

# NORTHWEST ASSET MANAGEMENT

*Chuck Jones* & Associates, Inc.

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## NEWS FROM CHUCK JONES & ASSOCIATES, INC.

### SPECIAL HOLIDAY EDITION

Two great quotes by Ronald Reagan:

**“If we ever forget that we are One Nation Under God, then we will be a nation gone under.”**

and

**“Government is like a baby, an alimentary canal with a big appetite at one end and no sense of responsibility at the other.”**

**ESTATE PLANNING COUNCIL MEETINGS:** As a member of the Estate Planning Council of Portland, I attend several informative meetings each year and we thought you might appreciate hearing about a few of the recent topics:

**LONG TERM CARE INSURANCE:** An attorney from Boston, gave a presentation on why EVERYONE should have LTC insurance even if they have some wealth. The reason? If the insurance is there, the heirs don't hesitate to agree to put Mom or Dad in assisted living. If there is no insurance, there is frequently a hesitancy by the heir(s) to spend the money for LTC because in actuality, they would be spending “their” inheritance. But, with the insurance in place, that is money they wouldn't get in any circumstance. We arrange for clients to receive quotes for LTC insurance and if one is under age 75 there are some great new ways to cover those potential costs. Give us a call if you would like additional information.

**ELDER ABUSE:** Just a few weeks ago an attorney from California spoke about elder abuse. He says that it is one of the most gruesome and prevalent crimes against elder citizens we have in this country today. And, guess who the perpetrators are usually – members of their own family or the trusted person who holds the ‘durable power of attorney’. This is an area we all must keep a watch for and suggest using a ‘professional custodian’ that is licensed and bonded.

**CHUCK & ANDREW SPEAK TO OREGON SOCIETY OF CPA's (OSCPA):** Last month I was invited to speak before the OSCPAs Annual Retirement Planning seminar. The topic was to be “the latest technology in retirement planning” (seemed strange to me that after 50 years in the business of financial planning, I was being asked to speak on the technology aspect of our business). Nevertheless, with Andrew's extensive tech experience, we were able to enlighten a group of 60+ CPAs on the new and useful tools in retirement and financial planning. The central theme was around our

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new MAP (My Access Portal) that we not only use for our retirement modeling but offer each client as a location to securely store all their financial data.

**YOUR IRA:** Robert Keebler, CPA wrote an interesting article printed in this month's Bottom Line Personal entitled "Save your Savings." In this article he has some useful tips, some of which I will mention briefly:

1. Take your RMD (required minimum distribution after age 70.5) late in the year to take advantage of the tax deferral as long as you can. How much is your RMD? The Financial Industry Regulatory Authority (FINRA) offers a calculator on their website that can help you determine the amount you must withdraw each year. Go to [apps.finra.org/Calcs/1/RMD](http://apps.finra.org/Calcs/1/RMD) to find it. It is easy to use and also tells you the percentage needed to maintain your account balance following your withdrawal, (your required return for next year must match the **Required Rate of Return** of \_\_\_\_%).
2. If you have several retirement accounts made up of a 401k, inherited IRA, regular IRA, Keogh you must take the RMD from each account. If you have more than one IRA you may take the total RMD from one IRA.
3. For the 2013 tax year consider making a charitable contribution to satisfy withdrawal requirements. If you wish to do this make sure the amount is directly to a qualified charity. Such a withdrawal will not trigger income tax or affect the taxability of your social security – the max charitable distribution is \$100,000. NOTE – this option is set to expire after the 2013 tax year.
4. If you are in a low tax bracket consider taking more than you must take from your IRA or 401k: I feel certain tax rates will do nothing but increase in the future. REMEMBER THE \$17 TRILLION DEFICIT AND THE FACT THAT IN ORDER TO PAY OFF THAT DEBT YOU WOULD HAVE TO PAY \$86,400 PER DAY AND IT WOULD TAKE OVER 31,000 YEARS.
5. Consider a Roth rollover to reduce or eliminate future withdrawal requirements. Yes, the amount you withdraw currently is taxed at the regular income bracket. This works best if you are in a low tax bracket, but all **future growth and withdraws will be tax free.**

**HOW MUCH DO YOU NEED TO HAVE FOR FINANCIAL INDEPENDENCE?** As most of you already know we help people every day determine the answer to this question. We use very up to date technology to assist us in finding the answer. As the client considers growing older they frequently feel they will not need more than they do today. BUT, many miss planning for large unexpected expenses. The obvious ones are for new cars, replacing the roof and yes for the medical bills which will not be covered by the Affordable Care Act (ACA a.k.a. Obamacare). But, have you considered the unexpected? For example: a parent or child gets into trouble and needs many dollars for bail and or fines – can't happen to you? Don't count on it. And, another thing not covered by health insurance is dental work. I have asked a couple of dentists how much should be planned for and it looks like the minimum you should have put aside for major dental work is \$15,000 but \$30,000 would be better.

**TAKING ADVANTAGE OF THE LOW INTEREST RATES TO REFINANCE YOUR HOME?** Here is a way to cut the cost of title insurance by 50%. According to AARP (and even though AARP can't be trusted on many things) – this one seems ok if you ask the title company about a "reissue rate" on title insurance, it may lower your cost. May also work when buying a home from someone who has lived in the home for less than 10 years.

