

# Financial *focus*

FINANCIAL SECURITY FOR YOUR GOLDEN YEARS



▶ MAKE THE MOST OF YOUR MONEY.....2



▶ DANA FULLER TO RETIRE.....4

## End of Year Tax Tips

by Hamza Butt, Flickr

If you're like most people, the end of the year is a crazy time filled with deadlines, holiday parties, and family. It's hard to admit that fall is over, and we are quickly headed toward year end. Maybe you haven't thought about your taxes since you submitted last year's return back in April. Well, that was 6 months ago, and it is important to check-in on your tax situation while you still have some time left before year end.

Here are some things you should consider:

### 1. Withholding

Have you withheld enough taxes to cover your tax liability (or at least enough to not get hit with an underwithholding penalty)?

The IRS will look at your cumulative withholding for the year (or your estimated quarterly tax payments), so you should contact your HR department and increase/decrease your withholding as necessary for November and December. If your status has changed this year due to marriage, divorce, birth of a child, etc., then it is especially important to check in.

The IRS Withholding Calculator is a good place to start. The general rule to avoid an underwithholding penalty is to withhold at least as much as your tax liability was for the previous calendar year (different rules apply to high income earners, so be sure to ask your tax advisor about your specific situation).

### 2. Charitable Giving

If you itemize your deductions, then you can reduce your taxable income by writing off deductions to charitable organizations. Now is a good time to assess whether you have made all the contributions that you would like to make this year. Just make sure that the organization is "qualified" by the IRS.

### 3. Max Your Tax-Deferred Savings

Have you saved up to the IRS limit in your 401(k), 457, 403(b) or IRA accounts? These pre-tax contributions reduce your taxable



Income and also help you meet your goals for retirement. Just talk to your HR/Payroll department to get the details. If you are saving for college for your child, you can contribute to a 529 Plan in order to further reduce your state taxes (it will NOT reduce your federal taxes).

### 4. Check Your FSA Balance

If you put money into a flex account this year, you should see if you are on track to spend everything before year end. The "use it or lose it" approach of FSAs means that you don't want to leave money on the table at year end. The IRS recently announced changes to FSAs that would allow funds to roll over from one year to the next. Check with your local provider if that provision applies to your plan.

[www.epcretirement.org](http://www.epcretirement.org)

# Make the Most of Your Money

## Understanding Investment Risk and Return

Striking the right balance between risk and reward in your investments can help you make the most of your money, no matter what your savings goals.

There are a number of key players in this balancing act. You decide how big a role each plays in your savings decisions.

□ **Savings goal:** Whether you're saving for a down payment, college or retirement, your goal sets the stage for your investment decisions. The outcome of those decisions will determine if you reach your goal on time.

□ **Investment horizon:** This is the amount of time you have to reach your goal. Your investment horizon can help you determine which investments are right for each goal.

□ **Risk tolerance:** This refers to how much of your initial investment you are willing to lose in return for potential investment returns. The higher the risk, the more of your initial investment you might lose if the investment goes down, instead of up, in value.

In general, the longer your investment horizon, the more risk you can tolerate.

That's because, while investment markets go up and down, their general trend is up. The longer you're in the market, the more money you stand to make. How long you stay in the market depends on your savings goal.

### Putting it together

There are two ways you can help protect your investments from market swings. The first is diversification. Diversification means you don't have all your money in one investment (such as the stock of just one company). It also means you don't have your money all in one asset class (such as all stocks or all bonds). Market changes usually don't affect all types of investments the same way. During a downturn, some asset classes will perform better than others. If you have your money in many different places, a good performance in one investment can make up for a loss in another investment.

Mutual funds are a popular investment choice because they spread money among many, sometimes thousands, of different stocks. This helps mutual funds produce consistent returns, even when a few individual stocks are down.

Asset allocation refers to the percentage

of each type of asset class you have in your portfolio and it's the second way you can protect your investments. Many financial experts believe it is the most important factor in making sure you reach your goal.

The asset allocation you choose will depend on your savings goal, investment horizon and risk tolerance — the three key players in investment decisions. When saving for retirement, for example, you can tolerate a bigger percentage of higher-risk investments (such as stocks) in your account if you are just starting your career. If you are closer to retirement, you might want to start moving more of your money into lower-risk investments (such as bonds) to protect your nest egg.

### Decisions, Decisions

While only you can decide the best balance between risk and reward for your particular savings goals, consulting a financial professional could help. A financial advisor can help you identify your risk tolerance and make investment choices that can help you reach your goals. There are also risk tolerance quizzes and allocation information available on websites, such as Bankrate.com.

