



# Destination Financial Freedom

Getting you there

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## 2007 Updates

Retirement plan contribution limits and catch-up provisions (for those over age 50) continue to increase! It is a great time to review your finances and your various strategies regarding tax, retirement, or college planning!

### 2007 Retirement Plan Contribution Limits

Plan Name	MAX
IRAs & ROTH IRAs	\$4,000
*Investors over 50 years old	\$5,000
Simple IRA - employee deferral	\$10,500
*Investors over 50 years old	\$13,000
401(k) - employee deferral	\$15,500
*Investors over 50 years old	\$20,500
403(b) - employee deferral	\$15,500
*Investors over 50 years old	\$20,500

**SEP IRAs** - the 2007 contribution limit for SEP IRAs is 25% of wages up to \$45,000.

If you need more information on the retirement plan that is right for you and how to get started, please give me a call!

## Education Savings Plans

There are many options to save for your loved one's education. How much you would like to contribute, the level of investment control you want, financial aid availability, and many other factors will help determine which strategy is best for you.



### ROTH IRA:

Some advisors recommend saving for college through a non-deductible ROTH IRA in a responsible party's name.

- Adjusted Gross Income must be below \$150,000 (filling jointly) to make a full non-deductible **contribution of \$4,000 (\$5,000 if over 50)** for the account owner (the parent);
- Withdrawals used for the account holder's, spouse, child(ren) or grandchild(ren)'s higher education expenses are tax-free (any earnings will be taxed at ordinary income if taken within 5 years of the contribution);

- Allow for **self-directed** investment control;
- If the funds are not used for college the account can be used for the account holder's retirement;

### Coverdell Savings Accounts:

- Adjusted Gross Income must be below \$190,000 (filling jointly) to make a full non-deductible **contribution of \$2,000** for each child;
- Earnings and withdrawals used for **elementary, secondary and college** schooling are tax-free;
- Allows for **self-directed** investment control;
- If the funds are not used for college the account will be distributed to the child at the age of 30;
- Contributions cannot be made if the child is over 18 years old;

### 529 Plans:

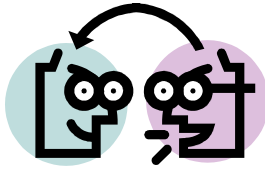
These plans can be very misleading if investors do not understand the plan and the right questions to ask. Here is an overview of what the plans offer.

- No income restrictions and virtually no contribution limits (be aware of gift taxes for large deposits);
- Possible **state deduction\*\*** for contributions (Colorado currently has 3 qualified plans);
- Earnings and withdrawals used for college education are **federally tax-free**;
- Investments are solely managed by the appointed administrator;
- Responsible party remains in **control of assets** and the child has no rights to the funds, with few exceptions;
- If the child does not go to college or does not use all of the funds, the account can be **transferred** to another beneficiary with no penalties;

### **\*\*IMPORTANT\*\***

If you are a Colorado resident and have a 529 plan that is NOT one of the following plans, you are **NOT** eligible for the Colorado state tax deduction.

- Direct Portfolio College Savings Plan  
*Managed by Vanguard*
- Scholars Choice College Savings Program  
*Managed by Citigroup*
- Stable Value Plus College Savings Program  
*Managed by Travelers Insurance Company*



# Thought Swap

What matters most

## TD Ameritrade Merger News



We're in the final stages of the TD Waterhouse – Ameritrade merger. Clients at both firms will experience changes during this time.

### Ameritrade Advisor Clients –

All clients with check writing privileges will receive new checks, and ATM/Visa Debit cards.

- If an old check is received by The Reserve on or after April 27th, it will be returned unpaid.
- If an old card is used on or after 4/27/07, the transaction will be declined.
- Checkbook reorder fees are \$9.95 for 100 checks, \$19.90 for 200 checks, and \$39.80 for 400 checks.
- The maximum daily withdrawal will be \$1,000, while the max for purchases is \$2,500.

### TD Waterhouse Clients –

- **ALL ACCOUNT NUMBERS WILL CHANGE!** You will receive notification of your new account number(s) in the next several weeks.
- Clients with check writing will not see any changes. Continue to use checks and ATM/Visa cards as normal.

### Changes in Trade Commissions:

The cost to buy or sell some securities will increase beginning in May.

- For Online Execution:
  - ▶ Commissions for stock trades will increase to \$16.99, or 1 cent per share if trading 1,000 shares or more.
  - ▶ All Non-NTF (no transaction fee) Mutual Fund trades will cost \$31
- For Trades placed through a Broker the commissions will be \$45 for both stock and non-NTF mutual funds.
- For households with combined account values of at least \$500,000, **OR for clients signed up with electronic delivery of statements and confirmations, trade commissions will be \$9.99 for stocks and \$24 for non-NTF mutual funds.**

Completion of the merger is expected by the first of May. Please know that we will keep you informed of any news that will impact you. If you have any questions regarding the merger, feel free to give us a call.

## Competition for Google

A new contender in the Web search-engine world, Hakia, recently raised \$11 million from international and American investors according to redherring.com. They are planning on debuting later this year and currently have a beta site up and running. Hakia is based in Manhattan and was founded in 2004.

*“Dogs have no money. Isn't that amazing? They're broke their entire lives. But they get through. You know why dogs have no money? No pockets.”*

Jerry Seinfeld

## FAQ's

### TO WHOM DO I MAKE CHECKS PAYABLE?



For DEPOSITS into your account checks should be payable in one of two ways: 1. The Account Title (i.e. Joe & Jerry Smith), or 2. TD Ameritrade. For PAYMENT OF MANAGEMENT FEES, checks must be payable to Marathon.

### SHOULD I KEEP MY STATEMENTS & TRADE CONFIRMATIONS?

YES! These documents are extremely important in the preparation of your income tax return.

### WHAT IS REQUIRED TO WITHDRAW FUNDS FROM MY REGULAR ACCOUNT?

For non-retirement accounts, a simple phone call to us will do.

### WHAT IS REQUIRED TO WITHDRAW FUNDS FROM MY RETIREMENT ACCOUNT?

For all retirement accounts a completed distribution form is required for each transaction. Additionally it takes 24-48 hours to process the request. IMPORTANT: Withdrawals from retirement accounts are FULLY taxable. Other rules apply to Roth IRAs.

### HOW LONG WILL IT TAKE TO GET A CHECK FROM MY INVESTMENTS?

If cash is not available in the account, we will have to sell to raise the funds and checks cannot go out until the trades settle, which can be as few as one business day, or as many as three business days.

### CAN FUNDS TRANSFER ELECTRONICALLY TO MY BANK?

YES, if a wire request form is on file.