

30270 Rancho Viejo Rd., Suite D
San Juan Capistrano, CA 92675



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949-359-5100
WWW.CDFINANCIAL.ORG

UPCOMING DATES

NOVEMBER

- 02 WEBINAR: "Retirement Income Planning - How?"
- 05 Daylight Savings Day
- 11 Veteran's Day
- 23 Thanksgiving
- 24 Black Friday

DECEMBER

- 14 WEBINAR: "TSP & Taxes - Is Escape Possible?"
- 25 Christmas Day
- 31 New Year's Eve

NOV
DEC
2023



STRATEGIC WEALTH DESIGN

NEWS YOU CAN USE

"It's Too Late to" - Start a Roth

Heck no, that's just not true.

In this edition of It's Too Late To ... we will be discussing tax-free savings with a Roth TSP or Roth 401K and why it's not too late, ever, to start it up.

There's a consensus often that once you get within a couple of years of retirement, or even are retired, well, there's no point in trying any longer to get rid of taxes. They're here to stay, and you might as well take your lumps and deal with it. After all, what else can you do? Your entire career you deferred taxes inside your retirement account, the TSP, your 401K or IRAs.

Let's take this argument apart in a two-step process.

IT'S TOO LATE TO START & FUND A ROTH

When considering this thought it's important to note the 5 year rule. The 5-year rule states that you must hold Roth funds for 5 years before you can withdraw these funds, and THE GROWTH, tax-free. Keep in mind too

that you must be 59 ½ to avoid the 10% early withdrawal penalty, but you can avoid this and are allowed to withdraw penalty-free upon attaining your 55th birthday while working, but only if you separate/reign quit or retire. This applies to both the TSP and any 401K. Unless you're planning on passing away within 5 years (and keep in mind your spouse can inherit the Roth too tax-free) then getting started with even a little funding can start the IRS clock a-ticking for the 5 years.

Inside the TSP that means with a mere \$10 or \$20 a pay period, you can start. It's as easy as electing on your pay site for your LES to begin funding the Roth TSP. If you have a 401K, many if not most of them have a provision now to elect a Roth 401K as well. Just select this per paycheck. For those of you self-employed, if you have a 401K set up, that provision may exist as well. Once you start funding even a little, that 5-year clock will start counting down. For example, if you're 60 and going to retire at 62, funding the Roth now starts a timer, and once you hit 65, it's yours, tax-free.

*continued on the next page



Charles Dzama
Founder and Advisor

949.359.5100
Info@cdfinancial.org
cdfinancial.org

There's often a concern that if you fund your TSP Roth or 401K Roth that they may not give you the matching dollars. The fact of the matter is TSP or your company 401K is not the least bit concerned how you fund your TSP/401K. They will match tax deferred no matter what. That means their matching portion will always be taxed later on no matter what.

Please don't let that deter you, as free money is free money, whether it's growing and taxed later (deferred) or not, it's a win all the way around.

So you see, it's not too late to start tax-free savings, even if you are retired.

CAN I FUND A ROTH IF I'M NOT WORKING?

No, you can't. But if your spouse is working they can fund a spousal Roth for you (a little-known fact).

What you can do is commence Roth conversions when retired, even an ever so slight move from your retirement TSP 401K or IRA to a Roth. Why you say, should I do this? Isn't it taxable when I complete them? Yes, it is.

There are three important factors to consider. First, tax rates have never been this low and will likely not be this low ever again. Acting now could save you money in the future. Second, Congress can change tax rates and tax deductions and anything else they can dream up to tax us all more, as they attempt to deal with tens of trillions in national debt. Third, once Roth money exists it is immunized from further tax law changes.

You see, time is on your side. It's like the seed of a Sequoia tree. It starts out so small but over time becomes one of the largest living things on the planet. Do not despise the day of small beginnings, as scripture says, but hold to your plan. You will be amazed at what can be accomplished as you plot along year after year.

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It reminds me of a family who started completing Roth conversions some time ago. Now their accounts are 650K Roth and 350K traditional IRA. That 650K Roth is completely theirs, with no federal or state taxes inside. If either one of them passes away, the other inherits tax-free savings. How would you feel if your husband (or wife) had taken all this time to ensure that once they're gone, your tax issues were vastly lowered, even though you're now single and widowed? It sure does help provide peace of mind.

