Financial *focus*

FINANCIAL SECURITY FOR YOUR GOLDEN YEARS

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Five Financial Reviews to Do for Year-End

by ***Miranda Marquit, Money Ning Magazine***

If you're like most people, the end of the year is a crazy time filled with deadlines, holiday parties, and family. However, your finances need some TLC at this time of the year as well. Taking the time now to address your finances can save you headaches later. Here are five financial reviews to do for the end of the year:

1. Your Spending

What have you been spending money on? Does it match your priorities? Did you overspend more than you should have?

If you want to get your finances under control, it's essential to know where your money is going. Personal finance software (Microsoft Money, Quicken, Personal Capital, etc.) is a great way to keep track. All you have to do is run a report to see which categories get the most attention from your pocketbook.

2. Your Saving

Do you save enough money? Review your savings habits. Do you put money toward retirement and have an investment portfolio? Do you have an emergency fund? Do you save up for large purchases? Consider your long-term and short-term savings goals. Make sure you are on track with them. In some cases, it can make sense to cut back on the extra spending in order to divert some of that money toward your savings. This is also a good place to review your debt load. Pay down your debt as quickly as possible to reduce the amount of interest you pay others.

3. Your Giving

One of the best ways to ensure a well-rounded financial life is to give to others. It seems counter intuitive, but it actually works. Look at how you use your resources to help others. Research charities to make sure your money is going where it should. I love donating to local food banks and other local organizations because I can see how the money is used in the community – and even sit on the board of directors, just to make sure the money is doing what it should**.**

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4. Your Taxes

Let's not forget about a review of your tax situation. What deductions and credits are you eligible for? Review your spending and see if you can reduce your tax liability with a couple of well-placed contributions.

Don't forget to review your pay stub as well. Are you withholding too much from your paycheck? A big tax return is a sign you are withholding too much and giving the government an interest-free loan. Consider adjusting your withholding to improve your monthly cash flow — and put that money to better use. ***CONT'D on page 4…***

Four Things You Need to Know About Divorce and Your EPCRP Benefit

Divorce can be a complicated process, especially when it involves dividing assets. Here are four things to keep in mind about your EPCRP benefit during a divorce:

1. **You don't have to split your EPCRP benefit.** Your benefit is considered marital property and you should talk to your attorney about it when you discuss the division of your assets. However, the decision to split your benefit is based on all marital assets. You could keep your EPCRP benefit while your spouse gets an asset of comparable value.

2. **File a domestic relations order (DRO) with EPCRP if you're splitting the benefit.** A DRO tells us how you and your spouse agreed to divide the benefit. The divorce decree does not include the legal language we need to split your benefit. You can get a copy of our DRO overview and DRO form for your attorney by calling us at (719) 520-7490.

3. **Your ex-spouse gets paid when you take your money out of EPCRP.** The amount EPCRP pays to your ex- spouse will be based on the amount specified in your DRO. However, once you've separated service or reached retirement eligibility, you decide how you want to receive payment, either as a lump sum or as a monthly payment.

   If you are already a retiree, your payment will be split according to the DRO starting with the first payment after the DRO takes effect. EPCRP will make payment directly to your ex-spouse.

4. **If you stop receiving payments, your ex-spouse stops receiving payments.** If you and your spouse decide to split your EPCRP benefit, your ex-spouse becomes an "alternate payee." As an alternate payee, he or she will receive payment as long as you receive payment. That means if your payment is suspended —for example, because you go back to work for the employer you retired from — your ex-spouse doesn't get a payment either. All payments to your ex-spouse stop when you pass away unless you've granted them benefits as a beneficiary, in addition to alternate payee.

DIVORCE AND YOUR BENEFICIARIES

Once final, it's important to update your beneficiaries with EPCRP using the *Change of Beneficiary* form, available at www.epcretirement.org. Please include a copy of your divorce decree with your form.