**YOUR CREDIT/DEBIT CARDS MAY NOT BE SAFE!**

**This is scary! Be sure to watch the entire clip (~6 min.). It has to do with the newer credit AND debit cards. If you don't have one now, you may in the future -- that is where it's headed. It's the RFID (radio frequency) technology and if your card has a chip or a Wi Fi symbol, you are at risk. The end of the tape shows how to protect it though. Good to know!**

<http://youtube.googleapis.com/v/ILAFhTjsQHw%26sns=em>

Below is a portion of an article on the American Association of Long Term Care Insurance web site:

**“LONG TERM CARE TAX PREMIUM DEDUCTION:**

Don't forget to let your tax preparer know the amount of your PREMIUMS. They are considered a medical expense and medical expenses that exceed 7.5% of your Adjusted Gross Income are deductible against your Federal Tax. And the older you are the more you get to count. For example: if you are over 51 the 2013 deduction is \$1360, over 61 \$3640 and over 70 \$4550. And the deductions go up for 2014 to \$1440, \$3720 and \$4660. NOTE: Those amounts are for the Federal tax only, each state handles this differently –see Oregon below:

**OREGON**

Credit equal to the lesser of 15% of premiums paid during the tax year or \$500 for LTC insurance coverage for individual, dependent or parents. For employers, a credit of \$500 is allowed for each employee covered by an employer-sponsored policy.

**WASHINGTON**

No tax benefits presently”

To see all of information about this subject go to the American Association of Long Term Care Insurance web site at [www.aaltci.org](http://www.aaltci.org)

**WHAT DO WE DO?** Frequently we are asked this question and we have trouble keeping the answer short so we decided to make a list of SOME of what we do for clients. Yes, we do financial planning and manage individual's assets but it goes far beyond that. Rather than explain all of it, below you will find a listing we have assembled. If you have any questions, please let us know.

**Does your Investment Advisor include the following services as a part of your portfolio management package?**

Comprehensive advice in all areas of personal finance and coaching on select practice management topics including:

- Retirement and Life Planning
- Estate Planning and Wealth Transfer
- Charitable Gifting Strategies
- Tax Planning and Reduction Strategies
- Risk Management Consulting (including Life, Long-Term Care, Disability, and Property & Casualty)
- Automobile, RV & Other Major Purchases
- Home/Condo/Timeshare Purchase, Sale or Refi
- Business Planning and Practice Development
- Negotiating Purchase/Sale of Property or Business
- Employee Retention Programs
- Referral Network of Experts for Specialized Needs (Attorneys, CPAs, CFAs, Insurance Specialists, Bankers, Business Brokers, etc.)
- Business Marketing plan review and development
- All Stages of Marital Financial Counseling and Planning

As a CERTIFIED FINANCIAL PLANNER™, I understand your needs. Put my 55 years of finance and investment experience to work for you. Call today for a no-cost, no-obligation consultation.

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- |                       |                                 |
|-----------------------|---------------------------------|
| ◆ Financial Planning  | ◆ Tax Planning                  |
| ◆ Retirement Planning | ◆ Education Planning            |
| ◆ Investment Planning | ◆ Risk Management               |
| ◆ Estate Planning     | ◆ Charitable Gifting Strategies |
| ◆ Premarital Planning | ◆ Divorce Planning              |

**COACHING CLIENTS IN LIFE PLANNING TECHNIQUES SINCE 1980**

Life planning is the process of (1) helping people focus on the true values and motivations in their lives, (2) determining the goals and objectives they have as they see their lives develop, and (3) using these values, motivations, goals and objectives to guide the planning process and provide a framework for making choices and decisions in life that have financial and non-financial implications or consequences.

As a Financial Planner, I accomplish this through analysis, education, recommendation, and management of life's assets. Financial Planners concentrate on building wealth, while Life Planners emphasize helping clients find ways to use their wealth effectively to get more out of life.

Put my 55 years of finance and investment experience to work for you to see how we can strategize to make your financial dreams come true. Call today for a no-cost, no-obligation consultation.

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## PRE-MARITAL FINANCIAL COUNSELING:

Some time ago it came to my attention that there were 30% fewer divorces in couples who had had pre-marital FINANCIAL counseling. Yes, *any* pre-marital counseling is very valuable however that frequently does not cover all those financial matters that couples deal with. Also regretfully, over my 33+ years of financial counseling, I have seen that the most frequent and maybe the largest problem couples have is over financial matters. And, as we all know, there is not much in life that doesn't involve finance.

Take for example purchasing a pet. Both are dog (or cat) lovers and can't wait to get their first – together. Do they go to their local pet shelter or does one insist on a pure bred dog with a pedigree, the cost is much different. How is the animal taken care of when they go on trips: pet sitter/boarding costs now run \$50/day+. What about the pet's health care and maintenance? We recently had one client spend \$14,000 to nurse a pet through end-stage kidney failure – can they afford that, are they both the types that will give up some other financial need(s) for the sake of the pet. And there are numerous other financial decisions that come along where it may help to know how the other spouse or partner feels or makes decisions.

Therefore, we are offering this service and to encourage couples to take advantage of this service we are giving a certificate for a 1.5 hour free session. (PLEASE NOTE: the copy of the certificate is attached to this newsletter). If you know of a couple who might benefit from this service give us their names and we will send them a certificate.



Oh, by the way, we are now in a position to accept new clients so if you know of anyone who could benefit from our services please give us their name and we will personally follow up.

Have a festive holiday season and looking forward to a prosperous New Year,

The team at Chuck Jones & Associates, Inc.

Chuck, Andrew, Kim and Jenna