## 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

**Ray Bernier**  
SECRETARY  
Member Elected

**Mark Lowderman**  
TREASURER/CHAIR  
Current El Paso County  
Treasurer

**Chris Long**  
BOCC Appointed

**David Guest**  
ASSOCIATE BOARD  
MEMBER

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

**Nicola Sapp**  
Member Elected

**Michael Pennica**  
VICE CHAIR  
BOCC Appointed

**Michael Varnet**  
ASSOCIATE BOARD  
MEMBER

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

[www.epcretirement.org](http://www.epcretirement.org)

# Trim the Fat in Retirement, and Still Have Fun!

Unless you have won the lottery, have a large pension or have a sizable nest egg set aside in savings, chances are good that you'll have to watch your money closely during retirement. As MSN notes, one of the easiest ways to make sure you have more money during retirement is to pay attention to where your pension and savings are going, and cut back on unnecessary expenses wherever you can. By trimming the budgetary fat wherever possible, you can probably free up funds for enjoyable activities like trips to see the grandkids. Consider the following ways to cut back.

## Trim the Technology

While different types of technology can be nice — for example, it can be great to watch your favorite

football team on the cable sports channel — a lot of times we end up paying for services we rarely use. Take a close look at your various technology-related bills and see if you can cut out any services entirely or even switch to a different plan. If you are paying a hefty monthly fee for satellite television, switching to a streaming media player like the Roku or Apple TV can save you hundreds or even thousands of dollars. In addition, if you have a cell phone, examine your bill and see if you can lower your monthly minutes, or change to a different company that offers a more affordable plan.

## Watch Grocery Expenses

As you probably know, groceries can be extremely expensive.

Of course, so can eating out on a regular basis. In order to get a handle on just how much you are spending on food and beverages, write down all of your expenses for a few weeks. Once you have a tangible list in front of you, you can easily see potential ways to cut costs. Maybe your twice-a-week coffee and muffin breakfast could be once a week instead? Also, try to plan meals around what's on sale each week at the grocery store. And while you don't have to use a ton of coupons and bring home a super-size package of toilet paper at one time, even using just a few coupons each time at the store will help to lower your overall costs.

## Retirees: 1099-R Forms Coming Soon!

Your IRS 1099-R for 2017 should arrive in your mailbox by the end of January. The 1099-R shows all the income you received from EPCRP during 2017, 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](http://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 will be mailed by the January 31 deadline. If you were retired during 2017, you will also receive a 13<sup>th</sup> check in January 2018. Remember that next year's 2018 1099-R form will reflect this extra payment. If you don't receive your 2017 1099-R in the mail by mid February, please call EPCRP directly for a replacement copy.

## El Paso County Retirement Plan



**Thomas Pfeifle**  
EXECUTIVE DIRECTOR

**Linda Fowler**  
RETIREMENT  
ASSISTANT

**Dana Fuller**  
SENIOR RETIREMENT  
COUNSELOR

2880 International Circle,  
Suite N30  
Colorado Springs, CO 80910

Phone: (719) 520-7490  
Fax: (719) 520-7495

[www.epcretirement.org](http://www.epcretirement.org)

## Dana Fuller to Retire after 30 Years Service



After nearly 30 years of service to El Paso County, Dana Fuller has decided to finally retire from the El Paso County Retirement Plan in February 2018.

Dana started her work career in February 1988, and has worked under several Plan Administrators/Directors during her 30 year tenure. She is looking forward to some quiet

time at home with her husband, Doug, as well as finally getting some extended time to travel to places she has always wanted to visit.

Dana is proud to have served so many retirees, and to have helped them meet their retirement needs and post-work life goals. She always got a great deal of satisfaction from her job and helping others. Now, she can enjoy the extra time and start to fully enjoy her hard earned retirement!

While she is happy to retire, and will not miss the work, Dana says she will miss the employees and the people she worked with the most. "They made it worthwhile to come to work every day. I have been lucky for the experiences I had, and wish everyone the best!"

Please stop by the office between now and February, and wish Dana a fond adios! We will miss you, Dana!

[www.epcretirement.org](http://www.epcretirement.org)



**El Paso County Retirement Plan**

2880 International Circle, Suite N030  
Colorado Springs, CO 80910

PRSR STD  
U.S. POSTAGE  
**PAID**  
COLO SPGS, CO  
PERMIT 319