

On Balance

Enjoying Today, Preparing for Tomorrow

REYNOLDS & ASSOCIATES

12345 Any Street • Your Town, USA 12345

(123) 456-7890

www.markreynoldsandassociates.com



Mark Reynolds
President



Social Security Benefit Amounts

The average monthly Social Security retirement benefit in January 2021 (including the 1.3% cost-of-living adjustment) was \$1,543 for individuals, \$2,596 for couples who both received benefits, and \$1,453 for widowed beneficiaries. For an estimate of your Social Security retirement benefit, visit ssa.gov/benefits/retirement/estimator.html.

Tax Refund — Spend or Save?

More than 74% of taxpayers received a refund in 2020, up from about 72% in 2019. Here's how consumers spent the tax refunds they received in 2019 and what they planned to do with their 2020 refunds.

■ 2019 refund actual spending

■ 2020 refund planned spending

41% 50%



Savings

32% 34%



Pay down debt

25% 24%



Everyday expenses

13% 13%



Vacation

11% 10%



Major purchase

10% 10%



Home improvement

10% 9%



"Splurge" purchase

To track the status of your refund, visit Where's My Refund at irs.gov/refunds.

Sources: Internal Revenue Service, 2020; National Retail Federation, 2020 (multiple responses allowed)

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

Social Security Spousal Benefits

More than 2.3 million Americans currently receive Social Security spousal benefits. The average benefit is almost \$800 per month, and some spouses receive significantly more.¹ These valuable benefits can make a big difference in funding retirement for a married couple and might result in higher total benefits, even if both spouses have their own work records.

Spousal benefits can be confusing, and it's important to fully understand your eligibility and options. For clarity, these guidelines are presented from the point of view of the individual filing for spousal benefits.

Basic Spousal Benefits

To receive a spousal benefit, you generally must be age 62 or older and married for at least one year to an eligible worker who is receiving or has filed for Social Security benefits. The maximum spousal benefit is equal to 50% of your spouse's primary insurance amount (PIA), the amount he or she would receive at full retirement age. If you elect to receive a spousal benefit before *your* full retirement age, you will receive a permanently reduced benefit (see chart). There are special rules for divorced spouses and spouses caring for a dependent child, as discussed below.

If your spouse claims benefits before reaching full retirement age, his or her worker benefit would be permanently reduced, but your spousal benefit would still be based on your spouse's primary insurance amount.

Spousal and Worker Benefits

In general, if you are eligible for a spousal benefit and a benefit based on your own work record, the Social Security Administration will pay you whichever amount is higher. If you are initially eligible only for your own worker benefit and later become eligible for a higher spousal benefit (after your spouse files for worker benefits), you will receive an additional amount equal to the difference between the spousal benefit and your own PIA. This is sometimes called the *spousal boost*.

If you filed for your worker benefit before you reached full retirement age, your combined benefit may be lower than your

spousal benefit would have been if you had waited for your spouse to file. You cannot switch from a spousal benefit to a higher worker benefit if you were born after January 1, 1954.

Restricted Application

If you were born on or before January 1, 1954, and have not yet claimed your own worker benefit, you are eligible to file a *restricted application* for a spousal benefit. This allows you to receive a spousal benefit while earning delayed retirement credits on your own work record, which could increase your worker benefit by 8% for each year you delay claiming, up to age 70. You can claim your own worker benefit at any time after you file the restricted application.

This strategy may result in higher total lifetime benefits for you and your spouse. As long as you meet all requirements, you can file a restricted application even if your spouse filed before full retirement age and/or was born after January 1, 1954.

Divorced Spouses

You may be able to collect benefits based on a former spouse's work history if you were married for at least 10 years and are currently unmarried. This won't affect the benefits that your former spouse receives, even if he or she has remarried.

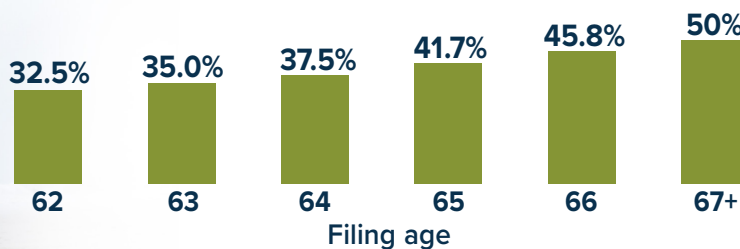
Eligibility for spousal benefits is triggered when your former spouse claims benefits or, if you have been divorced for at least two years, when your former spouse becomes eligible for benefits, regardless of whether he or she has claimed them. If your former spouse suspends benefits, you can still receive spousal benefits during the suspension. (This is not true for married spouses.)

