



## W E A L T H   A D V I S O R   Q U A R T E R L Y

### YTD Returns Through December 31, 2015

Dow Jones Inds.	+0.21
S&P 500	+1.38
Barclays Aggregate Bond	+0.55
MSCI EAFE	-0.39
MSCI Emerging Mkts.	-14.60



## WAG on the Move

### Get To Know The Men Behind Their Financial Advisor Title

Ever want to know a little more about your WAG financial advisor? We are starting 2016 off by asking some fun questions of the men we think we know.

#### For the record state your name and when you started with Wealth Advisors Group:

Mark VanderHagen: 1991

Joseph DeWald (Joe): 1999

Patrick O'Connell: 2005

Alex Budzon: 2013

#### What is your favorite Christmas movie of all time?

Mark: A Christmas Story

Joe: If I had to choose a classic movie it would be Miracle on 34<sup>th</sup> Street, but for a newer laugh I would say Elf.

Patrick: Home Alone

Alex: Elf

#### What was the best birthday gift you've ever received?

Mark: For my 50<sup>th</sup> birthday I bought myself a sports car that I had dreamed of owning since college.

Joe: I received a pocket knife when I was 13.

Patrick: Tickets to my first Cubs game when I was very young.

Alex: A trip to the Masters.

#### What is your favorite quote?

Mark: "Happiness is an inside job." –*William Arthur Ward*

Joe: I have two: "Make it an awesome day!" –*Joe DeWald*, and "Live simply, love generously, care deeply, speak kindly, leave the rest to God." –*Ronald Reagan*

Patrick: "In the end it's not the years in your life that count, it's the life in your years." –*Abraham Lincoln*

Alex: "Someone is sitting in the shade today, because someone planted a tree a long time ago." –*Warren Buffet*

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If you could live in any period of history, when would it be?

Mark: The present.

Joe: I would say the late 1800's, although the present is pretty exciting!

Patrick: 1920's

Alex: 1920's

Do you have any musical talents, like play an instrument or sing?

Mark: I'm from a musical family. My father was a band director. I started playing drums around the age of four, but switched to the trumpet in elementary school. I continued playing in the college concert band.

Joe: Sing

Patrick: I played the piano for a couple of years and the trumpet for about a decade.

Alex: Air Guitar

What is your favorite home cooked meal?

Mark: My wife is an excellent cook and we eat at home most every meal. Her beef and noodles are a family favorite.

Joe: Thanksgiving remix: turkey, mashed potatoes, gravy, stuffing, and broccoli.

Patrick: My Mom's wheat pancakes, eggs, and sausage.

Alex: Chicken Parmesan

What is your favorite electronic device?

Mark: Sonos HiFi wireless home audio system.

Joe: iPad, the whole world is at your fingertips and it is big enough to read!

Patrick: iPhone

Alex: Phone, specifically my iPhone 6.

What is the most recent book you read and out of a 5-star scale, how many stars would you give it?

Mark: I just finished several books about American history. The most recent being *Thomas Jefferson and the Tripoli Pirates: The Forgotten War That Changed American History*, by Don Yaeger and Brian Kilmeade. I found it interesting how our President handled today's equivalent of terrorists.  
★★★★★

Joe: *As Far as My Feet Will Carry Me*, by Josef M. Bauer ★★★★★

Patrick: *Unbroken: A World War II Story of Survival, Resilience, and Redemption*, by Laura Hillenbrand ★★★★★

Alex: *The Game of Numbers*, by Nick Murray  
★★★★★

What do you love the most about being a financial advisor?

Mark: What I love the most is the satisfaction I feel when my financial advice makes a real difference in the lives of my clients. This comes from seeing a client reach their goal of a comfortable retirement or sending a child off to college without the burden of student loans. Helping a client avoid financial pitfalls such as selling at market low is also rewarding.

Joe: Helping clients reach their goals.

Patrick: Seeing people accomplish their financial goals they may not have thought possible.

