

Financial *notes*

INSIGHTS TO ORCHESTRATE FINANCIAL INDEPENDENCE

FROM THE OFFICE OF DR. SCOTT STRATTON, CERTIFIED FINANCIAL PLANNER (TM)

Issue 10, Volume 2

March 2008



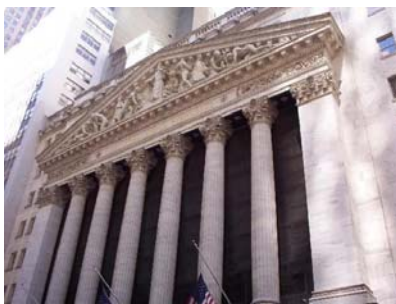
Dear Scott,

Welcome to the March edition of my monthly financial newsletter. We've been on a rollercoaster ride in the markets for the first two months of the year, and I know it's made a lot of people sick to their stomachs! I think we can count on continued volatility in the months ahead. This is why we always start with our long-range asset allocation as our investment blueprint. Otherwise the tendency is to have a knee-jerk reaction and pull money out of the market at the very time you probably should be putting money to work in the market.

Economic Stimulus Checks

Will you be getting a tax rebate check in the mail?

As part of this year's Economic Stimulus bill, many people will be receiving tax rebate checks from the government. To receive the rebate, all you have to do is file your 2007 tax return. As long as the income shown on your return is more than \$3000, you are eligible to receive a check. However, if you made more than \$75,000 (single) or \$150,000 (married filing jointly) your check will be reduced by 5% of the amount above these limits. The rebate is based on the amount of your tax liability for 2007, with a minimum payment of \$300 (\$600 married) and a maximum of \$600 (\$1200 married). Parents will receive an additional \$300 for each dependent under the age of 17 as of December 31, 2007. Since the rebate goes to the parent, the parent must meet the eligibility rules.



Qualifying income for the rebate includes Social Security benefits, so even if you owe no income taxes, you will be eligible for the rebate as long as your income was above \$3000. If you don't normally file a return because your only source of income is Social Security, you should complete a form 1040 or 1040A for 2007. Just write "Stimulus Rebate" across the top your return. The IRS will determine your rebate and mail your check in May or June.

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The best compliment you can give me is the referral of a friend or family member!

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THIS MONTH, SCOTT IS...

This year, I have been writing a book to help people make the financial transition from work to retirement. It's a guidebook to help workers make the most of their last five years of work and be prepared for

I'm not sure about the overall wisdom of our government adding \$100 billion in debt to give away this money, but I'm sure most people will spend it. I hope it will have a positive effect on the economy, but my advice is to use your check to invest or pay down debt!

Visit the IRS Economic Stimulus Payments Information Center at the [IRS website here](#).

Money Talks

Disagreements about money are the number one cause of divorce, but couples can become very wealthy when they cooperate towards their financial goals. It's so frustrating for me to see couples arguing about money. One of my clients, Mark Berry, is offering a one-on-one program, "Money Talks" to help couples talk about money and set goals like reducing debt, budgeting, and saving. The course consists of a goal setting session and five weekly teleconference sessions, for a cost of \$249. If money is a strain on your relationship, I'd highly recommend you call Mark at 972-365-8084 or visit Mark's website, lovekungfu.com

Pre 59 1/2 Options

With many people retiring early, there is often a gap in time between retiring and accessing their retirement accounts at age 59 1/2. If you retire before 59 1/2, withdraw your money from taxable accounts before you tap into your retirement accounts. If you do not have enough in your taxable accounts, you have two options:



1. From 401k accounts, you can access your money without the 10% penalty as long as you are at least age 55 and separated from service. This benefit does not apply to other retirement accounts *such as IRAs*. If you need to access some of your money in your 401k before 59 1/2, you may not want to do a full rollover if your employer will allow partial withdrawals. Taking your entire 401k out in one year would create a tax liability, potentially pushing you into a higher tax bracket.

2. Substantially Equal Periodic Payments, also known as 72(t) withdrawals, allow anyone to access their retirement account before 59 1/2 without penalty. Under a SEPP plan, you must withdraw the same amount each year for 5 years or to age 59 1/2, which ever is

the financial aspects of retirement. I'm almost finished with my manuscript and will be diving into the editing process this month. I look forward to having a book to share later this summer!



longer. Once you begin a SEPP, you can not stop it, even if you don't need the money.

Under both of these plans, the withdrawals are still taxable - they just allow you to avoid the 10% penalty for premature distributions. A third option would be to tap into your Roth IRA. Principal can be withdrawn from a Roth anytime without penalty; only gains are penalized if withdrawn before 59 ½. This is less appealing than the two options above, because the Roth would otherwise continue to grow tax free. If you are retiring in your 50's, the most important consideration is that you truly have enough assets to last for 30 to 40 years.

*The question isn't at what age I want to retire,
it's at what income.*

GEORGE FOREMAN

As always, please feel free to call me anytime with any questions or concerns. I'm here to help! Thank you for your business.

Sincerely,

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