

## News You Can Use



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### Don't Underestimate Your Retirement Healthcare Expenses

Retirement and healthcare are inextricably linked. The golden years, which used to require only a comfortable pension, now necessitate some serious healthcare planning. The new year is a good time to evaluate these needs. Medicare requires premiums and copayments. It also may not cover all the services you need. Additionally, Medicare may be depleted or at least be in a period of financial hardship before you really need it.

Medicaid, meanwhile, pays for medical assistance for certain individuals and families with low incomes and assets, but it will cover some long-term care costs. Plus, to be eligible, you have to exhaust virtually all of your personal resources. As a result, failing to factor health costs into your retirement plan can be financially devastating. It's a good idea to do some advance planning.

How much will you need? According to the Employee Benefit Research Institute (EBRI), a 65-year-old man needs roughly \$73,000 in savings and a 65-year-old woman needs roughly \$95,000 in savings for a 50% chance of having enough to cover medical insurance premiums and prescription drugs in retirement.

Health savings accounts (HSAs) may be an option. They allow individuals who purchase high-deductible health insurance to save money annually on a tax-free basis (\$3,650 in 2022, and \$1,000 extra if you are age 55 or older). And they are great if you start young. If you start with \$3,650, contribute the same every year for 10 years and generate a 6% annual return, you will have \$57,533 after 10 years, \$98,802 after 15 years and \$154,029 after 20 years.

Worried about how you'll pay for your healthcare needs in retirement? Call or email us. We're here to help.

### Are You Using the Power of Referrals for Your Business?

Word of mouth is still one of the most important factors in creating a successful business. Whether that's raving to your friends about a fabulous meal you enjoyed at a new restaurant or posting an endorsement on social media, people trust the opinions of other people. This is commonly known as peer-to-peer marketing. So how can you use this to your advantage?

#### Referrals are king

Referrals are the best way a business or freelancer can use peer-to-peer marketing. In fact, according to the 2022 Mailchimp & Co. Benchmark Report, 48% of freelancers said that "client referrals are—far and away—the best way to bring in new clients."

#### So how do you get referrals?

First, create a strategy for retaining clients. One way to do this is by making sure you are authentic. The ease of the internet has meant that empty promises and fraudsters are easier to find than ever. Cut through the noise. Focus on what you do well and make that your USP (unique selling proposition).

#### Listen to your clients

Client feedback is one of the best ways to make sure you're improving year over year. Also, if your clients feel heard and respected, not only are they more likely to become lifelong clients, but they will also be much more likely to recommend you.

#### Offer a referral program

Appreciate your clients if they go out of the way to recommend your business. Offer them a perk or reward. That way, not only will you get something out of it, but they will too.





## How to Assess the Quality of Your 401(k) Plan

Make it your New Year's resolution to take control of your retirement by reviewing your retirement plans. You may think maintaining a qualified retirement plan offered by a former employer, such as a 401(k), 403(b), or government 457 plan, is enough. But is it?

If you have a retirement account with just one employer, you may have satisfactory investment options and pay low fees, so it might make sense to leave your retirement assets in your former employer's retirement plan.

But if you have multiple retirement accounts with different former employers, you might want to consider combining your assets into a traditional Individual Retirement Account (IRA). Here's why.

First, retirement plans such as 401(k)s may offer limited investment options. That could put your retirement savings at risk, particularly if your savings are concentrated in just a few funds. In contrast, self-directed rollover IRAs offer a variety of investment options.

It could also be difficult to manage investments spread among multiple plans. If you have more than one retirement account, consolidating your retirement assets into a single rollover IRA can make it easier to manage, with considerably less paperwork. Plus, having one plan can help simplify estate planning, including beneficiary designations.

Lastly, the mutual funds available through your current plan may have high expense ratios. Reducing just half a percentage point in fund expenses, for example, can ultimately save you thousands of dollars over just a few years.

The best news: when you make a direct rollover, no money is actually distributed to you; it moves straight into the IRA, so you're not taxed (until you withdraw the money later), and 100% of your retirement assets can continue to grow tax-deferred.

We can help you decide if a rollover is right for you. Please call or email us for assistance.



## GOSSIP



Today we are communicating more and more by email. Please make sure we have the correct email for you!

You can email

[lisa@cpcfinancial.com](mailto:lisa@cpcfinancial.com)



The end of the year always brings a lot of information in the mail or email. If you have any questions please do not hesitate to reach out to us!



Congratulations to Tyler Piazza & Lauren Clairmont! They were married November 19<sup>th</sup>, 2022. Lauren is the daughter of Rick & Sharon Clairmont and granddaughter of Earl & Marlene Clairmont!



### **Share the experience!**

If you would like any of your friends, co-workers, relatives, business acquaintances, etc., to receive a FREE subscription to this newsletter, call or email Lisa.

