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BARRON'S TOP 100 INDEPENDENT FINANCIAL ADVISORS IN THE NATION 2013, 2014, 2015 2016, 2017

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THE FINANCIALLY SAVVY WOMAN®:
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INVITE AN ALTFEST PROFESSIONAL TO SPEAK TO YOUR FRIENDS OR AT YOUR ORGANIZATION

In addition to the many Altfest sponsored events throughout the year, we are often asked to speak on financial planning and wealth management topics at private functions. If you would like to suggest an organization or if you have a group of friends who might benefit from one of our educational sessions, please contact Reza Rezvi at rrezvi@altfest.com or (212) 406-0850.

Some popular topics we have been asked to present include:

- *Trump's Tax Plan*
- *Are You Set for Retirement?*
- *7 Money Mistakes Women Make and How to Avoid Them*
- *Loss of a Loved One - Moving Forward*

RSVP

Altfest Annual Event & 35th Anniversary Celebration

Date: Tuesday, June 5, 2018
Location: Museum of the City of New York
Refreshments will be served.

Join us for the dynamic discussions, to visit with your advisors, for the food and drinks, and even some surprises!

RSVP at (212) 406-0850 or mmarsillo@altfest.com

HELPING YOUR FRIENDS & NYCP

If you know a friend or family member who can benefit from our services, let us know. To show our appreciation, for each referral you provide, we will make a donation to the New York Common Pantry - an East Harlem organization Karen founded and led as the first Chairman three decades ago - that delivers more than 3 million meals a year to needy New Yorkers.

THE FINANCIALLY SAVVY WOMAN®

FINANCIAL PLANNING 201

On March 14th, Ekta Patel, Director, and Paul Palazzo, Managing Director and Head of Financial Planning at Altfest Personal Wealth Management, spoke at our Women's Financial Salon® at the Liederkranz of the City of New York. During the panel discussion, moderated by Executive Vice President Karen Altfest, Paul and Ekta discussed retirement, charitable giving, and investing. They also answered dozens of questions from interested attendees. To watch video from the event, visit www.altfest.com/financial-planning-201.

Karen C. Altfest (KCA): Ekta, when did you first start focusing on gifting and what is the best way to give gifts to grandchildren: is it better to do it now or in a will?

Ekta Patel (EP): Earlier in my career, a client told me that one of her goals was to gift to her two adult children now while they need the assistance, rather than having them wait to receive the inheritance. This is when I first started thinking about how to best help this client achieve her goal of gifting to her adult children.

There are a number of ways to gift to family members such as children or grandchildren. However, before you gift, you should think about how gifting fits into your cash flow and estate planning. Also, it is important to ascertain whether you wish to gift now instead of leaving an inheritance.

- 529 Accounts - Assets in all 529 plans grow tax-free, and all qualified distributions are tax-free. Some 529 plans provide a state tax deduction for contributions to plans. Those making the gift should keep track of their contributions, because 529 plans do not issue forms for detailing the contributions, and let your accountant know.
- Gifting of Appreciated Securities - This strategy requires you to be familiar with your child's tax situation and it works best when they are in the 10% or 12% tax bracket. For someone in those brackets, the current long-term capital gains rate at the Federal level is 0%.

PAUL PALAZZO AND EKTA PATEL SHARE THEIR INSIGHTS AND EXPERTISE AT THE WOMEN'S FINANCIAL SALON®

KCA: What are the three different ways to gift money to charity?

EP: 1. Appreciated Securities - Giving investments with gains or with low basis to a charity can be more beneficial

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than making a cash donation. Donating appreciated securities would have the effect of transferring low cost basis securities from the taxable account, enabling you to avoid paying capital gains if you were to sell the shares in the future.

2. Donor Advised Fund (DAF) – If you are considering more meaningful charitable contributions in the future, for example over $5,000 annually, we suggest that you may want to consider setting up a Donor Advised Fund. By using a Donor Advised Fund - if you donate appreciated investments that were held longer than one year - you get a deduction for the full value of the shares while no capital gains tax is owed. Setting up a Donor Advised Fund account gives you more flexibility by allowing you to separate the timing of the tax deduction from your decision to give to the charity of your choice.

Once the DAF is set-up and funded, the donor can make recommendations as to

- which public charitable organization should receive grants,
- when the grants should be made, and
- how much they should be.

3. Qualified Charitable Distributions (QCD) – As an alternative to giving appreciated investments, a donor may consider the qualified charitable distribution (QCD) option from their IRAs Required Minimum Distribution (RMD) to fulfill this purpose. The benefits of a QCD as compared to using cash is that the amount of the QCD counts toward their RMD, but is not considered taxable income. Accordingly, this has the effect of reducing their adjusted gross income (AGI). In other words, for anyone over 70 ½, since your RMD is obligatory, a QCD is a way to partially satisfy your RMD while reducing your income taxes.

KCA: Are there changes in Trump's Tax Plan that affect charitable giving?

EP: Under the Tax Cuts and Jobs Act of 2017, charitable donations remain deductible. However, the standard deduction was increased to $12,000 for a single person and to $24,000 for a married couple filing jointly. In addition, while State and Local Tax (SALT) deductions remain in place, in aggregate, all the SALT, income and property taxes may not exceed $10,000. The caps on standard as well as itemized deductions also reduce the tax advantage to give.