As with regular spousal benefits, the maximum benefit for a divorced spouse is 50% of the former spouse's PIA, and the

FILING AGE AND SPOUSAL BENEFITS

Worker benefits and spousal benefits are based on full retirement age (FRA) — 66 (birth years 1943 to 1954), 66 and 2 months to 66 and 10 months (1955 to 1959), and 67 (1960 and later). This chart is based on FRA of 67.

Spousal benefit as a percentage of worker's primary insurance amount



Percentages are adjusted incrementally for other FRAs or filing ages. If your birthday is the first day of the month, the Social Security Administration calculates your benefit as if you were born in the previous month.

Source: Social Security Administration, 2020



spousal benefit is permanently reduced if you file before your own full retirement age. All other provisions that apply to married spouses also apply to eligible divorced spouses.

Spouse Caring for a Dependent Child

If you're caring for a child under age 16 who is receiving benefits based on your spouse's work record, you may be eligible for a spousal benefit regardless of your age. Your spousal benefit will end when the child turns 16 unless you are old enough to receive benefits based on your age. You can apply for a spousal benefit again when you reach age 62 or later.

Reductions in Spousal Benefits

As with worker benefits, spousal benefits may be reduced by the retirement earnings test if you work before reaching full retirement age and earn more than certain annual limits. A spousal benefit might also be reduced if you are receiving a pension from work not covered by Social Security, such as government employment.

For more information about spousal benefits, see ssa.gov/benefits/retirement/planner/applying7.html.

1) Social Security Administration, 2020

IPOs Soar in 2020

After recovering from the first-quarter market meltdown, 2020 became a banner year for initial public offerings (IPOs) on U.S. stock exchanges, with 407 IPOs raising a record \$145 billion, more than double the volume and proceeds in 2019 (see chart).

A company that "goes public" generally wants to maximize the proceeds and looks for a time when investors have an appetite for risk. The surging stock market — combined with pent-up demand from when the market was down — drove strong activity in the second half of the year.

Inside Out

Although many IPOs occur with little fanfare, the initial public offerings of well-known companies often generate substantial public interest and may sound enticing to the average investor. However, company insiders might have the most to gain. The higher the price set on IPO shares, the more money the company and its executives, employees, and early investors stand to make.

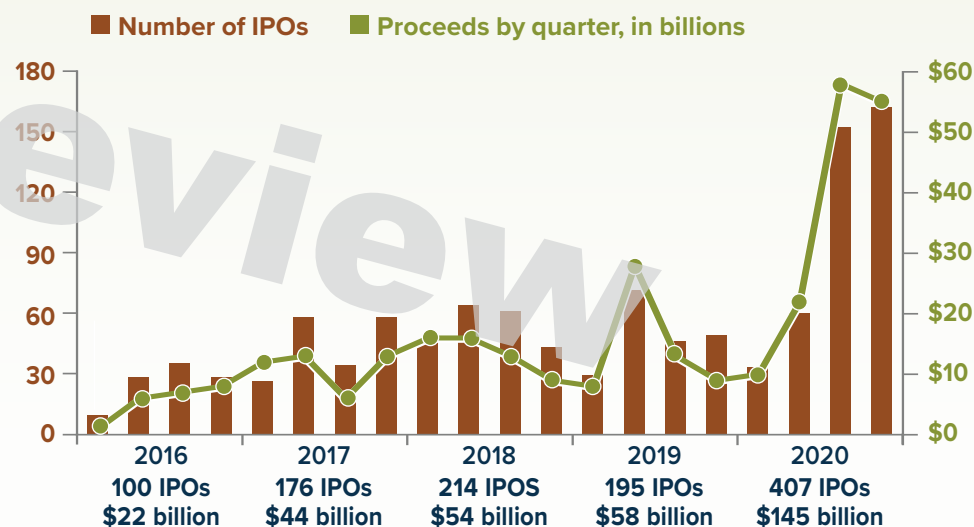
Pop or Fizzle?

When IPO share prices shoot up on the first day of exchange trading, it's referred to as a "pop." A significant first-day gain may suggest that investor demand for the company's shares was underestimated. Of course, this doesn't mean that the company will outperform its peers in the long run.

One catch is that it is often difficult to obtain "allocated" shares that can be purchased at the IPO offering price, the price at which insiders are selling to the market. Investors who don't have the

BIG BOUNCEBACK

Skyrocketing U.S. IPO activity in the the third and fourth quarters of 2020 made it a record year for IPO proceeds.



