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Given the differing and expanding job opportunities located in various parts of the country, few people now spend their lives living in a single location. If you've moved, or are planning to move, because of a change in your job or its location, did you know that you may be able to deduct your moving expenses on your tax return? In order to qualify, your move must be closely related to the start of work, and it must meet both the distance and time tests.

The Distance Test

In order to satisfy the distance requirement, your new job location must be at least 50 miles farther from your former home than the location of your old job. For example, if you traveled 5 miles from your former home to get to your previous job, your new place of employment must be at least 55 miles from your previous home in order for you to qualify. If your new job is located 50 miles from your former residence but your previous work location was 10 miles from your former residence, you would not meet the distance requirement.

It is important to note that the distance test only considers the location of your former home and your work locations; it does not take into account the location of your new home. Your principal job location is defined as the place where you do most of your work and spend most of your time on the job. A new principal job location is a new place where you will work on a permanent, not temporary, basis. Also, the distance between your former home and a job location must be the shortest of the most commonly traveled routes between them.

The Time Test

If you are an employee, you must work full time for at least 39 weeks during the first year after your move in order to qualify for the deduction. The definition of full-time employment may vary according to your occupation. Seasonal workers are considered to be working full-time in the



Plan Carefully When Choosing Your Executor

One of the more important decisions you must make when writing your **will** is the selection of an **executor**. Ideally, an executor should combine the tact of a diplomat with the administrative skills of a professional executive. The person should also be close enough to you and your family to do as you would wish, yet be able to act without being swayed by emotions if conflict breaks out among family members.

Almost any person you trust can be your executor. For most people, the best choice is their spouse or a close friend or associate, who may also be a **beneficiary**. Large estates may require two executors—a personal representative to interpret your wishes and a professional representative or institution, such as your attorney or a bank, to make business or financial management decisions, pay taxes, and keep records.

Duties of an Executor

What exactly does an executor do? An executor's job is to "wrap up" your

financial affairs. The individual must identify and determine the value of the assets that are part of your estate. (**Trusts, life insurance policies, pension plans, and some types of jointly-owned property** may fall outside the executor's authority.) Certain assets necessitate hiring an **appraiser**, whose fee generally comes out of your estate's assets, as do expenses for lawyers, accountants, and other professionals. An executor is also responsible for paying all your remaining debts, filing tax returns, and distributing whatever remains to your heirs.

Throughout this process, careful records must be kept. Most **probate courts** will demand a full and detailed accounting of all money received, spent, or held by your estate.

If You Die Intestate. . .

If you die *without* a will (**intestate**), the court will appoint an administrator to perform the executor's duties. When no relative or beneficiary is able to take the job, the appointee is likely to be a civil servant or even a creditor.

Administrators and executors usually receive fees of 3% to 5% of an estate. However, when family members serve, they typically waive the fee. Administrators must post a **bond** to safeguard the financial interests of your heirs, although in some cases, the heirs may consent to waive the bond. The cost of the bond premium also comes out of the assets that would otherwise go to your heirs.

Making the Right Choice

When choosing an executor, objectivity is essential in order to make the proper decision. Be sure whomever you select is willing to accept the responsibility. In addition, it is also wise to choose an *alternate* executor to serve in the event your initial executor is unable to do so. If you have not yet selected your executor, consider choosing one *now* to eliminate any potential complications in the event of an untimely death. ■

Early Retirement—Is It Viable?

Today many people contemplate, or are forced into, taking an early retirement. With life expectancies steadily increasing, the chance of an individual spending one-third of his or her lifetime in early retirement is a distinct possibility. Naturally, the sooner you begin planning, the greater your chances of a successful early retirement.

Qualified retirement plans and Social Security must generally be

supplemented with personal savings. By maximizing your personal savings to the best of your ability, you will help increase your chances of securing a comfortable retirement. However, it is important to note that individuals who desire an early retirement may incur certain penalties on early withdrawals from retirement plans. Also, inflation will have a direct impact on how long you can live comfortably on your retirement income. Due to finan-

cial necessity, or sometimes just an overabundance of leisure time, part-time work while retired may be worth serious consideration as an important part of your overall financial plan.

One often overlooked aspect of retirement planning is money management, especially once retirement has started. Periodic reviews of your financial affairs with a qualified professional can help make sure you get on—and stay on—the right track. ■

Strengthen Your Ability Against Disability

You value your assets, but how much money do you spend to protect them? Most of us have automobile insurance, homeowners insurance, and possibly, additional coverage for items or collections of particular value. While your assets may be worth a sizable amount, their liquidity and *income-producing* value may be negligible.

Your true wealth, and perhaps your greatest asset, comes from your *ability to earn an income*. Your income pays for all of your living expenses including housing, transportation, food, clothing, and recreation. Additionally, you must pay for property insurance, as well as for premiums on **liability** and **life insurance** policies. Examination of your monthly expenditures will reveal other items that comprise your monthly expenses.

