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STRATEGIC WEALTH DESIGN
Charting Your Course Thru Retirement

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UPCOMING DATES

MARCH

10 Daylight Saving Time
17 St. Patrick's Day
31 Easter

APRIL

10 WEBINAR: Retirement
Income Planning - How?
15 Tax Day
20 Bourbon Tasting (Virtual -
RSVP)

MAR
APR
2024



STRATEGIC WEALTH DESIGN

NEWS YOU CAN USE

TSP/401k & Taxes – How Can I Avoid Them Once & For All?

This is no easy question, or answer for that matter. Let's start by saying thru time and consistency, you could achieve your goals. The goal here being to eventually pay little to no taxes on your TSP or 401k, as it grows.

But how? Let's realize that even on day one in your federal or private career, if you put 100% of your TSP contributions into Roth TSP, and never anything but Roth TSP, the government's 5% match (or your 401k) would always be tax deferred, taxed later, taxable, along with the growth on the matched money. You can not escape some level of tax deferral in your TSP/401k, and that is at least the government's match to your 5% (or your employer's match at a 401k).

But most employees with large balances have been working a long time, and did not have access to Roth TSP until 2013, and even then, it took a number of years to catch on. The vast majority of most TSP/401k balances are tax deferred. One of the common questions asked is "Can I convert my balance, or a portion, to Roth TSP?" Inside of TSP, the answer is an emphatic **no!**

So what can you do? In fact, at ages 73-75, even though your Roth TSP/401k has no tax deferred money inside of it, they will make you withdraw this money, along with your traditional TSP or 401k, according to the RMD schedule (Required Minimum Distributions). I haven't met a soul yet that wants to lose control of their tax free money, their Roth money that is.

The solution is to create a tax plan, designed to function inside of your tax brackets, goals and longevity of life, but outside of the TSP or 401k. This is to arrange for tax free wealth in your truly golden years. A tax plan will typically take some time, depending on your circumstances.

For instance, if you have a \$1,000,000 TSP or 401k balance for instance, and \$950,000 is traditional (which is typical, for someone who was aggressively funding Roth TSP the last few years) then you have 95% of your money growing taxable. What to do, what to do ... ?

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TSP/401K & TAXES

How Can I Avoid Them Once & For All?

Since you can not execute Roth conversions inside of TSP or a 401k, then you'd have to open both a private IRA and private Roth account.

The traditional TSP or 401k funds first have to travel to the IRA, making sure to avoid potential massive taxes, by withdrawing the funds all at once outside of an IRA. If this happened, you could not reinsert the funds into an IRA or a Roth, after the 60 day grace period has passed. Once funds have landed at the IRA, a plan can be formed to convert so much per year, based on your annual tax bracket, along with multiple other considerations.

These rollovers from TSP or your 401k can not happen unless at least 1 of these 2 factors have occurred:

- 1. You have reached age 59 ½ while still working, or
- 2. You have retired, whether prior to age 59½ or after

Either will allow a door of opportunity to enact a tax plan, involving Roth Conversions, but they have to be done, again, outside of TSP or your 401k. This would have to be a very well thought out calculated plan, because if not, this could affect your taxes by 10-12% or even more possibly, due to you mistakenly blowing up your tax brackets. This may not sound like a lot, but 12% of a \$100,000 Roth Conversion is another \$12,000. I think you'd rather keep that \$12,000 then pay it in excessive taxes.

Your Medicare Part B premiums could be affected as well, by what is called IRMAA.

To illustrate, one family withdrew a large sum of money to pay for a condominium. No mortgage they said, just free and clear, and this was back when interest rates were very low. But the amount of interest paid to the bank would be far exceeded by the horrible tax consequences if too much money was withdrawn from the tax deferred TSP. After ignoring the good counsel of their advisor to speak with their accountant, they withdrew the large sum, and withheld no taxes as well. For the next 3 years they suffered massively, due to a big tax bill. And the only way to satisfy it was to continue to pull out more large sums to pay the tax bill.

