation is more likely to have made the following statements.

Boomer or millennial?

1) I have enough money to lead the life I want, or believe I will in the future.

2) My high school degree has increased my potential earning power.

3) I rely on my checking account to pay for my day-to-day purchases.

4) I consider myself a conservative investor.

5) Generally speaking, most people can be trusted.

6) I'm worried that I won't be able to pay off the debts that I owe.

The answers

1) Millennials. According to a 2014 survey by the Pew Research Center, millennials were more optimistic about their finances than any other generational cohort, including baby boomers. Roughly 85% of millennials said they either currently had enough to meet their financial needs or expected to be able to live the lives they want in the future; that's substantially higher than the 60% of boomers who said the same thing. Although a higher percentage of boomers--45%--said they currently have enough to meet their needs, only 32% of millennials felt they had enough money right now, though another 53% were hopeful about their financial futures. Source: "Millennials in Adulthood," Pew Research Center, 2014

2) Boomers. The ability of a high school education to provide an income has dropped since the boomers' last senior prom, while a college education has never been more valuable. In 1979, the typical high school graduate's earnings were 77% of a college graduate's; in 2013, millennials with a high school diploma earned only 62% of what a college graduate did. And 22% of millennials with only a high school degree were living in poverty in 2013; back in 1979, the figure for boomers at that age was 7%. Source: "The Rising Cost of Not Going to College," Pew Research Center, 2014

3) Boomers. Not surprisingly, millennials are far more likely than boomers to use alternative payment methods for day-to-day expenses. A study by the FINRA Investor Education Foundation found that millennials are almost twice as likely as boomers to use prepaid debit cards (31% compared to 16% of boomers). They're also more than six times as likely to use mobile payment methods such as Apple Pay or Google Wallet; 13% of milliennials reported using mobile methods, while only 2% of boomers had done so. Source: "The Financial Capability of Young Adults--A Generational View," *FINRA Foundation Financial Capability Insights,* FINRA Investor Education Foundation, 2014

4) Millennials. You might think that with thousands of baby boomers retiring every day, the boomers might be the cautious ones. But in one survey of U.S. investors, only 31% of boomers identified themselves as conservative investors. By contrast, 43% of millennials described themselves as conservative when it came to investing. The survey also found that millennials outscored boomers on whether they wanted to leave money to their children (40% vs. 25%) and in wanting to improve their understanding of investing (44% vs. 38%). Source: Accenture, "Generation D: An Emerging and Important Investor Segment," 2013

5) Boomers. Millennials may have been around the track fewer times than boomers have, but their experiences seem to have given them a more jaundiced view of human nature. In the Pew Research "Millennials in Adulthood" survey, only 19% of millennials said most people can be trusted; with boomers, that percentage was 31%. However, millennials were slightly more upbeat about the future of the country; 49% of millennials said the country's best years lie ahead, while only 44% of boomers agreed.

6) Millennials. However, the difference between the generations might not be as significant as you might think. In the FINRA Foundation financial capability study, 55% of millennials with student loans said they were concerned about being able to pay off their debt. That's not much higher than the 50% of boomers who were worried about debt repayment.

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How important are dividends in the S&P 500's total returns?

In a word, very. Dividend income has represented roughly one-third of the total return on the Standard & Poor's 500 index since 1926.*

According to S&P, the portion of total return attributable to dividends has ranged from a high of 53% during the 1940s--in other words, more than half that decade's return resulted from dividends--to a low of 14% during the 1990s, when the development and rapid expansion of the Internet meant that investors tended to focus on growth.*

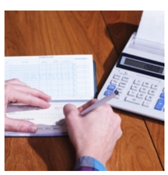
And in individual years, the contribution of dividends can be even more dramatic. In 2011, the index's 2.11% average dividend component represented 100% of its total return, since the index's value actually fell by three-hundredths of a point.** And according to S&P, the dividend component of the total return on the S&P 500 has been far more stable than price changes, which can be affected by speculation and fickle market sentiment.

Dividends also represent a growing percentage of Americans' personal incomes. That's been especially true in recent years as low interest rates have made fixed-income investments less useful as a way to help pay the bills. In 2012, dividends represented 5.64% of per capita personal income; 20 years earlier, that figure was only 3.51%.*

Note: *All investing involves risk, including the potential loss of principal, and there can be no guarantee that any investing strategy will be successful. Investing in dividends is a long-term commitment. Investors should be prepared for periods when dividend payers drag down, not boost, an equity portfolio. A company's dividend can fluctuate with earnings, which are influenced by economic, market, and political events. Dividends are typically not guaranteed and could be changed or eliminated.*

*Source: "Dividend Investing and a Look Inside the S&P Dow Jones Dividend Indices," Standard & Poor's, September 2013

**Source: www.spindices.com, "S&P 500 Annual Returns" as of 3/13/2015



Are stock dividends reliable as a source of income?

Dividends can be an important source of income. However, there are several factors you should take into consideration if you'll be relying on them to help pay the bills.

An increasing dividend is generally regarded as a sign of a company's health and stability, and most corporate boards are reluctant to cut them. However, dividends on common stock are by no means guaranteed; the board can decide to reduce or eliminate dividend payments. Investing in dividend-paying stocks isn't as simple as just picking the highest yield; consider whether the company's cash flow can sustain its dividend, and whether a high yield is simply a function of a drop in a stock's share price. (Because a stock's dividend yield is calculated by dividing the annual dividend by the current market price per share, a lower share value typically means a higher yield, assuming the dividend itself remains the same.)

Also, dividends aren't all alike. Dividends on preferred stock typically offer a fixed rate of return, and holders of preferred stock must be paid their promised dividend before holders of common stock are entitled to receive theirs. However, because their dividends are predetermined, preferred stocks typically behave somewhat like fixed-income investments. For example, their market value is more likely to be affected by changing interest rates, and most preferred stocks have a provision allowing the company to call in its preferred shares at a set time or at a specified future date. If you have to surrender your preferred stock, you might have difficulty finding an equivalent income stream.

Finally, dividends from certain types of investments aren't eligible for the special tax treatment generally available for qualified dividends, and a portion may be taxed as ordinary income.

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