Alex: Coordinating the finances of my clients to bring them financial confidence. ■

## Tax and Legislation Corner

### Charitable IRA Rollover 2016

We are pleased to report that Congress has passed the IRA Charitable Rollover law for 2015 and beyond. The president has signed it into law, which now allows individuals additional income tax planning options throughout the year.

What it means: This giving option allows donors to make distributions from IRAs directly to charity. IRA owners who are age 70-1/2 or older may direct up to \$100,000 from an individual retirement account directly to qualifying charities. The advantage of the rollover is that the distribution is not recognized as taxable income to the individual.

Contact your advisor if you would like to discuss further your options.

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## Tax Return Holding Period

Wealth Advisors Group has been asked by clients how long they should hold on to their past tax returns. While taxpayers are generally only legally responsible for returns for the past seven tax years, the best practice is to hold them indefinitely.

## IRS Contribution Limits

	2015	2016
<b>Deferral Limits</b>		
Elective Deferral Limit for 401(k), 403(b), and 457(b) Plans	\$ 18,000	\$ 18,000
Catch-up Contribution Limit IRC (414(v))	\$ 6,000	\$ 6,000
<b>Benefits and Compensation</b>		
Annual Additions Limit for Defined Contribution Plans	\$ 53,000	\$ 53,000
Limit on Annual Benefits for Defined Benefit Plans	\$ 210,000 (No Change)	\$ 210,000
Annual Compensation Limit	\$ 265,000	\$ 265,000
HSA Contribution Limit (employer + employee) (Catch-up Contribution Limit age 55 or older: \$1,000)	Single: \$3,350 Family: \$6,650	Single: \$3,350 Family: \$6,750
Traditional / Roth IRA Contribution Limit (Catch-up Contribution Limit age 50 or older: \$1,000)	\$ 5,500 (No Change)	\$ 5,500
SIMPLE Retirement Plan Contribution Limit (Catch-up Contribution Limit: \$3,000)	\$ 12,500	\$ 12,500

## Credible Insurance Coverage Update

President Obama's health care reform plan, also known as ObamaCare or the Affordable Care Act, is the law of the land now which means that all Americans with an income above a certain threshold have to purchase or have health insurance. The provision referred to as the individual mandate is what legally required most US citizens and legal residents to obtain private, employer sponsored or public health insurance (through state run exchanges).

Here is a brief summary of the standard penalties for not having health insurance or not meeting the allowed exemptions.

**Individuals:** In 2015 the penalty is the greater of \$325 or 2 percent of income. But the penalty will subsequently rise in 2016, reaching \$695, or 2.5 percent of income, whichever is greater. Starting 2017, the minimum tax penalty per person will rise each year with inflation. And for children 18 and under, the minimum per-person tax is half of that for adults (\$47.50). The tax penalty is pro-rated, so that a person who is not covered for only a single month would pay 1/12th of the tax that would be due for the full year.

**Families:** In 2015 the penalty is the greater of \$975 or 2 percent of income. And by 2016, it will jump sharply to \$2,085 per family, or 2.5% of income, whichever is greater. Starting 2017, the penalty/tax will rise in line with inflation. The minimum amount per family is capped at triple the per-person tax, no matter how many individuals are in the taxpayer's household. So, for example, a couple with one child over 18 (or two children age 18 or under), and no coverage, would pay a minimum of \$285 in 2014, \$975 in 2015 and \$2,085 in 2016. This would be the minimum no matter how many uninsured dependents a taxpayer has.

Individuals or families who fall below income-tax filing thresholds would not owe anything or get subsidies to offset health insurance costs. People who are unemployed or cannot find a policy that costs less than 8% of their modified adjusted gross income would also be exempt from penalties under the individual mandate. On the other hand, to offset the cost of providing insurance to low income households, individuals making more than \$200,000 a year and couples earning above

\$250,000 will receive additional health care taxes deducted as payroll taxes. These people are also hit with a 3.8 percent tax on investment income.