What, do you say, has this to do with a Tax Plan? Everything, because if you are not considering what tax brackets you are in, and amounts you'll have to pay, and not addressing this prior to creating a taxable event, then it can be costly. However, once freed from the taxes, it will be liberating. Once inside the Roth, the money grows tax free, for the rest of your life, and your spouses.

Remember,
You don't need to work longer; you just need a better plan.
To Your Success,
Charles Dzama

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CENTER STAGE

BELOW:
Annual award ceremony at The Bellagio.



RIGHT:
Lettin' loose on the red carpet. Vegas Baby Vegas!



ABOVE:
Angie havin' some fun en route to "The Sphere"



cut here ✂



RECIPE
BLACKBERRY LEMON MOCKTAIL

When you want a fancy drink, without any alcohol, try this easy mocktail recipe!
It's ultra refreshing and perfect to enjoy on a beautiful spring day.

INGREDIENTS

- 1/2 cup fresh blackberries
- 1/4 cup sugar
- 1/2 cup water & 1/2 cup vodka (no longer mocktail)
- 1/2 cup pre-made lemonade
- juice of 1 lemon
- lemon slices
- seltzer/club soda
- mint

HOW TO MAKE IT:

1. Add the blackberries to a small sauce pan and mash them with a fork or potato masher until broken down into small bits.
2. Add the sugar, water and lemonade and bring to a simmer. Simmer over low-medium heat for about 10 minutes.
3. Strain the mixture to remove the bits of blackberry, add the juice from the lemon and refrigerate the liquid until cooled.
4. Once cooled, pour the liquid evenly among 4 glasses filled with ice cubes.
5. Add seltzer until glass is full. Garnish with lemon slices, mint and extra blackberries.
6. To make it a cocktail, add vodka.

BRAIN GAMES

ANSWER KEY:

5	4	9	2	8	3	1	6	7
6	3	8	1	5	7	4	9	2
7	2	1	6	9	4	5	8	3
9	6	5	4	2	8	7	3	1
2	8	7	3	1	9	6	4	5
3	1	4	7	6	5	8	2	9
4	9	6	5	7	2	3	1	8
1	7	2	8	3	6	9	5	4
8	5	3	9	4	1	2	7	6

THE WOMEN BEHIND OUR EVERYDAY CONVENIENCES

Did you know that some of the most remarkable inventions we use daily were created by women? Many women have been behind some of the most groundbreaking innovations that have revolutionized our world. Their innovative minds have contributed significantly to the advancements we enjoy today, shaping our world in remarkable ways.

JOSEPHINE COCHRANE

Frustrated with her dishes being chipped during hand washing, Josephine Cochrane invented the first practical dishwasher in the late 19th century. Though there were other patents for dishwashers around the same time, Cochrane used water pressure rather than scrubbers in her design. She then opened a production factory, which later became KitchenAid, and her invention has since become a staple in households globally.^{1,2}

OLGA GONZÁLEZ-SANABRIA

The International Space Station owes its power system to Olga González-Sanabria. Born in Puerto Rico and immigrating to the United States, González-Sanabria started her career with NASA in 1979. Her invention — the long cycle-life nickel-hydrogen battery — functions for 15 years or more. And due to their high energy density and extended lifespan, they have become a major component of the International Space Station's power system.¹

MARY ANDERSON

Consider the instance when you're driving in the rain. The credit for your clear vision goes to Mary Anderson, who invented the windshield wiper in 1903. While in New York, she noticed her driver stopping to manually clean the snow off the windshield, which in turn caused a delay in driving. Anderson's invention makes driving safer in poor weather conditions.¹

SHIRLEY ANN JACKSON

Shirley Ann Jackson was the first African-American woman to receive a doctorate from the Massachusetts Institute of Technology (MIT). During the 1970s her innovative research led to significant breakthroughs in the field of telecommunications. Thanks to Jackson's pioneering discoveries, inventions such as caller identification, fiber optic cables and portable fax devices became possible.^{1,2}

While we should appreciate their contributions every day, it's especially important to do so on March 8, International Women's Day, because their inventions have made our lives easier and opened doors for future generations of women to innovate and excel.