Source: pwc, 2020 (2020 data as of 12/11/2020)

opportunity to buy shares at the offering price can buy the stock after it starts trading on the exchange. However, much of an IPO's pop can occur between its pricing and the first stock trade. This means investors who buy shares after trading starts often miss out on a large part of the appreciation.

Investors who buy IPO shares on the first day might even pay inflated prices, because that's when media coverage, public interest, and demand for the stock may be greatest. Share prices often drop in the weeks following a large first-day gain as the excitement dies down and fundamental performance measures such as revenues and profits take center stage.

Back to Reality

A young company may have a limited track record, and an established one might

have to disclose more information to investors after it becomes publicly traded. If you're interested in the stock of a newly public company, you should have a relatively high risk tolerance, because shares can be especially volatile in the first few months after an IPO. You might consider waiting until you can evaluate at least two quarters of earnings. Careful research is important for all investments, but recent IPOs may require a higher level of scrutiny.

The return and principal value of all stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investments offering the potential for higher rates of return also involve a higher degree of risk.

Signs of a Scam...and How to Resist It

Although scammers often target older people, consumers age 60 and older who encounter scams are actually less likely to lose money to fraud than younger people, perhaps because they have more financial experience. When they older people do fall for a scam, however, they tend to have higher losses.¹

Regardless of your age or financial knowledge, you can be certain that criminals are hatching schemes to separate you from your money. Here are four guidelines that may help identify a scam.²

Scammers pretend to be from an organization you know. They might claim to be from the IRS, the Social Security Administration, or a well-known agency or business. The IRS will never contact you by phone asking for money, and the Social Security Administration will never call to ask for your Social Security number or threaten your benefits. If you wonder whether a suspicious contact might be legitimate, contact the agency or business through a known number. Never provide personal or financial information in response to an unexpected contact.

Scammers present a problem or a prize. They might say you owe money, there's a problem with an account, a virus on your computer, an emergency in your family, or that you won money but have to pay a fee to receive it. If you aren't aware of owing money, you probably don't. If you didn't enter a contest, you can't win a prize — and you wouldn't have to pay for it if you did. If you are concerned about your account, call the financial institution directly. Computer problems? Contact the appropriate technical support. If your "grandchild" calls asking for help, ask questions only the grandchild would know and check with other family members.

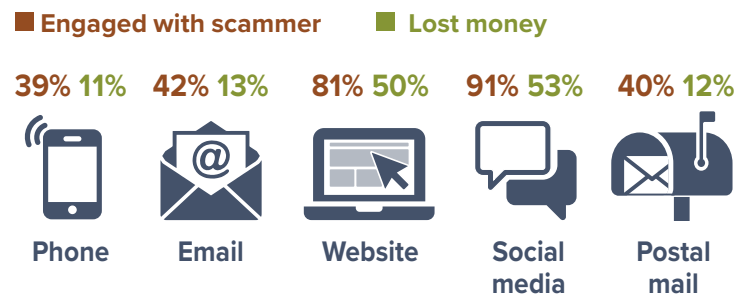
The information in this newsletter is not intended as tax, legal, investment, or retirement advice or recommendations, and it may not be relied on for the purpose of avoiding any federal tax penalties. You are encouraged to seek guidance from an independent tax or legal professional. The content is derived from sources believed to be accurate. Neither the information presented nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. This material was written and prepared by Broadridge Advisor Solutions. © 2021 Broadridge Financial Solutions, Inc.

Have you considered your Social Security claiming options in relation to your other retirement income streams? If you have already filed for benefits, do you have an appropriate balance of other income? Call us for an appointment today.

Mark Reynolds

HOW IT BEGINS

People who encountered scams through social media or a website were more likely to engage with the scammer and lose money.



How scam began

Source: FINRA Investor Education Foundation, 2019

Scammers pressure you to act immediately. They might say you will “miss out” on a great opportunity or be “in trouble” if you don't act now. Disengage immediately if you feel any pressure. A legitimate business will give you time to make a decision.

Scammers tell you to pay in a specific way. They may want you to send money through a wire transfer service or put funds on a gift card. Or they may send you a fake check, tell you to deposit it, and send them money. By the time you discover the check was fake, your money is gone. Never wire money or send a gift card to someone you don't know — it's like sending cash. And never pay money to receive money.

For more information, visit consumer.ftc.gov/features/scam-alerts.

1–2) Federal Trade Commission, 2020