



Fiduciary Financial Services Wealth Management

A Subsidiary of Wunderlich Investment Company

February 2017

Fiduciary Financial Services Wealth Management

12222 Merit Drive, Suite 920
Dallas, TX 75251
Phone: 972-934-9070
Fax: 972-934-8718
www.ffss.net

Paul Welch

President
Chief Investment Officer &
Portfolio Manager
Extension 17

Donald McCoy

Senior Vice President & Portfolio
Manager
Extension 18

Richard Wright

Senior Vice President & Portfolio
Manager
Extension 28

Michael Gavett

Senior Vice President & Portfolio
Manager
Extension 16

Clarissa Risner

Chief Operating Officer &
Controller
Extension 26

Phi Duong

Director of Compliance
Extension 15

Regina Kolkhorst

Director of Information
Technology
Extension 27

Meagan Womack

Operations Assistant
Extension 21

Brandy Bailey

Client Services Representative
Extension 24

Cecella Fisher

Client Services Representative &
Office Administrator
Extension 10

Karen Garner

Client Services Representative
Extension 19



A Case for taking your MRD early in the Year

Many people ask “When is the right time of the year to take my minimum required distribution?” Some believe waiting until the end of the year will result in the most growth in your investments. While that would always be true with a no fee savings account, that is not always true with investments since the stock market goes up and down. December could be the highest month, the lowest month or somewhere in between. Selling a security at its highest price of the year would be the ideal time. There is really not a right or wrong answer to the question, but here are a few thoughts to favor an earlier in the year distribution.

Avoid a possible penalty. Life happens for all us. If you wait until the end of the year and an emergency or a paperwork delay prevents the distribution from occurring, the tax penalty is 50% of the required distribution. By taking care of the distribution sooner rather than later, you avoid this potential penalty.

Don't make the process more difficult for your heirs. In the year you pass, if you have not withdrawn your required distribution, then your heirs must take your distribution at their income tax rates. While that might not seem like a problem, imagine what happens when you pass late in the year. It can take weeks for a death certificate and then weeks to process the paperwork to open and transfer the accounts. Once again, if it is not accomplished by December 31st, the 50% penalty will apply to the heirs. While we do our best to help in this effort, at a time of grieving sometimes the heirs are not proactive on this process.

Determine the tax withholding rate. A good time to talk to your tax professional about your income tax rates is during tax season. You can determine the appropriate withholding rate and possibly avoid estimated tax payments if you withhold from your distribution from your IRA. Sometimes it is even beneficial to take more than your minimum required distribution. Proper tax planning with your tax professional can simplify your life.

Keep the assets invested. If you want to keep your assets invested, you can move cash or securities from your IRA to your taxable investment account (i.e. joint account, individual account, etc). Since the assets would remain invested, timing only changes the number of shares to transfer. You could still take a monthly distribution from the taxable account for living expenses. This is a good way to manage your required distribution if part or all of the distribution is not needed for living expenses.

Consider a charity. If you are charitably inclined, then consider giving from your IRA. If you itemize on your income tax return primarily due to your charitable giving, then there could be some tax benefits including lower Medicare premiums, if you give from your IRA. You can give up to \$100,000 annually tax free from your IRA if you are over 70 1/2. Giving early in the year allows the charity to use the funds all year long.

In the year you turn 70 ½ you must begin taking a minimum required distribution. You have until December 31 to take the distribution, but delaying the inevitable can have some negative consequences. Reduce the stress and consider taking your required distribution early in the year.

2017 Holiday Schedule

The office will be closed on the following dates for 2017:

- ▶ Monday, February 20th
President's Day
- ▶ Friday, April 14th
Good Friday
- ▶ Monday, May 29th
Memorial Day
- ▶ Tuesday, July 4th
Independence Day
- ▶ Monday, September 4th
Labor Day
- ▶ Thursday, November 23rd
Thanksgiving Day
- ▶ Monday, December 25th
Christmas Day

We will be open Mondays through Fridays from 8:30 am - 4:30 pm

**We're on the
Web!
www.ffss.net**



Dow hits 20K for the first time on January 25, 2017

2016 Tax Information

1099R Expected Mail Dates: January 31, 2017 from Wells Fargo, TDA and Fidelity

1099 Expected Mail Dates: February 28, 2017 from Wells Fargo, TDA and Fidelity

Realized Gains/Losses:

Because the IRS is requiring brokers to report the cost basis on the 1099's, in most cases you will not need a realized gain/loss report from FFSS. There are a few instances where the securities were purchased before the IRS ruling and the brokers do not have cost basis information in which you will need a report from us.

Many of the reits, exchanged traded funds, and mutual fund reclassify the distributions after the end of the year, which require the brokers to make the appropriate adjustments. Since we do not have access to all those adjustments, we make those adjustments after the brokers send 1099's. We will not send any realized gain/loss reports until we have reconciled to the broker 1099's.

If you would like a copy of the FFSS Realized Gain/Loss report, please request it by contacting your client service representative (Brandy, Cecelia, or Karen). Please note, they will not be sent until sometime in March.

Management Fees:

Management fees deducted from taxable accounts (ie joint, individual, separate property, etc.) are deductible on schedule A of your form 1040. All management fees deducted from the taxable accounts are reported in the supplementary information on the broker 1099's.

Qualified Charitable Distributions from an IRA:

Be sure to let your tax preparer know if you make a charitable distribution from your IRA, so that it is appropriately reported.