



FEBRUARY 2013

Financial Outlook 2013: What Are Your Goals?

It's no secret that most New Year's resolutions don't last very long into the New Year. Among the hardest to keep are our financial resolutions.

The **secret to success is setting realistic and attainable goals** and checking in on your progress regularly to make sure you're staying on track. Here are a few questions to ask yourself as we head into the end of the first quarter:

- Am I saving enough each month? If not, are there ways to make savings automatic (i.e. direct deposit to savings account, automatic transfers)?
- Can I afford to contribute more of my paycheck to retirement accounts? Did my employer change their matching terms?
- What is my plan for creating an income stream in retirement? Are fixed indexed annuities right for me?
- What is my plan for paying off credit card debt? Am I sticking to it?
- What is my support system to keep me accountable?

Tax Reform to Affect Retirement Plans

The **American Taxpayer Relief Act** and the **Affordable Care Act** both went into affect this year, bringing the first changes to the tax code and retirement accounts for the year. Congress has already made it clear that a larger conversation about tax reform is at the top of their list for this session, signaling that these initial changes to retirement accounts are just the beginning.

Be sure to consult your financial advisor on how these changes will affect your plan and **how fixed indexed annuities can provide guaranteed income** in retirement.

Our Point of View

Want to learn more? Check out a few of our recent blog posts that offer more analysis of recent trends. We would love to hear what you think so be sure to leave comments!

Congress Opens Door for Tax-Free Retirement Income

At the beginning of the year, as part of the American Taxpayer Relief Act, Congress passed a change in pension law to allow 401(k) participants to convert their assets in these accounts into Roth accounts – accounts that distribute retirement payments on a tax-free basis. So what exactly does this mean for you as you build a retirement nest egg? It means that once you reach retirement age, money earmarked for taxes goes back into your coffers to be spent how you want.

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The Affordable Care Act and Your Investment Income

It may not be the 30% income tax hike impacting Portugal, but many Americans will be faced with a 3.8% surtax to their investment income. As was noted in a recent and informative U.S. News & World Report article, this surtax applies to the certain income thresholds.

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It Doesn't Have to Be This Way

One of the ways that many investors have chosen to add some balance to their financial plans, particularly in risky markets, is to consider a fixed indexed annuity. These products play an important role in a balanced retirement plan by providing principal protection, upside potential, guaranteed interest, and guaranteed income for life.

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IN THE NEWS

Planning for a healthy future for you and your family takes a lot of hard work and consideration. With so many options and tools to choose from, it's easy to get bogged down with information.

To keep you in-the-know, we've included a few recent articles about important issues facing consumers planning for retirement.

Roth 401(K) Conversions for All Thanks to Fiscal Cliff Deal

Forbes
January 2, 2013

"To raise \$12 billion to help pay for the two-month delay of sequester, the fiscal cliff deal allows money in a pre-tax 401(k) account to be converted into a Roth 401(k) account. Many employers will likely want to add this feature to their retirement plans as an added employee benefit, and many employees will likely want to do conversions, says Joseph Urwitz, an employee benefits lawyer with McDermott, Will & Emery in Boston."

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The Health Care Law and Retirement Savings

New York Times Economix Blog
January 30, 2013

"Even though the Affordable Care Act is known as a health-insurance law, in effect it could be paying for a large portion of employer contributions to pension plans. This has the potential of changing retirement savings and the relative living standards of older and working-age people."

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Retirement Planning: Don't Assume You'll Spend Less

CBS News
January 30, 2013

"Some financial analysts justify reliance on reduced spending by reviewing average annual expenditures by various age groups, as published in the Consumer Expenditure Survey (CES) by the Bureau of Labor Statistics. Should you rely on this data on average annual expenditures?"

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OUR RESOURCES

Whether you want to estimate your retirement living expenses or calculate your rate of return, these tools can help you achieve a balanced financial plan.



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