IF YOU DON'T PLAN FOR YOUR RETIREMENT SAVINGS, GUESS WHO WILL?

If you don't plan for your retirement, guess who will? The government will, that's who! If there's no system in place, they will systemize you to a withdrawal schedule called RMDs, or required minimum distributions. They will require you to take a minimum distribution that increases as you do, or as you age.

Who do you think would do a better job of planning for your retirement, you, or the federal government? Who knows what goals you want to achieve, or what you want your retirement savings to do for you? You do! The government doesn't have a clue what you're trying to accomplish, they just want their tax money. What plan have you enacted then, to accomplish your goals and escape taxes?

You see, it's never too late, so get started now. As you proceed, you'll need direction, as certain things you do can cause you to cross over into seriously high tax brackets, and possibly increase your Medicare Part B premiums drastically. We regularly accomplish these tax plans for you and your loved ones.

To Your Success,
Charles Dzama

***Written & Curated by Charles Dzama**

DANA POINT DOLPHIN ADVENTURE

BELOW:
Leonel & Maria's smiles say it all!



RIGHT:
Client Appreciation Event



RECIPE
CANDIED SWEET POTATOES

This candied sweet potato recipe is delicious for festive holiday meals.

INGREDIENTS

- 4 pounds sweet potatoes, quartered
- 3 cups miniature marshmallows, divided
- 1 ¼ cups margarine
- 1 ¼ cups brown sugar
- ground cinnamon to taste
- ground nutmeg to taste

HOW TO MAKE IT:

1. Preheat the oven to 400 degrees F (200 degrees C). Grease a 9x13-inch baking dish.
2. Bring a large pot of water to a boil. Add potatoes and boil until slightly underdone, about 15 minutes; drain and peel when cool enough to handle.
3. While potatoes are cooling, combine 2 cups marshmallows, margarine, brown sugar, cinnamon, and nutmeg in a large saucepan over medium heat; cook, stirring occasionally, until marshmallows are melted.
4. Stir potatoes into marshmallow sauce, mashing about half of the potatoes and breaking the other half into bite-sized chunks. Transfer into the prepared baking dish.
5. Bake in the preheated oven for 15 minutes. Sprinkle remaining 1 cup marshmallows evenly over top and continue to bake until marshmallows are slightly toasted and golden brown, about 5 minutes.

BRAIN GAMES

ANSWER KEY:

2	8	7	16	25	19	14
5	8	7	5	25	24	24
23	9	6	4	3	23	3
21	10	11	2	24	21	10
17	13	12	1	17	20	13
18	14	15	16	18	19	15
12	9	11	4	22	20	6



IT'S THE MOST STRESSFUL TIME OF THE YEAR

Glorious fall foliage, crisp breezes and pumpkin spice everything has signaled that the change of seasons is well underway. It also means the holidays are fast approaching, something many people view with a combination of anticipation and dread. We love all the festivities and merrymaking, but it can quickly become overwhelming and stressful. That's why it is crucial to prioritize self-care during the holidays.

While self-care is often misrepresented as canceling plans last minute to lay on the couch and stuff yourself with Christmas cookies, true self-care is about supporting your overall health and wellness in non-harmful ways. The following are just a few ways to prioritize your health while still enjoying the spirit of the season.

MAKE (MOSTLY) HEALTHY CHOICES

There's nothing wrong with enjoying a few treats during the holidays (pumpkin pie, anyone?); just remember that too much of anything is a bad thing (even fruit!). Be mindful of what you're eating, watch your portion sizes and remember to save room for some veggies and other low-sugar, healthier treats.

TAKE A TIME OUT

The holidays tend to make our already hectic schedules even more so, which makes it even more crucial to take time for yourself. Go for a walk, read a book, meditate, enjoy a hot bath or cook a healthy meal; however you choose to

unwind, make it a priority. And remember, it's okay to say 'No' to things you find more stressful or draining than enjoyable.

CATCH SOME ALL THE ZZZS

Between the holiday parties, shopping, cooking and whatnot, it's easy to clock fewer hours of sleep than you're used to. Don't fall into this trap. Sleep is one of the most essential ingredients for a healthy mind, body and spirit. The average adult needs at least seven hours of sleep every night, so plan accordingly.¹

ENJOY A MOCKTAIL OR TWO

Overconsumption of alcohol is standard during the holidays (spiked

hot chocolate with your pie, anyone?). As with all those holiday treats, enjoying a few adult beverages now and then won't cause you too much damage, but you should remember to limit your intake. Too much alcohol doesn't just impair your judgment; it can also raise your blood pressure, disrupt sleep and even has been linked to some cancers, among other side effects.² So, when raising a glass in celebration, remember to fill it with water as often as possible.

