



**ALTIUS**  
Financial

# Empowered Future Report

Short term thoughts about long term matters

November 25, 2015

## Quote of the Day:

***"Gratitude is a currency that we can mint for ourselves, and spend without fear of bankruptcy." -- Fred De Witt Van Amburgh***

## Question: "Are You Rich?" ....your answer: "Of course I am."

Occasionally, I'll have a client ask me, "who is this 1%, they're always talking about?" or "where do I compare to others?" so I thought I'd send some data points and maybe a little perspective. As I remind people all the time, especially around this holiday of gratitude - to even exist, that is, to be a living person in 2015 America - in all likelihood means that you're richer than 99.9% of all humans who've ever walked the planet. Even if you're considered "poor" in America (I won't go into the stats on poverty line, etc.), you're much better off than many who are considered "rich" in their culture around the globe. And there are lots of ways to define "rich" but the two most likely ways for us financial types, are income and net worth; with net worth being a far more useful, longer term measure of how wealthy a person is. Here are recent statistics about Americans' income and net worth from the Tax Policy Center and the Federal Reserve:

<b>Annual Income</b>	<b>Net Worth</b>
\$107,628 - top 20%	\$415,700 - top 20%
\$148,687 - top 10%	\$952,200 - top 10%
\$208,810 - top 5%	\$1,863,800 - top 5%
\$521,411 - top 1%	\$6,816,200 - top 1%

So, there you have it....and many of us are in or above these brackets. Now, if you're not, it's pretty simple (though not always easy). The basic formula to increase your wealth is: maximize your income (upgrade education/skills/marketability), minimize your outgo (live beneath your means), save the difference, and follow proven investment principles. Can I really boil everything we do to maximize our clients' net worth down into one or two sentences? Yes, but I've spent three decades studying each of those components and there is obviously a lot more detail to it...and as you know, I love going into those details and sharing the tools with anyone who will listen.

More importantly is the *non-financial net worth statement* a person should develop and track, since these items are more a fundamental cause - if you haven't seen it or

want more details, just ask us. And perhaps *most* importantly, is the worth that derives from that “*currency that we can mint for ourselves*”: *Gratitude*. Yes, I have seen it work – the more you appreciate what you have, where you are now, the relationships in your life, how you look and do things today....the more you’ll find energy and resources to shape getting more of what you want to have, do and be in the future. It’s an interesting thing that happens when you’re brutally honest about what you want for yourself and what’s missing...and then even more honest and fully conscious about what’s there already. I am so grateful and honored that you read this and hope you’ll think creatively about your own abundance.

### **Charitable Giving: Beyond Writing a Check**

Speaking of gratitude, this is often the time of year that many of us start taking stock of how we’ve done on our goals and how we can have greater impact on the world around us through charitable giving, volunteering and sharing/spreading our values. Unfortunately, in my view, some of these motives and behavior gets incited by our tax code but I don’t want to spend time on those distortions today.

I want to let you know that I personally believe charitable donations, no matter what your income level, are an important investment – IF, and I stress this – IF they are truly motivated by what’s deeply and personally important to you. I think it’s wrong and poisonous to “give” out of guilt or from being manipulated. I give - I believe generously - to those sources of my own spiritual food and those organizations who really do reflect my values, and I encourage you to do the same.

It’s been my pleasure now for a number of years to include charitable giving strategies and brainstorming for more and more ALTIUS clients. As I alluded to, the tax ramifications are a real part of the planning and we can help you reach your objectives in this area. There are two categories of charitable giving: planned and unplanned. Planned giving is a gift, made in lifetime or at death, that is part of a client’s overall financial plan, whereas unplanned giving refers to ad hoc requests for donations such as for disaster relief. It’s my view, that you want the bulk of your charitable activity to be carefully planned. Of course it’s a good idea to have some reserves to respond to unplanned opportunities, but you can get overwhelmed and frustrated with requests, so we emphasize planned giving, with the flexibility to respond to emergencies if needed.

There are several well-established tools we use for enhancing and managing charitable giving. Aside from using our prioritization spreadsheet, which many clients find incredibly helpful by itself, some examples are: donating household items, volunteering time, raising funds through events, donating appreciated securities, using charitable remainder trusts, private foundations and donor-advised funds. If you’re feeling generous or just even curious, ask about how you can devise a strategy for greater impact.

## Year-End Tax Deadlines

We want to make you aware of several rapidly approaching year-end activities with potential tax implications for 2015, and the dates by which action must be taken in order to meet the December 31 deadline.

- **Deadline for Required Minimum Distributions (RMDs):** Clients who are 70½ or older must take an RMD from their IRA and/or QRP for the 2015 tax year. All RMDs must be withdrawn by December 31, 2015, with the exception of RMDs for clients who turned or will turn 70½ during this calendar year; these clients may defer their first distribution until April 1, 2016. ALTIUS must receive a completed distribution form no later than December 20, 2015. This is necessary to ensure that the December 31 deadline is met and the RMD is reported in tax year 2015. Distribution forms received after then will be processed on a best-efforts basis.
- **Deadline for Roth IRA Conversions:** Clients must submit a Roth Conversion Form in good order by December 20, 2015. Forms received after that date will be processed on a best-efforts basis.
- **Deadline for Establishing a 2015 QRP:** Qualified Retirement Plans for 2015 must be established by December 31, 2015.
- **Charitable Gift Deadlines:**
  - Wednesday, December 2 - Gift requests of mutual funds\*
  - Tuesday, December 15 - Gift requests of cash delivered via check and/or federal funds wire
  - Friday, December 18 - Gift requests between accounts custodied at TD Ameritrade
  - Monday, December 20 - Gift requests of stock delivered via the Depository Trust Company (DTC) system

Let us know as soon as you can if you have any concerns about meeting these deadlines.

**Happy Thanksgiving!**



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