## How Individual Health Care Coverage Will Be Monitored

Employers have had to state the value of the health care benefits provided to each employee on their W-2 at the end of each year. Insurers (including employers who self-insure) that provide minimum essential coverage to any individual during a calendar year will also have to report certain health insurance coverage information to both the covered individual and the IRS. Thus, the IRS will ultimately be responsible for reporting an individual's and business' non-compliance with purchasing health insurance.

## Obamacare/Affordable Care Act Tax Forms

A number of tax payers will have more complicated tax returns this year with the need to account for health insurance coverage as part of the individual mandate of the new Affordable health care laws.

Taxpayers who get their health insurance through their employer or government sponsored programs like Medicare or Medicaid will be able to prove their compliance via their tax filing by checking a box on their normal tax (1040 series) return validating they had insurance. But those who bought insurance on the health insurance exchanges with the help of federal subsidies will receive a form 1095-A detailing their coverage and have to reconcile their payments with their income level. HealthCare.gov, the federal exchange that serves 37 states, started to mail out 1095-A forms to customers stating all forms should be mailed out by the end of January. This end of month deadline is also the same for state-run exchanges.

Those who failed to report raises or bonuses to their respective health exchanges may have to pay back some amount of subsidy for purchasing health insurance via these exchanges. This may require them to complete additional forms (Form 8965 or 8962) to claim exemptions and determine the allowed premium tax credit. ■

# Technology Update

## New Reporting Coming Soon

Here at WAG we always strive to provide our clients with a gold-standard level of service and experience, which includes researching and talking to other industry leaders to determine best practices. Over the past 12 months we have been diligently researching a way to enhance client asset allocation and performance reports. We are excited to announce that we've partnered with Orion Advisor Services to utilize their software, in order to provide these enhancements. Orion, a premier portfolio accounting service provider, will deliver more robust performance reporting capabilities through increased depth, customization, and systemization. Our expectation is to begin utilizing this new software in January 2016. We look forward to your feedback! ■



# Client Spotlight

## Professor Tom Laverghetta

Professor Tom Laverghetta would like to be known as the professor that got the most from his engineering students. Instead of spoon-feeding his students the subject matter, he challenged his class to solve problems and work through failure. In short, Professor Laverghetta taught his students to think.

Professor Laverghetta retired in December 2015 after teaching for 30 years at IPFW. Although he taught a number of different courses throughout his tenure, he mostly taught communication and microwave technology. These were areas that he was introduced to while enlisted in the Navy in Virginia where he served as a radar electronics technician. After serving in the Navy, Professor Laverghetta earned his engineering degree while in Syracuse, New York and later his master's degree from Purdue University.

His passion for teaching has carried over into the field of music where he volunteers his time as a brass instructor at four schools around Auburn, Indiana. He took up the trumpet at the age of 10 and took private lessons to perfect his craft. His mother encouraged him to teach others how to play because he was fortunate enough to have private lessons. You could say Professor Laverghetta "plays it forward".

In addition to teaching, Tom made time to pursue his dreams of playing the trumpet in three bands. He is part of The Little Big Band, which plays the hits from the 40s and 50s. He also plays in a Dixieland Band, which he described as "just plain fun". Finally, he plays with the Auburn Community Band, where he has been the President of for 29 years. Along with being in the bands, Tom plays regularly at his local church, Immaculate Conception.

WAG would like to congratulate Professor Laverghetta on his 30-year career at IPFW and his commitment to excellence in education. We wish him all the best in retirement where he plans to spend more time teaching and playing music. ■



The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries, and widely held by individuals and institutional investors.

The Standard & Poor's 500 Stock Index (S&P 500) is an unmanaged capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Barclays Capital U.S. Aggregate Bond Index provides a measure of performance of the U.S. investment grade bonds market, which includes investment grade U.S. Government bonds, investment grade corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the Index must have at least 1 year remaining to maturity. In addition, the securities must be denominated in US Dollars and must be fixed rate, nonconvertible, and taxable.

The Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE') is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested, in both U.S. dollars and local currency.

The Morgan Stanley Capital International ('MSCI') Emerging Markets Index adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of free float-adjusted market capitalization in each industry group, in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.