¹ Jackie Menjivar. DoSomething. March 2023. "11 Inventions You Didn't Know Women Had a Hand in Making." <https://www.dosomething.org/us/articles/11-inventions-you-didnt-know-women-had-a-hand-in-making>. Accessed Nov. 29, 2023.

² Mellionard. Cad Crowd. Feb. 10, 2023. "Top 101 Female Inventions that Changed the World & Women's Innovation History." <https://www.cadcrowd.com/blog/top-101-female-inventions-that-changed-the-world-womens-innovation-history/>. Accessed Nov. 29, 2023.

THE GOOD LIFE

Cultural Kaleidoscope: Celebrating Heritage

What happens when people put aside their differences and celebrate diverse backgrounds? There are a surprising number of benefits to embracing the things that make us unique.

STRONGER COMMUNITIES

By embracing heritage and diversity, we open ourselves up to new traditions, languages and customs. It's like taking a journey around the world without leaving your town! This exposure broadens our horizons and helps us develop a deeper understanding and appreciation for different cultures. That's what makes our communities stronger and more harmonious.

ECONOMIC ADVANTAGES

When we actively promote our cultural heritage, it becomes a magnet for tourists and boosts local economies. From vibrant cultural festivals to historic heritage sites, these become not only sources of pride but also drivers of economic growth. So, celebrating diversity is not just good for the soul; it's good for the wallet, too!



PERSONAL GROWTH

Embracing our own heritage provides a sense of rootedness and connection to our ancestors. Understanding where we come from helps shape our identities and gives us a sense of belonging in the bigger tapestry of humanity. It's like discovering pieces of yourself that you didn't even know existed.

BETTER HEALTH

A culturally diverse workforce means better understanding and communication with patients from various backgrounds. It helps reduce care disparities and ensures everyone has equal access to quality care. That's what health care should be about — caring for everyone, regardless of their cultural background.

HOW TO ...

Get Your Grill On: How to Throw a BBQ Party

Spring is almost here, and that means it's the perfect time to host a barbecue. Creating a fantastic get-together shouldn't fall on the back burner so let's clean up your grill and make it happen!

GET GRILLING

When "grilling" comes to mind, you might think of how long it takes to get the meat just right, but that doesn't have to be the case. Opt for fast-cooking proteins like chicken, lamb and pork! You can also use an all-purpose rub if you don't want to marinate your meat. They're not only easier to manage on the grill, but they're also a hit with everyone!

SERVE HEALTHY SIDES

Your menu plays a big role in how your party feels, so serve what makes

you and your guests feel good! Swap out greasy chips and heavy sides with fresh, colorful salads and try grilled vegetables for a smoky flavor or fruit skewers for a sweet treat.

CREATE A COZY ATMOSPHERE

Arranging your space can be accomplished in many ways, but you don't need fancy decorations or extravagant setups. A few comfy chairs, fun lights, a fire to gather around, a playlist of your favorite songs, and your closest family and friends will do the trick.

Source: Bobby Sevdimas. Firebrand. Sep. 29, 2023. "It's Grilling Season! 7 Tips for Planning the Ultimate Spring BBQ." <https://firebrandbbq.com.au/category/all-posts/>. Accessed Nov. 13, 2023.





DOLLARS & SENSE

F+: Most Americans Fail to Make the Financial Grade

April is Financial Literacy Month, making it the perfect time to examine our financial knowledge base, starting with the basic question: What does it mean to be financially literate? It's having the skills and behaviors to make informed money decisions. Being financially literate means you are able to competently earn, spend, invest, save, budget and borrow money.¹

Sounds simple enough, right? Yet only 57% of American adults are considered financially literate, down 19% from a decade ago. Furthermore, this decrease in literacy comes with a hefty price tag, with 15% of adults losing over \$10,000 a year due to poor financial decisions.¹ For many, this is a devastating amount of money.

