MACMILLAN FINANCIAL

JOHN MACMILLAN, CSA, CRFA, CLTC

P.O. BOX 66

ANNANDALE, NJ, 08801

(908) 236-7500

WWW.SENIORSBOOMERS.COM

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"The Retirement Experts"

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We've Moved Effective March 1st, 2007. Please note the new address

Round Valley Executive Center

3 Werner Way, Suite 300

Lebanon, New Jersey, 08833

Good News for Your Grandkids Education

There's good news for seniors helping out with their grandchildren's education: The Pension Protection Act (PPA), which became law in August 2006, made the federal tax exemption on Section 529 tuition plans permanent. 529 tuition plans are state-sponsored savings programs designed to help parents and grandparents finance a child's educational expenses. Anyone can contribute to a child's 529 plan, regardless of relationship to the child or income level. Earnings accumulate on a tax-deferred basis, and are exempt from federal income tax if used to pay for qualified higher education expenses, such as tuition, room and board, and supplies. Most states accord a similar favorable tax treatment to 529 plans.

But 529 plans aren't just a boon for kids. In many cases, seniors planning their estates are attracted to them because of their accelerated gift tax treatment. An individual can make a lump-sum contribution of up to $60,000 per beneficiary free of gift taxes. That's $120,000 per couple - and is five times the annual gift tax exclusion. Even better, you can contribute to an unlimited number of beneficiaries. So, if you and your spouse have five grandchildren, you can contribute $600,000.

Previously, the federal tax exemption on 529 plans was set to expire in 2010. Afterward, investment earnings would be mostly taxable even if used for education. Now that "sunset provision" no longer exists.

Still, potential investors should be aware of two caveats about 529 plans. First, withdrawals are reduced by tax-free scholarships, fellowships and some other forms of financial assistance; if the remaining expenses are less than the qualified distributions, part of the earnings will be taxable. Second, the IRS will likely be clamping down on abuse of 529 plans - that is, using them to transfer funds while avoiding gift taxes. So if you use them for estate planning purposes, you'll want to be sure what you're doing is legal.

Still, 529's are a great way to help a grandchild save for college, and when used honestly, can be an effective estate planning tool. If you're interested in leaning more about them, we can provide you with information. Contact us now.

Investors should consider investment objectives, risks and charges and expenses associated with 529 plans and municipal fund securities before investing. Information on municipal fund securities is available in the issuer's official statement which should be read carefully before investing. 529 plans are subject to market risk and non-qualified withdrawals are subject to penalties.

Call me or complete the attached reply coupon to request some additional information.

Is Not Retiring a Viable Last-minute Retirement Planning Option?

Many financial planners will tell you the best way to save for retirement is to start young and consistently put aside a portion of your salary into a retirement savings vehicle. And some people certainly do that. But if you're like many of us, you didn't save as much as you could, and now you're looking for some last minute options.

On one hand, you could save more. But that isn't necessarily viable. More immediate goals, such as paying your mortgage and health care bills, or helping out your children and grandchildren, may be stretching your budget. Around 58% of Americans age 55 and older have saved less than $100,000 for retirement, according to the Employee Benefit Research Institute's latest Retirement Confidence Survey. Only 19% have saved $250,000 or more.

That means you may need to adjust your expectations for retirement. And one way to do that is to consider not retiring - or retiring later.

It may sound depressing, but it doesn't mean giving up lazy days with the grandchildren or on the golf course. You could simply postpone your retirement - or work part-time in retirement.

Postponing your retirement can significantly impact your retirement finances - not just because each year is an additional year to save money, but because there's also one less year that you'll need to live off your retirement fund. According to a March 2006 report from the Center for Retirement Research at Boston College, Americans who delay retirement by just one year would increase their annual income in retirement by $1,317 to $2,402 per year, depending on whether they dip into their 401(k)s. Those who delay retirement by five years would see their annual retirement income rise by $14,888.

Working part-time in retirement also doesn't have to be something you dread. Your could take part-time work as a consultant in an industry you know well, or you could pursue a career you always dreamed of - for example, working with children in a library, or helping out at the canteen on a golf course (which might also result in free tee times!).

How much can you save by delaying retirement? We can show you. Contact us now.

Protect Yourself from Identity Theft

According to the most recent Federal Trade Commission (FTC) identify theft survey[1], there were likely 10 million victims of identity theft in 2003, bringing the total number of victims for the prior five years to 27 million. And once discovered, it's up to the consumer to clean up the identity theft mess — typically a lengthy process that can go on for months or even years. How can you protect yourself?

First, it’s important to understand that consumers usually aren't liable for fraudulent charges. As a result, their out-of-pocket expenses are usually limited when identify theft does occur. In fact, 63 percent of identity-theft victims have no out-of-pocket expenses, according to the FTC. The problem is the damage to the victim’s credit report, which can impact his or her credit score — and make getting credit difficult in the future.

So, how do you protect yourself against identify theft? First, understand how identify thieves get your data. According to the FTC[2], the most common methods are dumpster diving (rummaging through trash looking for bills or other paper with your personal information on it), skimming (stealing credit card numbers when processing your card), phishing (sending spam e-mail messages to get you to reveal your personal information), changing your address (diverting your billing statements to another location), and plain old stealing (taking wallets and purses, mail or personnel records).

The FTC offers the following tips[3] for protecting yourself:

- Shred financial documents and paperwork with personal information on them before discarding.
- Protect your Social Security number: Don’t carry your card in your wallet or write your number on a check. And ask businesses, such as physicians, to use another identifier; they usually will.
- Don’t give out personal information on the phone, through the mail, or over the Internet unless you know who you’re dealing with.
- Never click on links sent in unsolicited emails; instead, type in the URL you know.
- Don’t use an obvious password like your birth date, your mother’s maiden name, or the last four digits of your Social Security number.
- Keep your personal information in a secure place at home, especially if you have roommates, employ outside help, or are having work done in your house.

We can provide you with free brochure on how to deter, detect, and defend against identity theft. Contact us for details.

1Source: http://www.consumer.gov/idtheft/pdf/synovate_report.pdf

2 Source: www.consumer.gov/idtheft

3 Source: www.consumer.gov/idtheft

◆***As federal and state tax rules are subject to frequent changes, you should consult with a qualified tax advisor prior to making any investment purchase decisions.***