

LIFE & MONEY

The Bodnar Financial Quarterly Newsletter



Hit the ground running in 2021

By John Bodnar, CFP®

Sixty-two percent of Americans resolved to save more money in 2021. Half are hoping to pay down debt. Sadly, no survey asked how many Americans will protect their wealth from inflation.

Inflation is the fall of purchasing power over time. Purchasing power is always declining—some years more than others, but it is always going down.

At 3% inflation, the dollar loses about half its real value in 20 years. At the end of a 30-year retirement for two people, it will cost about \$2.40 to buy what just one dollar bought the first year.

My job is to make sure your wealth outlives you, not the other way around. To do this, let's get back to basics in 2021.

- When is the last time you increased your retirement plan contributions?
- Are you planning to move or retire soon?
- Do you have any kids or grandkids heading off to college?
- Are you properly insured?
- Do you have an estate plan? Are your beneficiaries up-to-date?
- When is the last time you checked your credit score?
- When is the last time we did a balance sheet?

If we haven't met in a year, call the office to schedule a review. We are doing in-person meetings again, although Zoom is here to stay.

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TAX FORM REMINDER

Bezos on America and the entrepreneurial spirit

I recently found this quote and had to pass it along...

"It's not a coincidence that Amazon was born in this country. More than any other place on Earth, new companies can start, grow, and thrive here in the U.S.

Our country embraces resourcefulness and self-reliance, and it embraces builders who start from scratch. We nurture entrepreneurs and start-ups with stable rule of law, the finest university system in the world, the freedom of democracy, and a deeply accepted culture of risk-taking.

Of course, this great nation of ours is far from perfect ... still, the rest of the world would love even the tiniest sip of the elixir we have here in the U.S. Immigrants like my dad see what a treasure this country is—they have perspective and can often see more clearly than those of us who were lucky enough to be born here.

It's still Day One for this country, and even in the face of today's humbling challenges, I have never been more optimistic about our future."

—Jeff Bezos, statement to the House Judiciary Subcommittee on Antitrust, July 29, 2020

GOOD NEWS! THE IRS RELEASED NEW RMD LIFE EXPECTANCY TABLES FOR 2022

On November 6, the IRS released new required minimum distribution (RMD) life expectancy tables that will take effect in 2022. The tables were updated to reflect that Americans are now living longer.

Longer life expectancy means smaller RMDs—and smaller RMDs mean less income taxes and more money growing tax-deferred in your retirement accounts.

RMDs are waived for 2020, and will be calculated under the current tables for 2021.



Meet Justin Esposito, our new financial advisor!

Bodnar Financial keeps growing! Justin joined us in December and has been a tremendous help with client follow-ups and helping clients apply for insurance policies. He holds Series 6, 7, 63, and 65 licenses.

Before joining our team, Justin was a top-performing regional director at WBI Investments, where he tailored advisory services to broker-dealers, investment advisors, asset managers, insurers, and more across the Northeast and Midwest.

Justin is a graduate of Monmouth University and proud father of three adorable kids (ages 3, 6, 8) with his wife Heather, who are their "pride and joy."

When should I claim Social Security?

Find out the answer at our next webinar!

Join us to learn the latest tips for Social Security planning in 2021. John will discuss strategies for claiming age, spousal and ex-spousal benefits, survivor benefits, working in retirement, tax planning, and more!

WHAT: Social Security Planning Client Webinar

HOST: John Bodnar, CFP®

WHEN: February 11, 2021 from 4pm – 5:30pm

To reserve a spot, call (973) 966-6939 or email danielle@bodnar.net. Hope to "see" you there!





A quick tax form reminder

In the good old days, we had all our tax forms by the end of January. No more! As financial products grow more complicated, the IRS gives investment firms more time to get their mailings out to account holders.

When it comes to some of your accounts, you may not receive tax forms until Feb. 16 (possibly even March 1). As forms come in later and later in the year—and revisions often follow—you might want to hold off on visiting your accountant until after March 1.

Key financial dates

January 1 – March 31: Medicare Advantage open enrollment period.

January 15: Deadline for 2020 fourth quarter estimated tax payments if you're self-employed or underpaying based on your income.

February 1: Deadline to mail a Form 1099-MISC to qualifying vendors. (Don't forget to also mail a Form 1096 to the IRS before March 1 by paper, or March 31 electronically.)

March 1: You should have received all your tax forms by now, including W-2s, 1099s, and interest and dividend statements.

April 15: Tax Day and deadline for 2021 first quarter estimated tax payments. It's also the last day to make a 2020 IRA or HSA contribution.

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