



**HOLMES  
&  
GRIFFETH**  
FINANCIAL PLANNERS  
*Trusted Since 2001*

APRIL 1, 2021



# THE NEST EGG

*PROTECTING, PRESERVING AND BUILDING OUR CLIENTS' ASSETS*

## CHOOSING THE RIGHT LIFE INSURANCE POLICY

### HOW TO COMPARE PLANS BASED ON YOUR SPECIFIC NEEDS

The basic premise behind life insurance is simple: You pay premiums to an insurance company, which then pays your beneficiaries a certain amount after you die. But not all life insurance policies are alike. In fact, the right policy for one person may be precisely the wrong choice for someone else. Understanding the basics of life insurance and what to look for in a policy can help you find coverage that fits your needs.

### WHAT IS LIFE INSURANCE?

Life insurance is a powerful tool for many different financial situations. Here are a few reasons why you might buy a life insurance policy:

- ***Others depend on your income or care.*** If you earn money for your family, you may want to make plans to replace that income should you die. Even if you're a stay-at-home parent performing work that doesn't generate income, your work has value and can be insured.
- ***Your estate won't cover final expenses.*** Even if you don't have dependents, an insurance policy can be useful if it covers final costs, such as funeral expenses, which protects your next of kin from a financial burden.
- ***Employer-provided insurance may not be enough.*** Your employer may offer a low-cost or free basic life insurance policy as well as a supplemental policy. These policies can be useful but are often not enough for workers with dependents, as they typically represent only one or two years of income.
- ***You're young and healthy.*** Youth and a clean bill of health are often justifications for *not* being insured. However buying a plan when you're younger and a lower health risk may help you qualify for lower premiums. Starting out with low premiums can be particularly useful when you buy a policy with a renewable clause, which allows you to re-up your coverage without a new medical exam. That way, new health problems won't increase the amount you pay.
- ***You want to leave more to your heirs.*** If you're interested in leaving a financial legacy, a life insurance policy may help you maximize the size of your estate and reduce potential tax bills for your heirs.

(continued from page 1)

### WHAT SHOULD I LOOK FOR IN A POLICY?

Always compare multiple policies when shopping for life insurance. Here are several things to keep in mind:

- **Consider both term and permanent life insurance.** A term life insurance policy covers you for an agreed-upon period of time, whereas a permanent life insurance policy covers you for the rest of your life. Many permanent policies include a savings component. In some cases, the policy owner can borrow against this cash value or withdraw money to help cover certain expenses, such as a child's education.
- **Compare premiums and size of coverage.** Your needs will determine your size of coverage. For example, perhaps you're looking for a policy that will cover 10 years' worth of income or simply pay off the balance of your mortgage. When you compare premiums, find out whether the premiums are guaranteed to remain the same or will increase over the term of the policy.
- **Compare the length of coverage.** For term life insurance policies, coverage lasts a set amount of time, usually between 10 and 30 years. How long you need your term policy may depend on your financial obligations. You may want to be covered until your children are out of the house or until your mortgage is paid off, for example.
- **Find out what happens if you get sick.** Some policies allow you to receive "accelerated death benefits" if you are diagnosed with a terminal illness. Accelerated death benefits are paid to you directly to spend how you like. Whatever balance you leave in the policy is paid as normal after your death.
- **Have confidence in the insurer.** An insurance policy is only as reliable as the company underwriting it. Ask any prospective insurer to see the ratings they've been given by independent groups, such as AM Best, to see whether you feel comfortable entering into a contract with them.

Deciding on a life insurance policy isn't just about avoiding a "bad" one and choosing a "good" one. It's about finding the one that suits your situation. Don't be afraid to ask questions and scrutinize plans until you find the right fit.

#### Sources:

<https://www.forbes.com/advisor/life-insurance/stay-at-home-parents/>  
<https://www.iii.org/article/what-are-principal-types-life-insurance>  
<https://www.iii.org/article/what-are-different-types-permanent-life-insurance-policies>  
<https://longtermcare.acl.gov/costs-how-to-pay/using-life-insurance-to-pay-for-long-term-care.html>

#### Did you know?

Holmes & Griffith offers Life Insurance, Medical Supplement Insurance, Long Term Care Insurance, Disability Insurance & Keyman Insurance



## UNDERSTANDING YOUR RETIREMENT INCOME PLAN

*Manage cash flow in retirement with multiple income streams*

When you retire, you get to bid farewell to the working world. That's the good news. The bad news? You'll no longer have a paycheck coming in from your employer. To address that, you'll need to piece together a steady stream of income from different retirement sources, such as Social Security, retirement accounts, and annuities. Each of these sources of income has its own benefits and tax treatments. Here's what you need to know about how they might fit into your retirement plan.

**Social Security Benefits:** Monthly Social Security benefits provide a guaranteed source of income that can help you cover your expenses in retirement. The government calculates your benefit based on your average monthly earnings during your 35 highest-earning years.

You will receive your full benefit when you reach full retirement age (FRA), which varies depending on the year you were born. You can find your FRA at [SSA.gov](http://SSA.gov). That said, you can start claiming Social Security at age 62, but you will receive a reduced benefit. And if you can wait, your benefits will grow until you reach age 70. Up to 85% of your Social Security benefits may be taxed depending on your total income.

**Retirement Accounts:** Retirement accounts, including 401(k)s and traditional and Roth IRAs are tax-advantaged investment vehicles that allow you to save for retirement while you are working. You might have just one or all three kinds of accounts. Here's a breakdown:

**401(k):** Many employers offer 401(k)s, which allow employees to save up to \$19,500 each year (or \$26,000 for those age 50 and older). Employers can also contribute to the plan, and often do so in the form of matching contributions. Contributions are made with pre-tax money and grow tax-deferred. Individuals owe income taxes when they make withdrawals after age 59 ½. Withdrawals before then are subject to income tax and a 10% early withdrawal penalty. At age 72 you must take required minimum distributions (RMDs).

