



# DAVENPORT WATTS & DRAKE

## INVESTMENT ADVISORS, LLC



*Investments • Financial Plans • 401(k) Plans*

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## DAVENPORT WATTS & DRAKE

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## FINANCIAL PEACE OF MIND

As retirement approaches, it is important to investigate the options available when filing for social security benefits. For a single individual there is the question of when to file. For married couples, it gets even more complicated. The Davenport Watts & Drake (DWD) team has been working with clients to find the best scenario for each individual situation.

The age that you file is the first consideration. Filing at age 62 is an option that might work for you, but you will receive a reduction in your monthly benefit. Also, if you continue working, benefits will be withheld if you earn over a certain amount. Filing at full retirement age results in your full benefit and may be the option that works best for you. However, you may choose to file after full retirement age. This would result in an 8% increase in your benefit for each year until age 70.

Married couples are faced not only with the age decision but also with several other options. Each individual can file based on their own earnings, or one can file to obtain a spousal benefit based on the earning of the other. One strategy is "file and suspend" in which one spouse files but immediately elects to suspend receiving benefits until later. This allows the other spouse to file for a spousal benefit, and the benefit of the "filer" continues to grow until age 70. Another strategy is "claim now, claim later" in which one spouse claims spousal benefits until age 70 and switches to the earned retirement benefit at that time. The other spouse is claiming full benefits the entire time. If you file too early, there are some provisions for a "do over". There are also other benefits to be considered in cases where there is a death or disability. As you can see these options can be puzzling.

By registering at [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement), you can view your benefit statement online. The statement will provide you with estimates for retirement at different ages, survivor, and disability benefits. While the Social Security Administration's website might be beneficial for your planning purposes, we at DWD can advise you on the best scenario for your situation.

*Focusing on your future...*

### INVESTING PERSPECTIVES:

“By failing to prepare, you are preparing to fail.”  
— Benjamin Franklin

Preparing for the future takes sacrifice in the short term and discipline over the long haul. Saving for that rainy day, children’s education or the golden years of retirement will mean planning today so that the rewards can be reaped at a future date. Often it takes time before you really see the results of saving, but with a consistent and disciplined approach, your nest egg can grow to meet future goals. The chart below lists the limits, maximums, and tax thresholds for 2014.

Handy References for 2010		
<b>Maximum Contribution to a 401(K)</b>	Age under 50	\$17,500
	Age 50 or older	\$23,000
<b>Maximum Contribution to a SIMPLE Plan</b>	Age under 50	\$12,000
	Age 50 or older	\$14,500
<b>Maximum Contribution to an IRA</b>	Age under 50	\$5,500
	Age 50 or older	\$6,500
<b>Maximum Earnings Subject to Social Security Tax</b>		\$117,000
<b>Social Security Earnings Limit for Retirees Under Age 65</b>		\$15,480
<b>Annual Gift Tax Exclusion</b>		\$14,000
<b>“Kiddie” Income Tax Threshold (applies for children until age 18)</b>		\$1,000

### ABOUT OUR FIRM:

Davenport Watts & Drake is a fee-only financial services firm offering asset management and financial consulting services to businesses, families and individuals. Our desire is to work with a select group of these businesses, families and individuals as a part of their financial team, helping them with the many decisions throughout their lives which will affect the financial future of themselves and their families. The team has a common vision of a client-centered financial consulting firm that treats our clients as we would want to be treated.

### CORE STRATEGIES:

- Asset Allocation
- Asset Diversification
- Periodic Rebalancing
- Long-term Perspective
- Minimize Income Taxes

### INVESTMENT SERVICES:

- Portfolio Management
- Individual Retirement Accounts
- Company Retirement Plans
- Personal Financial Plans

### INVESTMENT CUSTODIANS:

- Fidelity Investments
- John Hancock

By federal law, as of 1/1/2013, funds in a noninterest-bearing transaction account will no longer receive unlimited Federal Deposit Insurance Coverage, but will be FDIC-insured to the legal maximum of \$250,000. Please let us know if you have questions about how this may affect you.

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