¹ Centers for Disease Control and Prevention. Sept. 14, 2002. "How Much Sleep Do I Need?" https://www.cdc.gov/sleep/about_sleep/how_much_sleep.html. Accessed Aug. 1, 2023.

² Harvard T.H. Chan School of Public Health. April 2022. "Alcohol: Balancing Risks and Benefits." <https://www.hsph.harvard.edu/nutritionsource/healthy-drinks/drinks-to-consume-in-moderation/alcohol-full-story/>. Accessed Aug. 1, 2023.

THE GOOD LIFE

From Cold to Cozy: Tips for a Winter Home Aesthetic

Are you already missing the warm weather? Don't worry — now is the time to embrace the cold by transforming your home into a snug sanctuary that radiates warmth, charm and an inviting atmosphere! With these tips, you won't need to rely on just cozy blankets and steaming mugs of cocoa.

1. SWITCH OUT THE BEDDING AND PILLOWS

- Invest in flannel or jersey sheets for extra warmth
- Keep a throw blanket on the foot of your bed for chillier nights
- Choose textured pillows for your couch and bed to add aesthetic and a cozier feel
- Add a wooly knit, velvet or faux fur blanket to your rooms for even more comfort

2. LIGHTING

- The earlier nights of winter may tempt you to go to bed too soon; install good lighting to help you stay on your sleep schedule

- Use warm-toned LED lights in desk lamps for a candle-lit vibe
- Trade out your lighter curtains for heavy ones to keep your house warm
- Find curtains with a thermal lining to keep your spaces insulated

3. RETHINK YOUR SPACES

- Add rugs to places where the floor gets too cold
- Match your couch cover to the season; consider deep jewel tones and a soft fabric
- Add a small kitchen rug, a matching runner or tablecloth and slipcovers on your chairs
- Display your holiday cards or personal photos to share the memories and warm your heart

Source: Ayn-Monique Klahre. *Real Simple*. June 26, 2022. "8 Easy Ways to Cozy Up Your Home." <https://www.realsimple.com/home-organizing/easy-ways-cozy-home>. Accessed July 21, 2023.



HOW TO ...

How to Slow Down the Holiday Season

Cooking, cleaning, parties, festivities and friends all mean the holiday season is here. With all there is to do, you may feel overwhelmed. Instead, make the most of your holiday by slowing down and practicing mindfulness.

Try these two simple techniques to reconnect and practice mindfulness:

5-4-3-2-1 Technique: This exercise helps you become more aware of your surroundings and brings you to the present moment. Start by identifying five things you can see, four things you can hear, three things you can

touch, two things you can smell and one thing you can taste.

Doorknob Technique: This technique is a quick and easy way to incorporate mindfulness. When you encounter a doorknob, take a moment to pause and put your hand on it for three seconds. Inhale and exhale deeply before entering the next room. Use this time to focus on the present and let go of any stress or worries.

By practicing mindfulness, you can fully enjoy the holiday season and create meaningful memories!

Source: Megan Hays and Anna Jones. *UAB News*. Dec. 12, 2022. "Holidays passing you by? Follow these tips to help you slow down this holiday season." <https://www.uab.edu/news/youcanuse/item/13302-holidays-passing-you-by-follow-these-tips-to-help-you-slow-down-this-holiday-season>. Accessed July 14, 2023.

Invest in Change

The season of giving back is in full swing! There are many boxes to check off before you are ready to donate, so understanding the basics first is key to giving the most in a meaningful way.

