

# WEALTH OF KNOWLEDGE

NEWSLETTER COVERING THE WEALTH CONTINUUM

## Creating Effective New Year's Financial Resolutions

How many of us can honestly say that we have made, and stuck to, all of our New Year's Resolutions over the years? For those of you who have, I congratulate you; you have achieved something that many struggle with each year. Recent research from YouGov Omnibus shows that only 1 in 5 Americans has stuck to their New Year's Resolutions. Whether it is losing weight, creating better work/life balance or taking up a new hobby, often times our busy lives get the better of our good intentions. It can be the same with Financial Resolutions, unless you not only create the plan, but also create an easy way to track and measure (and celebrate) your results.

### Step One: Memorialize the Goal(s)

You may have heard the expression "If it can't be measured, it can't be done." In order to create the plan, the place to begin is putting your goals into writing. It is o.k. to have both short-term and long-term goals (a new house, and retirement, for example). However, it is critical for success to make sure that the list is not too long and that the goals are clear and easy to measure. If, for example, your goal is to "save more money," like 55% of those recently surveyed by Fidelity responded, then how much? Set a specific target based upon your budget and the timeframe. Avoid vague goals like "send children to a good school" or "have a comfortable retirement." Being specific is critical to an effective process.

### Step Two: Knowledge is Power

In order to figure out what you can accomplish, you first must evaluate your current baseline for fiscal fitness. Do you have a good handle on what you spend? Do you know your credit score? Are you maximizing all the savings options available through work? Are you spending money on things that will diminish your ability to meet your goals? A good look at your current spending and saving habits can be surprising and may result in some revisions to your goals.



### Step Three: Monitor Your Progress

Once the goals are written, the next step is to make them easy to track and monitor. There is the more old-fashioned way to do this (pen and paper, or an Excel spreadsheet) or you can take advantage of various software (Quicken, Mint) to ameliorate the reporting process. For short-term goals, monthly monitoring makes a lot of sense, whereas for longer-term goals, a semi-annual or annual review is preferable.

### Step Four: Celebrate the successes-acknowledge the shortfalls

If you are successful at one (or more) of your goals, plan a celebration. Success breeds success, so it is important to make progress milestones memorable. A hike in the woods, a family movie night or a game night with friends, whatever you wish that you could spend more time doing. If you are not completely successful, it may be time to take a look at why and tweak the goals accordingly.

Having a written plan has proven to be the key to building wealth, at all income levels. Whether or not you are currently the type of individual who is good at planning, a few simple steps can get your resolutions kick started for 2019. As always, our team of CERTIFIED FINANCIAL PLANNER™ professionals stand ready to help you create and implement a successful financial strategy. In the meantime, we wish you and yours a wonderful holiday and a Happy New Year!

*Laurie Haelen, AIF® is a Senior Vice President, Manager of Wealth Solutions with CNB Wealth Management. She may be reached at (585) 419-0670, ext. 41970 or by email at LHaelen@CNBank.com.*



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Our professionals are featured on the radio talk show "Ask the Experts," to discuss a variety of financial topics. The show is broadcast on WHAM 1180 in the Western NY region, Saturdays at 8:00 pm. Those who reside outside of the region can listen online at [wham1180.com](http://wham1180.com).

**2019 Shows**

January 26 • March 9 • May 25 • July 27 • September 28 • November 23

## Lots of Changes in the New Year

Many of the numbers coming out of Washington that impact our tax and retirement planning lives are different in 2019, just as they tend to be every year.

“Chained” Consumer Price Index (CPI) is now used to adjust most tax-related numbers. Chained CPI is generally lower than CPI. For 2019, it is about 2%. While the difference is subtle, use of this factor makes annual tax-related adjustments less favorable for taxpayers.

### Federal Tax Numbers

Seven tax brackets, ranging from 10% to 37%, were carried over from the 2018 tax year. In 2019, the taxable income range within each of the seven brackets will increase by about 2%. This will result in a modestly-lower tax bill for a given taxable income compared to 2018.

The standard deduction was increased to \$12,200 for single taxpayers and to \$24,400 for married filing jointly. Additional deductions are still available for those who are blind and/or age 65 and older.

The federal gift and estate tax exclusion increased 2% from \$11.18 million to \$11.40 million. The portability provision remains, allowing a married couple to shield \$22.8 million from federal estate taxation. The annual gift tax exclusion remains at \$15,000.

### Two Tax Provisions Changed

Provisions ending in 2019 include: 1) the ability to treat alimony payments as a deduction for the payer and as taxable income for the payee for divorces finalized after 2018 and 2) the ability to deduct medical expenses exceeding 7.5% of Adjusted Gross Income (AGI). The medical deduction threshold starting in 2019 is 10% of AGI.

### Retirement Accounts

Several contribution limits were increased for 2019. The increase is \$500 for 401(k)/403(b)/457, Traditional/Roth IRA, and SIMPLE IRA plans. Catch-up contribution limits are unchanged from 2018.

### Social Security and Medicare

Inflation adjustments for Social Security benefits are based on actual CPI (not chained). The 2018-to-2019 benefits increase is 2.8% - the highest since 2012. The ceiling on wages taxed for Social Security purposes increased 3.5% from \$128,400 to \$132,900. While this will not make current high-income workers happy, the good news is that it will pump additional funding into the system.

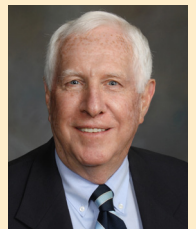
Medicare premium increases were modest. Combined Part B and Part D monthly premium costs increased by 90 cents to \$1.50 in the first five Medicare premium tiers. A 6<sup>th</sup> higher-premium tier was added for a Modified AGI threshold of \$500,000 single and \$750,000 married filing jointly. Again, this will not make high-income retirees happy but will help keep the program solvent at least for the near term. Medicare premiums for 2019 are based on 2017 Modified AGIs.

Don't confuse these new 2019 numbers when preparing your 2018 taxes. They will come into play in 2020 when you prepare your 2019 income taxes.

### Questions?

Consult with your tax professional and Wealth Advisor.

*James P. Terwilliger PhD, CFP® is a Senior Vice President, Senior Planning Advisor with CNB Wealth Management. He may be reached at (585) 419-0670 x50630 or by email at JTerwilliger@CNBank.com.*



## Introducing Jillian Dart to CNB Wealth Management



**Jillian Erika Dart, Esq., CTFA, AEP**  
Senior Vice President,  
Senior Trust Officer - Team Leader  
(585) 419-0670 x41935  
JDart@CNBank.com

Jillian joined CNB Wealth Management in October 2018 as a Senior Vice President, Senior Trust Officer – Team Leader, bringing more than 21 years of experience in the financial services industry. Prior to joining CNB, Jillian was Market Trust Director for Upstate NY at U.S. Trust – Bank of America Private Wealth Management. Jillian was also an advisor to high net worth individuals and families, and her responsibilities included the administration of trusts along with investment management relationships.

## SHAREHOLDER CORNER

One of the benefits of being a shareholder, is our Travel Club. These experiences have been created with your interests in mind. As always, all trips will be escorted by CNB personnel and are planned on your behalf, to be convenient and provide you with peace of mind while traveling.

**For information on our 2019 trips visit:**

**[CNBank.com/TravelExperience](http://CNBank.com/TravelExperience)**

We look forward to traveling with you!