## From a Failing Business to a \$100 Million Company

When brothers Bert and John Jacobs hit adulthood in the late '80s, they found themselves at a dead end, unsure of what to do with their lives.

Upon their return from a road trip, they decided to try starting a business together, designing and selling t-shirts under the brand name Jacob's Gallery. They sold them at college dorms and street markets around Boston, but the business was far from a hit.

They knew their target market was college students but just weren't connecting with them. Taking inspiration from their road trip, they bought a van and traveled up and down the coast selling their wares at different colleges every night.

It still didn't hit, and as the business continued to fail, Bert's girlfriend left him after her mom pointed out his continued shortcomings.

After returning from yet another unsuccessful trip, the brothers threw a party for their friends to get honest feedback on their designs. John had drawn up a simple design inspired by his determination to stay positive after all the negativity they'd been enduring.

The design, featuring a smiling man in a beret with the phrase "Life Is Good," was an overwhelming hit at the party. They'd found their message.

They printed 48 of these t-shirts to sell at a street fair in Cambridge, Massachusetts, which all sold out within an hour. They offered a second run of the t-shirts to a small shop in Cape Cod; those sold out within weeks as word spread. Within a year, they'd made \$87,000, then \$262,000 the next. After three years, they hit \$1 million and finally had their first employees.

Today the Life Is Good brand is worth over \$100 million per year and pays 160 employees. The brothers' story of determination and overcoming failure shows that as long as you refuse to give up, success will come.



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It's that time again! Tax season is right around the corner here is a check list so you can be prepared!

## 2022 1040 Organizer Information Checklist

This is a list of the most common items we'll need to prepare your returns. We'll call you if we need anything else.

- All tax return packets, mailing labels and correspondence sent to you by the various taxing agencies
- All W-2's
- All 1099 forms received confirming income from interest, dividends, retirement, social security, disability, unemployment, gambling winnings, cancellation of debt, credit and debit card transactions, etc.
- All 1094 and 1095 forms related to health care transactions.
- All income tax information for children if you want us to prepare any required returns
- Year-end statement of mortgage interest (Form 1098), escrow activity and balance on mortgage or home equity loans and real estate taxes paid
- Total of charitable contributions, and details for any non-cash contributions over \$500. **All contributions must have receipts.**
- Copies of all LLC, Partnership or S-Corporation K-1's (send separately later if everything else is ready, and let us know it's coming)
- If you bought, sold or refinanced real estate, then the 2<sup>ND</sup> page HUD closing statement for each transaction. If you sold any stock or virtual currency, we need the sale price and basis information if not provided by the broker on Form 1099.
- If you are claiming auto mileage as a deduction for business, rental properties or unreimbursed employee expenses, we need to know: total miles, commuting miles, and business miles driven for the year
- If you are deducting actual vehicle expenses, please provide date of purchase (or lease) and the vehicle purchase price (or leased fair value) and all vehicle expenses such as lease payments, gas, car washes, licenses, insurance, tires, repairs, etc.
- Copies of any federal, state or local tax correspondence received during the year
- The dates and amounts paid for **all estimated tax payments** and the amount of all refunds or rebates received
- All legal documents for formation, sale or purchase of a business during the year
- All legal documents for divorce decrees
- Voided check (not deposit slip) for account where refunds should be direct deposited (optional)
- All gambling income and loss records
- New clients:** copies of prior year federal, state and local returns and depreciation schedules if applicable

# SmartVault



We have upgraded to a new and improved secure drawer called SmartVault. This is much easier to use while making sure all your documents are safe and secure. So far, we have had great success with everyone using SmartVault.

We will be utilizing the email we have on file from SecureDrawer. If this email needs to be updated, please email [Lisa@cpcfinancial.com](mailto:Lisa@cpcfinancial.com)



## *Welcome New Clients and Thank you for Referring*

We love giving recognition to our new friends and our wonderful existing clients who are kind enough to refer their friends and relatives to us! We are all helping each other, which is the whole point.

In the couple months we were fortunate to welcome 6 new tax clients and 15 new business clients. They became members of our firm's accounting and financial planning family. We'd like to welcome them and thank all the people who have referred business to us.

As you may know, marketing for new clients costs a great deal of money, time and energy. We, like any business, need to get new clients to stay in business. Over the years, we have found that marketing takes away from the time we would rather be spending with you. We have learned that by encouraging you to refer your friends and relatives to us works for all of us. We help you, and you help us. Thank you.



*Sue* *Rich* *Earl*  
*Lisa* *Bob* *Sam* *Bob*  
*Susan* *Sandy* *Cherie* *Jonathan*  
*Heather* *Paul* *Shirley* *Andy*  
*Sandy* *Gileen* *Luanna*