**Traditional IRA:** In general, anyone with earned income can contribute to a traditional IRA. Individuals can save up to \$6,000 each year, or \$7,000 for those age 50 and older. Contributions are made with pre-tax dollars. That money can be invested and grows tax-deferred inside the account. Like 401(k)s, withdrawals after age 59 ½ are subject to income tax, and early withdrawals may be subject to a 10% penalty. At age 72, you must take RMDs.

**Roth IRA:** Roth IRAs have the same contribution limits as traditional IRAs. However, contributions are made after taxes are paid. The benefit is that those contributions are allowed to grow tax-free and are not subject to income tax when you withdraw them after age 59 1/2. Roth IRAs do not have RMDs. You can have both a traditional and Roth IRA at the same time, but the contribution limits are cumulative over both accounts: You cannot save more than \$6,000 total between the two accounts.

**Annuities:** Annuities are products that you buy from an insurance company. You can purchase them with a lump sum or a series of payments. In return, the company will often promise you regular payments starting immediately or in the future, depending on the product. They also offer tax-deferred growth, and may offer death benefits for a beneficiary you name.

There are three main types of annuities—fixed, variable, and indexed—and there are many ways to customize them. They can be complicated products, so talk to your financial advisor to learn about their benefits and risks and whether they are an appropriate fit for your financial plan.

**Understanding Withdrawal Strategies:** There are of course other sources of retirement income, including taxable investment accounts, earnings from a part-time job, and even real estate rental income. Having a mix of sources can give your retirement income picture more stability and flexibility. Guaranteed income sources such as Social Security and annuities can help ensure you have at least your necessary expenses covered. The ability to draw from accounts with different tax treatments allows you the flexibility to manage your tax bill. One rule of thumb says that to minimize taxes retirees should draw down their taxable assets first, then their tax-deferred assets, followed by tax-free accounts.

Having a mix of income streams and understanding how they work allows you to manage your cash flow and taxes to ensure you are able to cover your retirement needs.

**SOURCES:**

- <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>
- <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-contributions#:~:text=The%20annual%20contribution%20limit%20for,re%20age%2050%20or%20older.>
- <https://www.investor.gov/introduction-investing/investing-basics/investment-products/insurance-products/annuities>



## THE LEGACY OF HOLMES & GRIFFETH

Part 2 of 4—a series Celebrating 20 Years of you placing your trust in us!

### WHO IS THE “GRIFFETH” IN HOLMES & GRIFFETH?

Kwen Griffeth & Jim Holmes began H&G in 2001 with a vision to provide services to clients in all different aspects of financial planning, including estate planning. The proprietary company they worked for limited the products that could be offered. They had a vision to offer a more comprehensive service to clients, thus began H&G, when they opened an office in the Commerce Building on East Sunshine.

Kwen invested in building relationships and growing the company in the early years of H&G. Then he decided to pursue his passion for writing and in 2012, he wrote his debut novel, *Dear Emma*. He self-published through Amazon and asked people to read it. “The best way to see if I can write is to let people check it out,” he said. Like it, they did.

Today, his Amazon Author Page reads: USA Today and Amazon best-selling author, Kwen D Griffeth grew up on a quarter horse ranch and farm in the mountains of Idaho. A career in the military and several years as a police officer rounds out his experiences so that he brings a unique perspective to his tales. He has won several awards including the Gold and Silver medals from Readers' Favorite. As a lover of animals he writes his stories accompanied by his 8-pound terror, Wrigley, a Maltese rescue dog. He has forgotten who rescued whom.

A quick search of “Kwen Griffeth” on Amazon will allow you the opportunity discover your next read!



THEN &  
NOW  
PHOTOS  
OF KWEN





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INTRODUCTIONS ARE ALWAYS APPRECIATED!

Visit us on the web at:

**[www.holmes-griffeth.com](http://www.holmes-griffeth.com)**

## SAVE THE DATE!

**ANNUAL  
SHRED  
EVENT**



**Friday April 16th, 2021**

**Holmes & Griffeth**

636 W Republic Road B108  
Springfield, MO 65807

**8 AM to 3 PM**

*(just stop by & drop off at the door)*

Any questions please call  
417-887-1272 or email  
info@holmes-griffeth.com

**\*NO large staples, 3-ring binders, metal binders or plastic binders!  
\*NO plastic—including envelopes, bags and sleeves!**

I'm really not into spring cleaning.

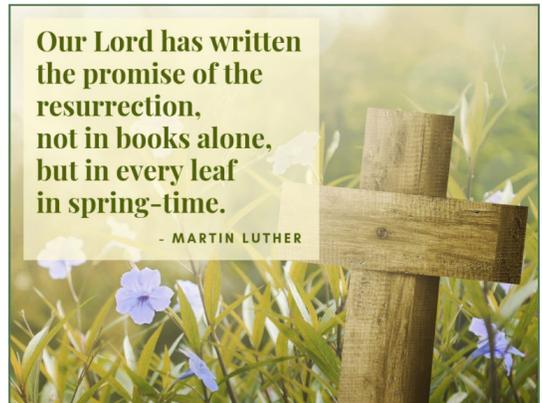


Come to think of it, I'm not into  
summer, fall or winter cleaning either.

Visit Jim Hunt at facebook.com/huntcartoons

**Our Lord has written  
the promise of the  
resurrection,  
not in books alone,  
but in every leaf  
in spring-time.**

- MARTIN LUTHER



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