

INVESTMENT PERSPECTIVES

January 2017

Happy New Year!

It's the time when we all make new year's resolutions. If you ever thought about establishing a personal or family budget, now may be an excellent time to start. Developing a budget may be an important tool to help you realize both your current and future goals. The following sample spreadsheet is provided to help you with the budgeting process. List your sources of monthly income and your monthly expenses. Subtract monthly expenses from monthly income and the difference is the amount you can save and invest each month. If you are still working, you will want to work towards savings and investing 10-20% of your annual income each year. Here is a sample spreadsheet that may be used to establish a personal or family budget.

PERSONAL BUDGET				January 2017
INCOME				
SOURCES OF INCOME				MONTHLY INCOME
TOTAL MONTHLY INCOME				
EXPENSES				
ITEM	ACCOUNT BALANCE	PAYMENT DUE DATE	AMOUNT PAID PENDING	MONTHLY BUDGET AMOUNT
Home Mortgage				
Medical Insurance				
Personal Spending				
Gas & Electric				
Water				
Cable / Internet				
Wireless Telephone				
Credit Card				
Car Payment				
Newspaper Subscription				
Home Maintenance				
Property Taxes				
Home Owners Insurance				
Auto Insurance				
Auto Club				
Auto Repairs				
DMV				
Home Repairs Home Improvement				
Travel Expenses				
Miscellaneous Expenses				
Totals				
To Savings and Investments				

If you are working: remember, the amount shown “To Savings and Investments” is an after-tax amount. If you are eligible to invest in a pre-tax, tax qualified retirement plan, the amount that you may save and invest is a pre-tax amount. So, taking that into consideration, you may be able to save and invest more than the “To Savings and Investments” amount.

For example, if the “To Savings and Investments Amount” is \$100 per month, you may be able to invest \$142.85 per month on a pre-tax basis, assuming your combined tax-rate is 30% for state and federal income taxes. Here is the formula for calculating the pre-tax amount that may be saved and invested: the “To Savings and Investments” amount divided by 70, in this example, (100 minus your combined state and federal income tax rate of 30%) times 100. For example: \$100 divided by 70 is \$1.4285 times 100 equals \$142.85.

If you are not eligible to invest in a pre-tax, tax qualified retirement plan, you may be able to save and invest in an Individual Retirement Account, Roth Individual Retirement Account or a personal investment account.

If you are retired: it is important to save and invest some amount of money each month to help pay for life’s unexpected expenses. It is important to note that if the “To Savings And Investments” amount is great then 5% each month, it may be appropriate to reduce income distributions from your investments.

Thomas J. Dobransky, AIF, Investment Advisor Representative, LPL Financial

While the Internal Revenue Service has not released the final 2016 tax brackets yet, here are the projected federal tax brackets and rates for 2016, based on taxable income. Source: www.taxbrackets.org

Single Taxpayer	Married Filing Jointly	Tax Rate
Up to \$9,250	Up to \$18,475	10%
\$9,251 to \$37,500	\$18,476 to \$74,975	15%
\$37,501 to \$90,850	\$74,976 to \$151,375	25%
\$90,851 to \$189,500	\$151,376 to \$230,700	28%
\$189,501 to \$412,000	\$230,701 to \$412,000	33%
\$212,001 to \$413,650	\$412,001 to \$465,350	35%
Over \$413,651	Over \$465,350	39.6%

The State of California has released the following rate brackets and rates for 2016.

Single Taxpayer	Married Filing Jointly	Tax Rate
Up to \$7,849	Up to \$15,699	1%
\$7,850 to \$18,609	\$15,700 to \$37,219	2%
\$18,610 to \$29,371	\$37,220 to \$58,743	4%
\$29,372 to \$40,772	\$58,744 to \$81,545	6%
\$40,773 to \$51,529	\$81,546 to \$103,059	8%
\$51,530 to \$263,221	\$103,060 to \$526,443	9.3%
\$263,222 to \$315,866	\$526,444 to \$631,731	10.3%
\$315,866 to \$526,443	\$631,732 to \$1,000,000	11.3%
Over \$526,443	Over \$1,000,000	12.3%

IMPORTANT NOTICE

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor. The examples provided are not representative of any specific situation and are for informational purposes only. There can be no guarantee that the strategies promoted will be successful.