Fall/Winter 2015
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CORNER POST
FINANCIAL PLANNING

Client Corner | Aric & Mindy Kram, Mineral Wells

The Krams' Chevy Chevelle was a winner this year at the Crazy Water Festival.

Aric and Mindy Kram own Kram and Associates, an accounting firm in Mineral Wells that helps businesses and individuals with financial analysis as well as tax planning and preparation. Both Krams graduated from the University of Texas at Arlington and are Certified Public Accountants. Out of a desire be independent and focus on family, they established the practice in 2006 after working for larger companies. In 2011 they bought and renovated 115 N. Oak Ave. as their new office.

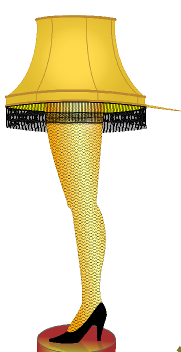
Aric and Mindy were high school sweethearts in their hometown of Fort Worth, and now have two beautiful daughters, Katie, 12, and Rachel, 8, along with a Moyen poodle, Fritz. The Krams are active in their church and enjoy traveling and outdoor activities, as well as attending their daughters' volleyball games.

Now Showing

A Christmas Story

exclusively for friends of Corner Post Financial

6 to 8 p.m. Thursday, Dec. 3
Brazos Cinema III



Formal invitation to follow in early November. Thank you for your trust.

Do you need a financial plan?

If you are still reading this, we may need to talk.

The answer is yes. You need a plan. Your plan will be different than your mother's and your neighbor's.

Your plan likely will change over time. That's okay.

But you have to get started.

Corner Post Financial Planning sees its job as being able to assess your current situation and possible future scenarios.

Not sure whether you're on track for retirement? Wondering when you should claim Social Security and which filing strategy you should use?

We can help.

Corner Post uses industry-leading planning software that helps us analyze your situation and present you with options. We can help you update your plan as your life evolves.

Give us a call today at (940) 325-9800 if we can assist you and your family in developing a financial plan based on your unique goals.

Depending on plan complexity, pricing will be individualized.

2015 year-end tax planning basics*

As the end of the 2015 tax year approaches, set aside some time to evaluate your situation and consider potential opportunities. Effective year-end planning depends on a good understanding of your current circumstances and how they might change next year.

Basic strategies

Consider whether there's an opportunity to defer income to 2016. For example, you might be able to defer a year-end bonus or delay the collection of business debts, rents, and payments for services. When you defer income to 2016, you postpone payment of the tax on that income. And if there's a chance that you might be paying taxes at a lower rate next year, deferring income might mean paying less tax on the deferred income.

You should also look for potential ways to accelerate 2016 deductions into the 2015 tax year. If you typically itemize deductions on Schedule A of Form 1040, you might be able to accelerate some deductible expenses—such as medical expenses, qualifying interest, or state and local taxes—by making payments before the end of the current year, instead of paying them in early 2016. Or you might consider making next year's charitable contribution this year. If you think you'll be itemizing deductions in one year but claiming the standard deduction in the other, trying to defer (or accelerate) Schedule A deductions into the year for which you'll be itemizing might let you take advantage of deductions that would otherwise be lost.

You might also consider the opposite approach. If you think you'll be paying taxes at a higher rate next year, you might want to look for ways to accelerate income into 2015 and possibly defer deductions until 2016.

Complicating factors

First, you need to factor in the alternative minimum tax (AMT). The AMT is essentially a separate, parallel federal income tax system with its own rates and rules. If you're subject to the AMT, traditional year-end strategies may be ineffective or actually have negative consequences because the AMT effectively disallows a number of itemized deductions.

You're more likely to be subject to the AMT if you claim a large number of personal exemptions, deductible medical expenses, state and local taxes, and miscellaneous itemized deductions. Other common triggers include home equity loan interest when proceeds aren't used to buy, build, or improve your home and the exercise of incentive stock options.

It's also important to recognize that personal and dependency exemptions may be phased out and itemized deductions may be limited once your adjusted gross income (AGI) reaches a certain level. For 2015, the AGI threshold is $258,250 if filing single, $309,900 if married filing jointly, $154,950 if married filing separately, and $284,050 if head of household.

IRA and retirement plan contributions

Deductible contributions to a traditional IRA and pretax contributions to an employer-sponsored retirement plan such as a 401(k) could reduce your 2015 taxable income. (Note: A number of factors determine whether you're eligible to deduct contributions to a traditional IRA.) Contributions to a Roth IRA (assuming you meet the income requirements) or a Roth 401(k) plan are made with after-tax dollars—so there's no immediate tax savings—but qualified distributions are free of federal income tax.