Having said that, effective use of strategies such as DAF or QCDs can still help gifting in a tax advantaged way under the new reform.

KCA: As a woman, do you have thoughts about how women can plan for their futures and learn more?

EP: I think whether you are a married or a single woman, planning for your future starts with your goals and aspirations. Ask yourself which goals you want to achieve during your journey in life and how it can make you happier, and then, what will it take to conquer them?

Women approaching or in retirement should think about what it would cost to live in retirement and form a habit of budgeting. Take your budget on a test drive and see if it is achievable. Also, don't lose sight of the fact that women often live lon-

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Forbes' ranking of Best-In-State Wealth Advisors was developed by SHOOK Research, unsing an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. Those advisors that are considered have a minimum of seven years of experience.

Crain's Custom editors choose candidates for Notable Women in Finance based on their professional, civic and philanthropic achievements. Candidates must work in asset management, banking, capital markets or credit cards and work in New York City. Crain's seeks candidate who greatly contribute to the advancement of women in their workplace or industry as a whole.

Barron's listings of "America's Top 100 Independent Financial Advisors" is based on assets under management, revenues generated by advisors for their firms, and the quality of the advisors' practices. Investment performance is not an explicit criterion. Additional details regarding the criteria and process utilized in formulating these rankings can be found at http://www.barrons-conferences.com/advisor-rankings.html.

Rankings and recognitions by unaffiliated publications should not be construed by a client or prospective client as a guarantee that Altfest will provide a certain level of results in client accounts nor should they be construed as current or past endorsements of Altfest by clients.

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ger than men and therefore should also consider how they see themselves spending their later years. If they need care, would they want to receive that care at home or are they comfortable going to an assisted living facility? Do they have a trusted family member or a friend who can help in navigating and making important medical decisions when they are not able to make it for themselves? To create a best possible future for yourself, a little bit of planning goes a long way.

KCA: Paul, why did you become interested in retirement planning? What are the important factors to think about when planning for retirement?

Paul Palazzo (PP): Retirement planning was the first responsibility that I was given by Lew Altfest, and I quickly became passionate about it for a couple of reasons. First, it involved so many financial planning elements: investments, insurance, taxes, and to some extent estate planning. Second, it combined the analytical and quantitative (the calculations), the personal (goals, dreams and concerns) and the creative (taking all of the above into account to find customized solutions).

KCA: What can a married couple do to prepare if they have a 10-year age difference?

PP: Planning is extremely important in these cases. On average, women live longer than men, so a woman who is 10 years younger than her husband may have a life expectancy of 12 or 13 years longer than he does. It is essential to take that into account when determining how much money will be needed to support both people. Also, the couple may well have three distinct life periods – two people working, one person working, and both people retired. This has implications for cash flow, tax planning, and, importantly, lifestyle planning. For example, will the younger spouse want to keep working once the older one retires? The first thing to do is discuss, as a couple, their goals and concerns, both individual and joint. The second thing to do is to bring in their financial advisor to help them turn the facts and data into a real-life plan. As for timing, there is no time like the present!

Roth IRA conversions become potentially more attractive. When the first spouse dies and the survivor inherits the IRA, his or her taxes may well go up as a result of filing as single rather than joint. So, converting to the Roth can make more sense. Other decisions, including Social Security, may also be affected. Speak to your financial advisor before taking action.

KCA: Do children affect the retirement equation?

PP: Absolutely. Many of our clients are terrifically generous with their children, supporting passionate professional pursuits that may not pay a lot of money, funding grandchildren's educations, covering family vacations. We think it is important to remind them to, as they say during the airline safety instructions, put on their own oxygen mask first. With some obvious and important exceptions – special-needs children being perhaps the most obvious – we consider support for and gifts to adult children as discretionary outlays, to be weighed against other discretionary expenses such as hobbies and entertainment, after the parents have assured themselves that they can support their own fixed mandatory expenses for the rest of their lives.

KCA: Why is inflation important?

PP: Over the past hundred years or so, the cost of living has gone up by roughly 3 percent per year. At that rate, and due to compounding, the loaf of bread that costs three dollars at age 60 will cost more than six dollars at age 85. Of course, we can have periods (as we did in the early 1980s) when inflation is much, much higher. Ignoring inflation can give one a false sense of security early in retirement, with investment earnings easily exceeding withdrawals and allowing the portfolio to keep growing. Those withdrawals may well rise substantially over time as a result of inflation.

KCA: What if a woman is over fifty and has not planned for retirement?

PP: Fortunately, it's not too late. But we need to get started today!

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IN THIS ISSUE

RECENT NEWS

We are proud to announce:
Crain's New York Business has named **Karen Altfest** to its inaugural list of **"Notable Women in Finance"**

Karen Altfest and **Andrew Altfest** have each been individually recognized as a 2018 **"Best-In-State Wealth Advisor"** by ***Forbes***

The is the second time in recent months that both Karen and Andrew have been recognized by *Forbes* as leaders in wealth management.

Learn More at www.altfest.com

ABOUT ALTFEST

Altfest Personal Wealth Management is a family owned fee-only financial planning and investment management firm celebrating its thirty-fifth year of helping clients achieve their financial goals. The Financially Savvy Woman® Newsletter is produced inhouse as a client service.