

2020 WHAT ACCOUNTS SHOULD I CONSIDER IF I WANT TO SAVE MORE?

FOUNDATIONAL SAVINGS	YES	NO	RETIREMENT SAVINGS	YES	NO
<p>Do you need to save more in your Emergency Fund?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » If you are married and both you and your spouse are employed, you may want to set aside three months of living expenses in case of an emergency. » If you are single or the sole income earner, you may want to set aside six months of living expenses in case of an emergency. » If you are a high-income earner or entrepreneur, you may want to set aside as much as 18 months of living expenses to take advantage of job mobility and business opportunities. 	<input type="checkbox"/>	<input type="checkbox"/>	<p>Do you have a retirement plan offered through your employer?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » Make sure you get any match offered by the employer. » You can contribute up to \$19,500 annually (\$26,000 if age 50 or over). » If you have made the maximum salary deferral contribution and want to contribute more, consider if a Mega Backdoor Roth Contribution is applicable. Reference “Can I Make A Mega Backdoor Roth IRA Contribution?” flowchart. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you disappointed with the rate of return you are getting at your bank?</p> <p>If so, consider the benefits and risks associated with high-yield saving/checking accounts, CDs, and other conservative investments.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Do you expect your income to increase in the future?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » Contribute to a Roth 401(k) and pay taxes now at the lower rates. » Contribute up to \$6,000 (\$7,000 if age 50 or over) to a Roth IRA. Eligibility is phased out between \$124,000-\$139,000 MAGI (single) and \$196,000-\$206,000 MAGI (MFJ). See “Can I Contribute To My Roth IRA?” flowchart. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>HEALTHCARE SAVINGS</p>	YES	NO			
<p>Do you have a Flexible Savings Account (FSA)?</p> <p>If so, consider making a tax-deductible contribution of \$2,750, which can be used on medical, dental, and vision care. Be sure to spend the funds by the end of the year or you will lose any remaining funds.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>Is your MAGI greater than \$139,000 (\$206,000 if MFJ) and you have maxed out your 401(k) salary deferrals but want to save more?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » A Backdoor Roth IRA contribution could allow you to save an extra \$6,000 (\$7,000 if age 50 or over). Reference “Can I Make a Backdoor Roth IRA Contribution?” flowchart. » If your employer’s plan allows after-tax contributions, you may be able to make a Mega Backdoor Roth IRA contribution. See “Can I Make A Mega Backdoor Roth IRA Contribution?” flowchart. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you have a Health Savings Account (HSA)?</p> <p>If so, consider contributing up to \$3,550 (\$7,100 for a family) and an additional \$1,000 if you are age 55 or over. The HSA is the most tax-preferred vehicle available. See “Can I Make A Deductible Contribution To My HSA?” flowchart for details.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<p>EMPLOYER-PROVIDED BENEFITS & BUSINESS OWNER SAVINGS</p>	YES	NO
			<p>Does your employer offer an ESPP?</p> <p>If so, consider participating and review your selling strategy in advance.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Continues Over Page

2020 WHAT ACCOUNTS SHOULD I CONSIDER IF I WANT TO SAVE MORE? CONTINUED

EMPLOYER-PROVIDED BENEFITS & BUSINESS OWNER SAVINGS	YES	NO
<p>Are you a business owner?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » You can contribute up to \$57,000 (\$63,500 if age 50 or over) in a 401(k), including your employer and employee contributions. See “Should I Set Up A Traditional 401(k) For My Business?” flowchart. » You can save more than the 401(k) amounts by opening and contributing to a Pension Plan. Contribution amounts will vary depending on several factors, such as the ages of the employees. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you a business owner and do you have minor children?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » Consider offering your children paid positions within the business to allow them to save in their name (and to be taxed at their income bracket). A Roth IRA may be an appealing account to fund. » Single Owner LLCs, Sole Proprietorships and Partnerships where the only owners are the parents don't have to pay FICA taxes on the earnings of a minor child. 	<input type="checkbox"/>	<input type="checkbox"/>
ACCOUNTS TO HELP FUTURE GENERATIONS	YES	NO
<p>Are you or your dependents planning to attend college?</p> <p>If so, consider using a 529 plan to save for college:</p> <ul style="list-style-type: none"> » You can use your annual exclusion amount to contribute up to \$15,000 per year to a beneficiary's 529 account, gift tax-free. » Alternatively, you can make a lump sum contribution of up to \$75,000 to a beneficiary's 529 account, and elect to treat it as if it were made evenly over a 5-year period, gift tax-free. » You may be eligible for a state income tax deduction or credit if you contribute to a plan sponsored by your state. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you interested in funding future generations?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » UTMA/UGMA accounts could be used to save on behalf of minor children (or grandchildren). Be mindful of Kiddie Tax Rules. » Dynasty trusts could be used to provide funds for many future generations. Each state has specific rules regarding the vesting of interests and maximum duration of trusts. 	<input type="checkbox"/>	<input type="checkbox"/>

TAX-DEFERRED INSURANCE OPTIONS	YES	NO
<p>Do you have (or would you consider) an annuity?</p> <p>If so, consider the following:</p> <ul style="list-style-type: none"> » If you have maxed out your savings in tax-deferred accounts, this option may be attractive as it provides tax deferral on the gains. » Depending on the contract, some annuities offer very few guarantees resulting in low-cost options. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you need to increase your life insurance coverage?</p> <p>If so, consider the benefits of buying a cash value life insurance policy, which can provide both life insurance and tax deferral on the gains.</p>	<input type="checkbox"/>	<input type="checkbox"/>
OTHER ACCOUNTS	YES	NO
<p>Are you looking to invest in the markets and are not overly concerned about saving (or able to save) in tax-deferred accounts?</p> <p>If so, consider a taxable brokerage account:</p> <ul style="list-style-type: none"> » Long-term gains are taxed at preferential rates upon the sale (no tax at distribution from the account). Qualified dividends are also taxed at preferential rates. » Some investments (tax-managed funds, zero-dividend stock funds, municipal bond funds, ETFs) can further mitigate any tax liability. 	<input type="checkbox"/>	<input type="checkbox"/>
<p>Are you charitably inclined?</p> <p>If so, consider utilizing a Donor Advised Fund.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p>Do you have any debts (especially credit card debt)?</p> <p>If so, consider paying down high-interest debt instead of saving more.</p>	<input type="checkbox"/>	<input type="checkbox"/>

Blankinship & Foster

420 Stevens Avenue
Suite 250
Solana Beach, CA 92075

Phone: 858-755-5166
Fax: 858-755-5358
Email: info@bfadvisors.com

www.bfadvisors.com

CLARITY. CONFIDENCE. DIRECTION.