For 2015, you're generally able to contribute up to $18,000 to a 401(k) plan ($24,000 if you're age 50 or older) and up to $5,500 to a traditional or Roth IRA ($6,500 if you're age 50 or older). The window to make 2015 contributions to an employer plan generally closes at the end of the year, while you typically have until the due date of your federal income tax return to make 2015 IRA contributions.

Required minimum distributions

Once you reach age 70½, you generally must start taking required minimum distributions (RMDs) from traditional IRAs and employer-sponsored retirement plans. Take any distributions by the date required--the end of the year for most individuals. The penalty for failing to do so is substantial: 50% of the amount that should have been distributed.

**These are the views of Broadridge and not necessarily of the named representative or ICA and should not be construed as investment advice. Neither the named representative nor ICA gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your Financial Advisor for further information.*

FAQ Headquarters

*Common questions about college savings vehicles**

529 plans are savings vehicles tailor-made for college. Anyone can open an account, lifetime contribution limits are typically over $300,000, and 529 plans offer federal and sometimes state tax benefits if certain conditions are met. Here are some common questions on opening an account.

Can I open an account in any state's 529 plan or am I limited to my own state's plan?

Answer: It depends on the type of 529 plan. There are two types of 529 plans: college savings plans and prepaid tuition plans. With a college savings plan, you open an individual investment account and direct your contributions to one or more of the plan's investment portfolios. With a prepaid tuition plan, you purchase education credits at today's prices and redeem them in the future for college tuition. Forty-nine states (all but Wyoming) offer one or more college savings plans, but only a few states offer prepaid tuition plans.

529 college savings plans are typically available to residents of any state, and funds can be used at any accredited college in the United States or abroad. But 529 prepaid tuition plans are typically limited to state residents and apply to in-state public colleges.

Why might you decide to open an account in another state's 529 college savings plan? The other plan might offer better investment options, lower management fees, a better investment track record, or better customer service. Keep in mind that some states may limit certain 529 plan tax benefits to residents who join the in-state plan.

Is there an age limit on who can be a 529 account beneficiary?

Answer: There is no beneficiary age limit specified in Section 529 of the Internal Revenue Code, but some states may impose one. You'll need to check the rules of each plan you're considering. Also, some states may require that the account be in place for a specified minimum length of time before funds can be withdrawn.

Can more than one 529 account be opened for the same child?

Answer: Yes. You (or anyone else) can open multiple 529 accounts for the same beneficiary, as long as you do so under different 529 plans (college savings plan or prepaid tuition plan). For example, you could open a college savings plan account with State A and State B for the same beneficiary, or you could open a college savings plan account and a prepaid tuition plan account with State A for the same beneficiary. But you can't open two college savings plan accounts in State A for the same beneficiary.

Also keep in mind that if you do open multiple 529 accounts for the same beneficiary, each plan has its own lifetime contribution limit, and contributions can't be made after the limit is reached. Some states consider the accounts in other states to determine whether the limit has been reached.

Can I open a 529 account in anticipation of my future grandchild?

Answer: Technically, no, because the beneficiary must have a Social Security number. But you can do so in a roundabout way. First, you'll need to open an account and name as the beneficiary a family member who will be related to your future grandchild. Then when your grandchild is born, you can change the beneficiary to your grandchild. Check the details of any plan you're considering because some plans may impose age restrictions on the beneficiary, such as being under age 21.

Note: Investors should consider the investment objectives, risks, charges, and expenses associated with 529 plans before investing. More information about 529 plans is available in each issuer's official statement, which should be read carefully before investing. Also consider whether your state offers a 529 plan that provides residents with favorable state tax benefits. As with other investments, there are generally fees and expenses associated with participation in a 529 savings plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated. Withdrawals for nonqualified expenses may be subject to additional penalties and taxes. Consult your tax advisor regarding state and federal tax consequences of the investment. Investments involve risk and you may incur a profit or loss.

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115 N. Oak Ave.
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Investing 101

With Titan Bank as our sponsor, Corner Post Financial Planning continues its Financial Education Series. In September, we held Investing Basics, an overview of stocks, bonds, and cash alternatives, as well as investing concepts like asset allocation and risk tolerance. John R. Berry was the presenter and we had a great turnout!

Account access 24/7 @
www.cornerpostfinancial.com

Celebrations

- **Bill and Mae Graham** of Mineral Wells celebrated 65 years of marriage in September. They dined at Cattlemen's Steakhouse in Fort Worth with family.
- **Elouisa and Tim Lavin** of Peoria, Arizona, recently celebrated the graduation of their son, Caleb Taylor, from University of Arizona Medical School. He will continue his training with a residency in internal and emergency medicine at Ohio State University.
- Good luck to **Linda Porter-Bradford** in her new position as Executive Director of the Children's Alliance Center of Palo Pinto County!