If you are a member, you may name anyone you wish as your beneficiary, and change your beneficiary at any time. Your contributions will go to your ex-spouse if he or she is still listed as your primary beneficiary.

It's a little different if you're already retired and get divorced. Whether you can change your beneficiary or not depends on the payment option you selected. Retirees who chose Joint-Life cannot change their beneficiaries. Your ex-spouse will receive payments from EPCRP as your primary beneficiary under the Joint-Life option when you pass away. However, Joint-Life retirees can change their beneficiary for the Lump-Sum Death Benefit. Retirees who chose the Single-Life option or the 10-year certain option may change beneficiaries after a divorce.

Life Doesn't Stop When You Retire

Call EPCRP at (719) 520-7490 and let us know if you have any changes to your beneficiaries or marital status. This helps ensure that any benefits payable when you pass away are processed efficiently and according to your wishes.

Plus, keep EPCRP contact information with your important papers. This makes it easier for your loved ones to contact us.

Retirement Board

Board meetings are held on the fourth Monday of every month, except for June and December.

Contact the retirement office (719) 520-7490 for the location.

www.epcretirement.org

20 Minutes for a Better You

What can be accomplished in 20 minutes and is reported to increase alertness, productivity, creativity; improve memory; and reduce stress and your risk for heart disease? According to Sara Mednick, PhD, of the University of California, San Diego, it's a nap. A simple, lovely nap.

Before learning why a 20 minute nap is a good idea, it helps to understand the 4-stage sleep cycle.

Stage 1 is your introduction to sleep, a time when structured thinking yields to dreamlike imagery. Once you've fallen asleep, ***Stage 2*** begins. This is the sleep that restores alertness and reinforces motor learning. ***Stage 3*** slows down brain waves. It's in this stage where the body is repaired by human growth hormone, which is an antidote to the stress hormone, cortisol. Memory also is reinforced in stage 3.

Dreams occur in ***Stage 4***, or rapid eye movement (REM) sleep. Complex learning is reinforced in this stage. Stage 1 only happens once, then we cycle through stages 2 to 4 several times per night. Each cycle lasts about 90 minutes in total, with stage 2 sleep accounting for nearly two-thirds of that time. The remaining time is spent in stages 3 and 4, which vary in each 90 minute cycle. Napping for 20 minutes reduces sleepiness, improves alertness, improves concentration, and makes for a better mood. Napping for 60 minutes (a stage 3 nap) discards useless information,

improves memory, and repairs the body. A long, 90 minute nap heightens creativity and improves complex memory and sensory processing. You can nap for as long as any of the three stages require, but for most people, a 20 minute nap is all they need – and can grab.

Retirees: 1099-R Forms Coming Soon!

Your IRS 1099-R for 2016 should arrive in your mailbox by the end of January. The 1099-R shows all the income you received from EPCRP during 2016, and you use it to file your tax return.

Now is also a good time to review your withholding and make sure it is adequate for the coming year. Your withholding amount should be based on your total retirement income, not just what you receive from EPCRP. Consulting a tax professional can help you determine the right withholding level for you. The IRS also has an online withholding calculator on its homepage at www.irs.gov.

You may change the withholding for your EPCRP pension payment at anytime during the year. If you would like to make a withholding change, contact the EPCRP offices at (719) 520-7490.

Your tax forms were all mailed by the January 31 deadline. If you haven't received your 1099-R from yet, please call EPCRP directly for a replacement copy.

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Year-End Review (cont'd)

5. Your Asset Protection

Are you covered in case of an emergency? Asset protection is a big part of your finances, so make sure you are covered. You need to check your health care coverage (it's open enrollment time), as well as your auto and home coverage. Tweak your coverage, if necessary, to balance cash flow with protection. You don't want to get blind sighted by an accident but you also don't want to overpay above what's necessary.

Once you finish the financial review, you will have a better idea of what you did well this year, and how you can improve next year. It's a good way to get back on the right track financially.

Have you done a financial review yet this year? If not, then start soon before the year slips away.

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