BEFORE YOU GIVE

The opportunity to give back is exciting and rewarding, but it's important to remember that, sadly, there are people who will try to take advantage of those feelings. Before you donate, it is a good idea to keep in mind these scammer red flags:¹

- Requests for donations by cash, by gift card or wiring money
- Adding a sense of urgency or rushing the donation
- Using fake charity names that sound similar to real ones
- Vague explanations or overly sentimental claims of what your donation will be used for
- Guaranteed sweepstakes winnings for your donation

You can research where you donate with charity watchdog organizations like BBB Wise Giving Alliance, give.org, or Charity Navigator, www.charitynavigator.org. Find charities that align with your interests by searching online using topics such as “homelessness” and “hurricane relief” and incorporating phrases like “top-rated charity” or “highly recommended charity.” Finally, always keep a record of your donations and check that you are charged for the amount you agreed to and haven’t signed up for a recurring donation.²

Sources: ^{1,2} Federal Trade Commission. “How to Donate Wisely and Avoid Charity Scams.” <https://consumer.ftc.gov/features/how-donate-wisely-and-avoid-charity-scams>. Accessed July 31, 2023.

³ Matt Landon. Kiplinger. “5 Ways Charitable Giving Can Star in Your Financial Strategy.” Sept. 24, 2022. <https://www.kiplinger.com/personal-finance/605263/5-ways-charitable-giving-can-star-in-your-financial-strategy>. Accessed July 31, 2023.

Donor Advised Funds represent an irrevocable gift of assets from the donor to the fund. Contributions made to the fund are irrevocable and cannot be returned or used for any other individual or used for any purpose other than grant making to charities. The gift is not an investment or a security. When evaluating a contribution to the fund, carefully consider the terms and conditions, limitations, charges, and expenses. Depending on the tax filing status, DAF contributions may or may not be tax deductible.

Neither the firm nor its agents or representatives may give tax or legal advice. Individuals should consult with a qualified professional for guidance before making any purchasing decisions.

A PROFESSIONAL’S ROLE

If you are unsure where to start when it comes to donating, consulting a financial professional may be a good first option. With the help of a professional, you can find various options that may help increase your donations as well as provide tax-reduction strategies³. Some of these options can include:

- **Donor-Advised Fund (DAF):** With a DAF, you can make a sizable donation and claim it as a tax deduction. It isn’t donated immediately but rather in an account, from which you can distribute small amounts over several years to whatever charity you choose. An organization sponsors and manages the account, but you have control over when and how the money is donated.
- **Required Minimum Distributions (RMD)/Qualified Charitable Distributions (QCD):** RMDs are mandatory withdrawals that individuals must start taking from their tax-deferred retirement accounts, such as a traditional IRA or 401(k), once they reach 73. With a QCD, you can transfer up to \$100,000 from your IRA to a qualified charity, which counts toward your annual RMD but isn’t included in your taxable income.
- **Charitable Trusts:** This is an arrangement that allows individuals to allocate assets to support charitable causes while potentially receiving tax benefits.

By combining your passion for making a difference with research and professional advice, you can help ensure your donations reach the right organizations.

THE SCOOP

The Power of Presents

Is it better to receive or give a gift? This question has been debated over the years, but now researchers are starting to understand what really happens in our brains when we give gifts.

That heartwarming sensation we experience when gifting or helping others stems from a surge of oxytocin. This hormone is typically known as the “cuddle hormone” because it is associated with feelings of trust, safety and connection. Oxytocin lasts longer than dopamine and can be triggered by acts of giving, such as the recipient unwrapping the gift or even the process of shopping and wrapping it. Studies also show that spending money on others can promote happiness.

During a study in Switzerland, a group of 50 people were given \$100 each. Half of the group was instructed to spend the money on themselves, and the others were told to spend it on someone else. After testing, the researchers found that people who spent money on others experienced higher levels of happiness after the experiment and had more generous and fair interactions in a social setting. These findings suggest that the act of giving can enhance our overall mood and social interactions.

However, during the fast-paced holiday season, gift-giving may seem like just another task on your to-do list, potentially overshadowing the joy that should come with it. To combat the stress of gift-giving during the holidays, be open with your loved ones about any budget constraints you have or



consider offering the gift of your time instead. Remember, the act of giving, not the size of the gift, triggers our brain’s joy response.

Source: Amy Novotney. American Psychological Association. Dec. 9, 2022. “What happens in your brain when you give a gift?” <https://www.apa.org/topics/mental-health/brain-gift-giving>. Accessed July 19, 2023.

2	8	7	16	25	19	14
5						24
23						3
21						10
17			1			13
18						15
12	9	11	4	22	20	6

BRAIN GAMES

1 to 25

Game Rules

To solve 1 to 25, move the numbers from the outer ring onto the board in the directions of the chevrons. As you place them they must snake together vertically, horizontally or diagonally so they link in sequence from 1 to 25.