

February 2021



## #Goals

Greetings from White Pine Wealth Management! It's 2021. You may have made a New Year's resolution at the beginning of January to exercise regularly or reduce your phone usage or drink more water. If the Peloton bike is still in your cart and you're reading this on your iPhone while sipping a Diet Coke, we'd like to suggest a resolution that you can start immediately without a lot of pain – getting your financial life in order. Anyone who's been in lockdown these past 10+ months has probably already binged the very popular Netflix show [The Home Edit](#). You may have read [Marie Kondo's The Life Changing Magic of Tidying Up](#) or seen her [show on Netflix](#). You may have gotten just bored enough to organize your sock drawer. With everyone staying home more, our focus has shifted to creating a harmonious and clutter-free environment that feels good and functions smoothly. But our finances are often something we leave a little scattered until we need them – at the last minute – on April 14<sup>th</sup>. We've come up with a few things you can do in just a few minutes to get yourself better organized and feel the peace that comes with good financial feng shui.

1. Each January, create a paper folder and an email folder titled, for example, "Taxes 2020". Keep the paper folder wherever you open your mail – in your office, in your car, on the kitchen counter. When a document comes in that you will need to give your accountant,

just pop it in the folder. Keeping this folder handy ensures that everything you need will be in one place and will save you loads of time hunting for documents. The same goes for the email folder – you can quickly file away any emails that tell you your tax document is ready. It’s also a great spot to file receipts from online orders, conversations with your accountant, and more.

2. This same “folder” concept can apply to the work we do for you. Consider keeping a folder called “White Pine Wealth Management” that you can use to file any documents pertaining to your financial life. Bring this folder with you to your annual review. Having a full picture of all the moving parts of your finances allows us to update your financial plan and ensure that we review your insurance, your outside investments, your estate plan, and more.
3. Check out what your bank’s online portal offers for financial organization tools. Most banks offer some kind of analysis of your account, including budget tools, and more. With little effort on your end, you can get an in depth analysis of your cash flow, spending, and debt service.
4. Talk to us about eMoney (sample shown) and our financial planning capabilities. Our comprehensive program digs deep into your financial situation to bring clarity and detail to your plans, now and in the future.

Frank and Joanna Miller ▾ OVERVIEW **FACTS** PLANS REPORTS VAULT 👤 🗨️

🔍 Go back to Overview

**Facts** Advanced Go to Presentation

**Goals** Add ▾

- Family & Friends
- Financial Priorities
- Goals**
- Net Worth
- Income
- Expenses & Taxes
- Savings & Contributions
- Asset Allocation
- Protection
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**Retirement**  
Frank and Joanna would both like to retire at 65. They estimated that they would need \$135,000 in today's terms.

**College for Mary Beth**  
\$50,000 is needed from 2020 to 2023. 🗑️

**College for Lucas**  
\$50,000 is needed from 2022 to 2025. 🗑️

**Leave to Heirs**  
Frank and Joanna would like to leave \$0 to their heirs.

## College Savings: What you may not know about 529 Plans

We get a lot of questions about saving for college. Some of you joined us recently for this webinar about college planning in the Covid era and we hope you found it informative and helpful, [College Planning in the COVID Era](#). Some of you are years away from dropping your child off at the dorms (but a recent recorder recital showed the kind of musical promise that points to Julliard) and some of you have almost-grads submitting college applications for the fall.

Wherever you are in the process, there are some common misconceptions and little known facts about 529 plans that we want to highlight.

1. You own the funds in the 529 plan, not your child. Unlike a Uniform Transfer to Minors Act (UTMA) account, where the beneficiary takes ownership of the funds at age 18, a 529 plan remains the asset of the owner forever. Unused funds that don't go towards education expenses can be withdrawn with a penalty.
2. Under the Secure Act, up to \$10,000 of 529 money can be used to repay student loans. This extends to siblings of the 529 beneficiary, as well. If you have three children, that's \$30,000 that can be used to pay down student loans.
3. 529 Funds can be used for apprenticeships that are registered with the Federal Labor Department. This is good news for parents whose child decides not to attend a traditional college.
4. Up to \$10,000 per year can be used to pay for pre-college education from kindergarten up.
5. 529 plans owned by grandparents must be used carefully to avoid having the funds attributed to the student as income. Making sure to time those distributions according to the educational plans of the student is important.

There are other strategies for college savings, including Roth IRA contributions, which can give you greater flexibility down the road should something change. We can help you determine what options make the most sense for you and your student.

## **2021 Taxes**

As we head into the 2020 tax filing season, we wanted to remind you that tax documents typically do not start going out until mid to late February depending upon mutual fund company reporting. A reminder to anyone with K-1s that these are usually much later in the season and can require you to file an extension. You have until April of this year to make your IRA contributions for 2020 if you decide to do so, and please contact us sooner rather than later if you would like our help with that. Hightower has put out the following 2021 Tax Guide that you may find helpful as we plan for the year.

### [2021 Tax Guide](#)

We hope you are all staying healthy and safe. Wherever you're headed in life, White Pine Wealth Management is helping you get there.