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To Roth or Not to Roth?

By Chris Nadler

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A Roth IRA is a type of account you can use when funding your retirement savings. It has distinct advantages over other types, and can be especially beneficial in the early years of saving for your future.

What is a Roth IRA?

The Roth IRA is a tax-free retirement vehicle. You fund this type of account with after-tax dollars. Once you reach retirement, or the minimum age of 59.5, funds can be withdrawn tax-free.

Reasons to Consider Funding a Roth IRA:

1. Roth IRAs are a good compliment for someone who also has pre-tax assets or a pension plan. Those funds will be subject to income tax upon distribution and the Roth IRA will not.
2. If you expect that your tax bracket in retirement will be greater than it currently is, paying tax on that money now at a lower rate saves you money in the long run.
3. If you believe tax rates in general will be higher in the future than they are today, it may be beneficial to pay tax now to avoid paying at a higher rate in the future. And you'll only be paying taxes on the contribution amount not the growth of the funds.

Things to Think About:

There are maximum annual contribution amounts as well as income limitations that could limit your ability to fund a Roth.

2022 Contribution Limits	Under age 50	Age 50 and above
Roth IRAs	$6,000	$7,000

Tax Filing Status	Single	Married Filing Jointly
Income Phase-Out Limits	$126,000–$144,000	$204,000–$214,000

We understand that the future is uncertain. However, we base our recommendations on what we know today and try to plan for the future accordingly. As life, jobs, or tax situations change, we are here to help you take the next appropriate step in reaching your financial goals.

If you would like to discuss more about Roth IRAs or how they may benefit your retirement plan, let's talk. Enjoy the wonderful Spring season ahead!

The Sandwich Generation

By Tammy Higgins

I recently had a birthday! Fun as it is to turn another year older, studies show that most days, my generation (Gen X, born from 1965–1980) feels extremely burnt out. We are stressed about our work/life balance, as well as our personal finances. Why?

GenX is SANDWICHED! The pressure of our day-to-day lives and careers is squished between raising our own kids and taking care of our aging parents. The average caregiver today is a 49-year-old working woman. Constantly running errands, caring for others, and remembering all the details can leave us mentally and physically exhausted.

Being sandwiched between care-giving roles simultaneously could mean needing to change jobs (or taking a lower-paying job) to have enough flexibility to juggle everything. We may focus less on saving, or even need to take on more debt when there isn't enough to go around.

Speaking of debt, GenX tends to carry a lot: mortgages, credit cards, student loans. We worry

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In This Issue:

First Quarter Market Recap

By Ryan Gilmer

During the first quarter, almost all investments went down in value (index returns listed at the bottom of the article). Whether it was large companies or small, American or international, this year has started off negatively for investors. However, not all investments have performed equally. This chart shows returns for each of the 11 sectors in the S&P 500 and for US bonds:

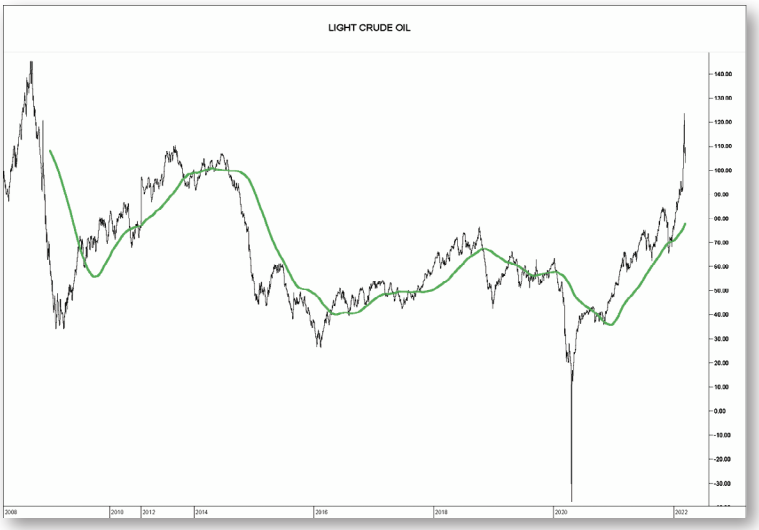
Economic Sector	Ticker Symbol	Q1 Returns
Energy	XLE	39.00%
Utilities	XLU	4.71%
Consumer Staples	XLP	-1.14%
Financial Services	XLF	-1.49%
Industrials	XLI	-2.35%
Basic Materials	XLB	-2.35%
Healthcare	XLV	-2.46%
US Bonds	AGG	-5.85%
Real Estate	XLRE	-6.20%
Technology	XLK	-8.42%
Consumer Discretionary	XLY	-9.37%
Communication Services	XLC	-11.23%

Source: Morningstar

Here are two key takeaways from this data:

1. While bonds have struggled, they have still outperformed 9 of the 11 sectors in the S&P 500 (and stocks as a whole!). This is a good reminder that bad periods for bonds are almost always less painful than they are for stocks.
2. The energy sector has been a clear outperformer recently, detaching itself from the rest of the market because of these companies' unique economic circumstances.

Speaking of energy, let's take a look at the price of crude oil over the past 15 years:



In less than two years, the price of crude oil (black line) has increased ***from negative $37/barrel to roughly $100/barrel***. This is due to the receding of the coronavirus pandemic, increased demand, persistent inflation, and the war in Ukraine which has caused recent supply shocks.

The green line shows the 200-day average price. It's useful to show longer term trends, smoothing out some of the shorter-term market volatility. Much of this quarter's price movement is extreme and likely unsustainable, but the 200-day average price shows that the longer-term trend of oil prices is heading higher, which should benefit the energy sector over the coming years.

