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Have you ever wondered whether it was better to fund your retirement assets in the Roth option versus the traditional one?

A Roth IRA or 401k is a tax advantaged retirement savings

mechanism in which you deposit after-tax savings into an account with the ability to grow tax-free. In general, if you deposit money in a Roth account, leave it alone for five years, and don't take withdrawals until after the age of 59.5, your withdrawals are income tax-free.

In a traditional IRA or 401k, you are able to deposit savings into the retirement account and reduce your taxable income by the amount you deposit. In other words, your savings is not taxed when you earn it, but will be subject to income taxes when you withdraw it from your retirement account.

For illustrative purposes you might say the Roth contributions are paying taxes on the acorn and the traditional retirement accounts are paying on the oak tree.

On the surface, it would seem crazy to ever use the traditional account if you were only responsible for the taxes on the deposit into the Roth accounts. However, the impact of income taxes could have a significant impact on your decision.

Your personal tax rate will likely fluctuate throughout your lifetime and the overall US tax rates will also. For example, your income right out of college would theoretically be lower than 20 years into your career. If federal tax rates remained stable during that time, you may want to deposit as much as possible into your Roth accounts while your tax rates were as low as they might be during your career.

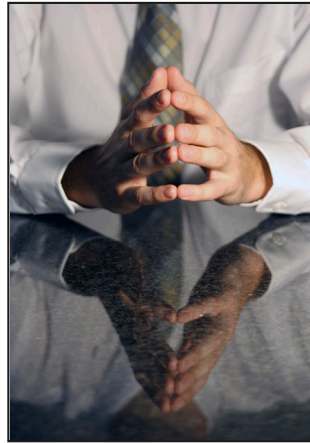
According to TaxFoundation.org, the top marginal income tax rate in 1963 was

Traditional versus Roth?

91%! For each dollar over the acceptable threshold you earned, you kept 9 cents and the federal government 91 cents. Tax relief was introduced in 1964 reducing the top tax-rate to 77% with additional reductions in 1965 dropping the top rate to 70%. 70% remained the top marginal tax-rate until 1982 when it was reduced to 50%. Today the highest rate is 39.6%.

It is nearly impossible to know whether to contribute to a traditional or Roth retirement allocation. However, if you are in a relatively low marginal tax bracket, it is a reasonable decision to pay the taxes now and deposit your savings into the Roth account. When you are in your maximum wage earning years and theoretically in your highest marginal tax bracket, it may make sense to defer taxes until a later date. It is possible your

retirement tax bracket may be lower than the one you are subject to during your working days.



No one knows for sure what the future has in store, but a reasonable strategy is to use the Roth option early in your career and reevaluate with your financial advisor as your career develops!

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified.

Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Presidential Election Cycle

An out of state friend said, 'You were a big deal, like yesterday!' It is hard to know whether the double meaning was intentional or not, but was ironic all the same. His comments were the Wednesday following the May primary election. Amazingly, all eyes were on Indiana as a key state for the presidential election.

It turned out two of the Republican candidates did leave their bid for president as a result of Indiana's selections.

As we march towards November, consider the other meaning to that sentence. Once November 8th and its results come and go, the election will have been a really big deal, like yesterday.

The more attached one might be to the actual political news, the more time it may take for the results of the election to subside. However, it is another day and another politician accepting power and the world will continue to turn.

Vote!

What I know about the election is it will result very similar to Super Bowl Sunday. As far back as I recall about half of the time my team won the Super Bowl and not the other half. The election will be about the same.

What I also know, is the Monday following, it wasn't as big a deal as it was the weeks and days leading up to it.

If you have concerns regarding your investments and the election, give us a call, we have historical data regarding the markets under both parties we would be happy to talk through with you.

Hell no, we won't go!

It was a violent time. Emotions high and resistance was the mantra and deep belief of the day. Sure that is how some describe the Vietnam War era, but I am referring to the conversations that occur daily around the US.

A child humbly tries to help their elderly loved one out of their house and into a healthy, safe alternative living arrangement. Unless you have walked through this scenario, the idea of violence and high emotions and resistance sound a bit far-fetched, but in fact, it can be beyond description.

This article is designed to create dialogue. A dialogue with us or with your family, but dialogue to address the future elephant which might pop up in the living rooms of your family members.

The issue is this simple, "HOW DO YOU GET A LOVED ONE TO LEAVE THEIR HOUSE WHEN IT IS CLEARLY TIME AND THEY ADAMANTLY DENY AND RESIST IT?"

1. A power of attorney (POA) document can be the starting place. If your loved one has appointed you as POA then spend time immediately discussing the contingencies and how a move will be initiated. Once mental abilities decline, a rational conversation may be highly unlikely.

2. One person suggested, "we had no choice but to blindside them". Taking a loved one by force from their house can



be a devastating decision, but it is one that has been forced upon caregivers who have sensed no other options.

3. Some family members have looked back at the stress of a forced move after having time to reflect and wondered out loud if it hadn't been just as reasonable to allow them to die in peace with their comfortable surroundings. This sounds interesting, but there may in fact be laws restricting the possible neglect a caregiver could be accused of in their effort to allow the individual to die in peace.

4. A dementia care expert I have consulted with over the years pointed out that many families find themselves bringing this situation to closure in an all out crisis situation. There are consultants available who might be able to mediate and bring a solution to your family in an efficient and reasonably peaceful manner.

What is your plan for this situation in your family? Have you walked through something like this? What was your strategy and how did it work out in the end? What insight would you offer to caregivers who are currently struggling with helping their loved ones and feel guilt and condemnation in the midst of their efforts?

Keep in mind, this is a highly emotional and potentially volatile situation for many. There aren't generic

answers for every family dynamic. We are all wired differently and consequently respond to emotional situations uniquely. Be patient with those around you as you walk through the challenges of the aging process. It can be difficult, but in fact, it can be a rich and rewarding time. There are experts available to help! Consider this link. <http://cicoa.org/services/careaware/>

Please give your Gimbal Financial advisor a call if you need some direction.



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