Think about the Unthinkable

If your income suddenly ceased, how would you pay the expenses mentioned above? While no one likes to consider the possibility of becoming disabled through an illness or accident, the risk of disability *does* exist and should be given full consideration as you plan for your financial security.

What If. . . ?

Should you suffer a disability, you need to know how you will continue to meet your financial needs. Would you have sufficient funds to support

yourself and your loved ones during a six-month disability? How might a disability affect your ability to borrow money? How quickly could you liquidate some of your assets to provide needed cash? Perhaps your spouse can provide the necessary income to support your family, but the burden of being a spouse, parent, private caregiver, and income earner can be overwhelming.



Social Security will most likely not replace all of your lost wages in case of a serious illness or accident. You must be severely disabled to qualify for Social Security disability benefits, and it may be some time until payments begin.

Your alternatives for income may, at best, be limited. Thus, you need a source of income on which you can depend. The bottom line: If you lose your ability to earn income, you jeopardize your future financial security.

Know Your Options

Some employers offer **group disability coverage**. However, most group plans have an upper limit or “cap” on the benefit amount. Conse-

quently, the percentage of pre-disability income covered under a group plan may be insufficient to meet your income needs. Moreover, since only base salary is covered in many plans, income in the form of pension and profit-sharing contributions may be left unprotected during disability. Also, with a group plan, you are not the owner of the policy, which leaves your coverage vulnerable to termination should you change employers. Finally, if the benefits are provided under an employer-paid group plan, they are taxed as ordinary income, which further reduces the actual amount available to cover your living expenses.

One solution to these limitations may be to *supplement* your group disability plan with a disability contract that *you* own and is tailored to meet *your* needs. An

individual disability income policy can help close the gap between your pre-disability level of income and the benefits provided under your group plan. In some cases, pension contributions may be included as insurable income. If premium payments are made with after-tax dollars (usually the case), the disability income would be free of income taxes, further enhancing the value of the benefits received.

Clearly, it may be to your advantage to consider purchasing an individual disability income insurance policy. The right policy can provide financial security to help mitigate the potentially devastating effects of a major accident or long-term illness. ■

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off-season if the off-season period is less than 6 months. For example, if you are a teacher on a 12-month work contract, you must teach for 6 months to be considered a full-time employee for the entire 12 months. It is important to note that you do not have to work for the same employer for all 39 weeks, nor do you have to work the weeks consecutively. You are also considered working during a week that you are temporarily absent from work due to illness, natural disaster, strikes, or a leave provided in your work contract or agreement. If you are self-employed, you must work full time for at least 39 weeks during the first year and at least 78 weeks during the first two years after your move.

The time test does not apply if your job ends because of disability, you are transferred for your employer's benefit, or your employment is terminated for reason other than willful misconduct. Neither the time nor the distance tests apply if you are a member of the armed forces and your move is due to a permanent change of station. Different rules may also apply if you are a retiree or survivor moving into the United States from a foreign country or if you are moving to a foreign country for work reasons.



What's Deductible?

If you meet the requirements, you can deduct the reasonable expenses of moving your household goods and personal effects from your old home to your new home. These include the cost of packing, crating, and transporting your property. You can also deduct the cost of storing and insuring your possessions for any period of 30 consecutive days after goods are taken from your old home

and before they are delivered to your new home. It is important to note that you cannot deduct the costs of moving furniture or appliances you buy on the way to your new home.

The expense of traveling to your new home is also deductible. This includes transportation and lodging expenses incurred while traveling from your old home to your new home and on the day you arrive at your new home. You can deduct traveling expenses for only one trip to your new home for yourself and members

of your household; however, you do not have to travel at the same time.

If you use your own car for your move, you can determine the total amount of your deductible travel expenses in one of two ways: 1) You can deduct your actual expenses, such as gas and oil for your car, if you keep an accurate record, a receipt, of each expense; or 2) You can use the standard mile rate, set at 18 cents per mile in 2006. Under either method, you may add all parking fees and tolls to the amount of the deduction. You cannot deduct any part of maintenance, repairs, or depreciation for your vehicle as a part of moving expenses.

If you are reimbursed by your employer for any of the above expenses, you must reduce your deduction by the amount of the reimbursement. If you decide to stop over or make side trips for sightseeing during your move, the costs of these additional expenses are not deductible. The costs of meals also do not qualify.

In today's mobile society, you may at some point decide to move to a new city in order to take advantage of a better job opportunity. Be sure to consult your tax professional at that time to determine what expenses, if any, may be deducted from your taxes as a result of your job-related move. ■

The information provided is not written or intended as tax or legal advice and may not be relied on for purposes of avoiding any Federal tax penalties. Individuals are encouraged to seek advice from their own tax or legal counsel. Individuals involved in the estate planning process should work with an estate planning team, including their own personal legal or tax counsel.