Energy stocks, and commodities in general, have been underperforming investments for much of the last decade. Because of this, many investors have little-to-no exposure to this area of the market. This quarter is a good example of how quickly market conditions can change and why maintaining diversification can have a significant future pay off!

If you would like to discuss your personal portfolio, let's talk.

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MARKET UPDATE as of 3/31/22	2022 YTD	5 YR AVG	10 YR AVG
S&P 500 COMP	-4.60%	15.99%	14.64%
RUSSELL 2000	-7.53%	9.75%	11.04%
MSCI EAFE	-5.79%	7.23%	6.77%
MSCI EMERGING MARKETS	-6.59%	6.57%	3.95%
BARCLAYS US AGG BOND	-5.93%	2.14%	2.24%

Timing is Key!

By Tracy Wells

When discussing the transition into retirement with clients, the timeline for applying for Social Security benefits and Medicare is key!

Social Security

While Social Security benefits can be started as early as age 62, waiting up to age 70 earns a delayed retirement credit. When applying for SS benefits, remember that benefits are paid one month behind (your April benefit is paid in May). Because of this, the Social Security Administration suggests applying for benefits three months in advance to allow time for your application to be processed. Please let us know if you are interested in reviewing your specific Social Security strategy.

Medicare

Most people are advised to sign up for both Part A (Hospital Insurance) and Part B (Medical Insurance) when they're first eligible at age 65 (unless they or their spouse are still working). The Initial Enrollment Period for Medicare is a seven-month window: the three months before you turn 65, your birthday month, and the three months after your 65th birthday.

Medicare Part B coverage varies depending on when you sign up. If you sign up before the month you turn 65, your coverage begins the month you turn 65. But if you wait 2 or 3 months after you turn 65, your coverage won't begin until 3 months after you sign up.

Currently, if you sign up for Medicare during the General Enrollment Period (between January 1 and March 31 each year), your coverage begins July 1. There could be a gap in your coverage and you might pay a monthly late-enrollment penalty if you didn't sign up for Part A when you were first eligible.

Under a new law starting in 2023, regardless when you enroll, Medicare coverage will begin the month after enrollment.

If you are still working, you may be able to delay signing up for Medicare if you have group health plan coverage and you or your spouse is working for the employer providing your health coverage. You have eight months to sign up after you stop working or you lose the group health plan coverage (whichever happens first) to avoid the late-enrollment penalty.

If you have questions about your specific timeline, please contact us.

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about job insecurity too. After all, our generation has been through several rounds of economic turmoil — and watched our 401(k)s take the hit — by the Dot-Com Bubble, the 2008 Financial Crisis, and Covid. On top of that, one third of GenXers assist their parents financially. It's no surprise, then, that 44% of this generation says that they're ***not*** confident they can save enough for retirement. We're cynical and 'joke' that we'll never retire.

So what can we do if we're in the sandwich?

A research project by T. Rowe Price found that most GenXers:

- Do not feel on-track toward their goals
- Seek security and financial health
- Focus on short-term goals, like emergency funds/buying a home/education savings
- Want coaching, not just advice

Our financial advisors can help you build the personal financial roadmap that GenX desperately needs. A good advisor will coach you through the challenging times. We're here to figure out what your goals and priorities are, and then help you create a vision and a plan to reach them. Let us give you one less thing to worry about, so you have more time and capacity to support the ones you love. When you're ready, let's talk.

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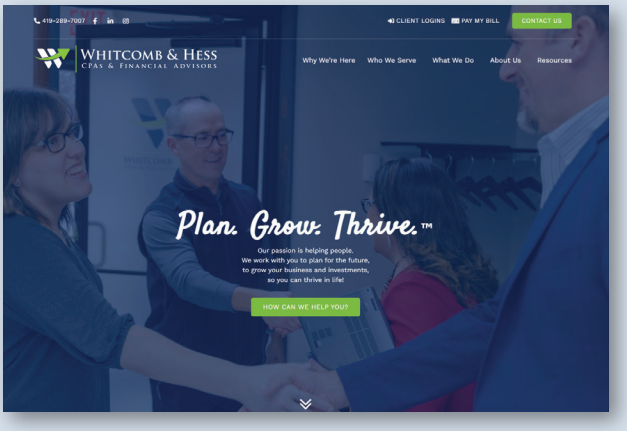
W&H Tech Updates!

By Jordan Kvochick

Earlier this year, we launched our new website! Along with the refreshed look, you can now find even more helpful features on the site.



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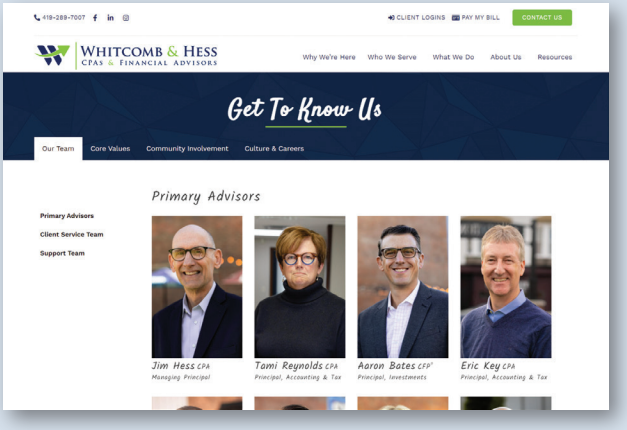
Learn fun facts about your own CPA or Investment Advisor Representative or meet the rest of the team. **whitcomb.com/team**



Only have a few minutes right now? Watch our 2-minute video to learn how we walk with you when it matters most. At any stage of life, we're here to help you ***Plan, Grow, and Thrive!***

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