MISEDUCATION

Given that financial institutions spend roughly \$671 million on financial education for the public, how is it that so many lack financial literacy? Research suggests the fault lies in the education itself, namely that it's not actually meeting people's needs — or helping change their habits.²

Current financial education is currently lacking in three main areas:

- 1. **Context:** Education is not given at the moment decisions are being made.
- 2. **Behavioral:** Emphasis is placed on increasing knowledge about financial products rather than helping people develop healthy financial habits.
- 3. **Measurable:** Current education doesn't focus enough on the end result of making better financial decisions.²

Essentially, traditional financial education tells us about the products and services that are available but not how to establish healthy habits or change behaviors for the better. Remember, low financial literacy literally costs people up to thousands of dollars per year! It is likely also contributing to the nearly 125 million (63%) Americans living paycheck to

paycheck.¹ Knowledge plus the action steps to put it to use truly is power — and money.

RE-EDUCATION²

Have you heard the phrase “show, don't tell”? It's something writers often hear when crafting stories, but it also applies to financial literacy by reframing education as an act of doing rather than simply telling.

For example, did you know there are a variety of mobile apps designed to help you automatically save money, pay your bills on time, manage your online subscriptions and generally help build up your credit score? It's the financial equivalent of “show (or rather “do”) don't tell.” These apps don't just tell you what you need to do; they actually help you do it. Instead of telling you to start an emergency fund, they help you make it an automatic part of your daily life.

Another good way to get a handle on your habits? Financial therapy. It's a real thing that can help people change how they think, feel and behave regarding their money. We know bad money habits can have adverse effects on people's mental health (often leading to worse habits). A truly holistic financial management strategy should address both.

MONEY MASTERY

Achieving greater financial literacy doesn't have to be overwhelming, and you don't have to do it alone. From financial professionals to therapists to automated apps, there are a variety of options to take advantage of. By failing to do so, you could be leaving money on the table instead of preserving your financial future.

¹ Jack Flynn. Zippia. Aug. 16, 2023. “20+ Compelling Financial Literacy Statistics [2023].” <https://www.zippia.com/advice/financial-literacy-statistics/>. Accessed Nov. 28, 2023.
² Ron Shevlin. Forbes. April 3, 2023. “It's Financial Literacy Month So Stop Wasting Time And Money On Financial Literacy Programs.” <https://www.forbes.com/sites/ronshevlin/2023/04/03/financial-literacy-month-how-to-improve-americans-financial-health/?sh=43e8080d7c45>. Accessed Nov. 28, 2023.

THE SCOOP

Ring in Spring With Happiness

Do you wonder why we all seem a little happier when spring rolls around? Well, it's not just about the warmer weather or the beautiful blooms. There's science behind our spring-induced joy.

When we start to see more of the sun, our bodies get a serotonin boost — which is linked to feelings of happiness. So, the longer days and brighter skies give us extra opportunities to soak up some vitamin D!

But it's not just the sunlight that lifts our mood. When we see nature coming back to life, it can have a positive impact on our mental health by allowing us to recharge our batteries for the year. Several studies have shown that looking at flowers can make you happy!¹ Plus, yellow, orange and red have proven to lift our spirits which in turn encourage you to go for walks and exercise.² So, those spring blooms are doing more than just looking pretty — they're making us feel better too.

Spring also brings a sense of renewal and fresh starts. As everything around us starts to change and grow, we're often inspired to make positive changes in our own lives. Whether it's starting a new hobby, setting some goals or doing some cleaning, these activities can help to refresh our minds and rejuvenate our spirits.

After being cooped up indoors during the colder months, we finally get a chance to go outside and connect with others. Whether it's a walk in the park or a picnic with friends, these social interactions and physical activities can really boost our overall happiness.



¹ Mentalfloss. Jan. 3, 2023. “15 Scientific Reasons Spring Is the Most Delightful Season.” <https://www.mentalfloss.com/article/55573/15-scientific-reasons-spring-most-delightful-season>. Accessed Nov. 15, 2023.
² LifeFood. “Welcoming Spring.” <https://www.lifefood.eu/en/blog-welcoming-spring>. Nov. 15, 2023.

5	4							7
6		8						2
			6				8	3
					8		3	
		7	3	1	9	6		
	1		7					
4	9				2			
1						9		4
8							7	6

BRAIN GAMES

Sudoku

Game Rules

Fill in each square with one of the numbers 1 to 9 such that no number repeats in any row, column or 3 by 3 box. Grade is Easy.