



The Davis Group

Mark Ray Davis, CFP® Senior Advisor

MYRA KEITH-CHRISTENSEN
2795 E. Cottonwood Pkw Ste 600
Salt Lake City, UT 84121
801-365-0100
800-548-2205

TheDavisGroup@RaymondJames.com

TRUSTED ADVISORS TO DELTA PILOTS SINCE 1987

THREE WAYS THE DAVIS GROUP STRIVES TO EARN AND KEEP YOUR TRUST

Expertise and attention to details

Serving Delta Pilots since 1987, the advisors at The Davis Group understand thoroughly Delta Benefit Plans. Because they have focused on the Delta Pilot's objective to maximize retirement benefits, you can trust they will help you reach your individual objectives.

Raymond James

LIFE WELL PLANNED. That is the Raymond James philosophy. They seek to put you first – just as The Davis Group does. The relationship the advisors at The Davis Group establish with their Delta Pilot clients is only strengthened by the resources of Raymond James.

Complimentary Comprehensive Wealth Management Plan

Let The Davis Group demonstrate their expertise and start earning your trust with a complimentary Comprehensive Wealth Management Plan.

December 2019

Take This Quiz: The Social Security Retirement Earnings Test

For College Savings, 529 Plans Are Hard to Beat

Should I sign up for an identity theft protection service?

Protecting Yourself Against Identity Theft

The Davis Group

Trusted Advisors for Delta Pilots since 1987

Referral Letter

We appreciate the chance to serve you here at The Davis Group.

We are working to expand The Davis Group financial and retirement planning services in an effort to reach as many Delta Pilots as we can. We thought you might be able to help.

If possible, could you take a minute and list any Delta Pilots you know could benefit from a complimentary comprehensive wealth management plan. Or, if you are part of or aware of any Delta Pilot groups or associations we should be aware of, please let us know.

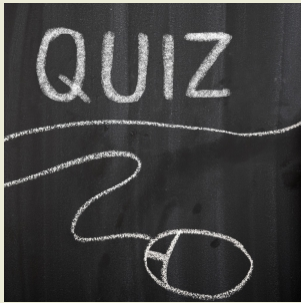
You can do so by contacting our office at:

TheDavisGroup@RaymondJames.com

Best Regards,

Mark, Ray, Myra and Celeste

The Davis Group



This quiz covers only some basic rules. For more information about other retirement earnings test rules, visit the Social Security Administration website, ssa.gov.

Take This Quiz: The Social Security Retirement Earnings Test

Can you work and receive Social Security retirement benefits at the same time? Yes, but the Social Security Administration (SSA) will apply an earnings test. Part or all of your monthly benefit may be withheld if you earn too much.

To help avoid surprises, take this quiz to find out what you know — and don't know — about Social Security earnings test rules.

Questions

1. The retirement earnings test applies only if you are receiving Social Security benefits and are...

- a. Under age 62
- b. Under full retirement age
- c. Full retirement age or older
- d. Age 70 or older

2. Which of the following types of income count toward the earnings test?

- a. Wages earned as an employee and net self-employment income
- b. Pension and retirement plan income
- c. Interest and dividends
- d. Both a and b
- e. All of the above

3. Benefits that are withheld are lost forever.

- a. True
- b. False

4. The earnings test may affect family members who are receiving which types of benefits?

- a. Disability benefits
- b. Spousal benefits
- c. Dependent benefits
- d. Both b and c

5. What special rule applies to earnings for one year, usually the first year you claim Social Security retirement benefits?

- a. A monthly earnings limit applies to any earnings after you claim retirement benefits.
- b. Earnings during the first year after you claim retirement benefits can't be counted if you retired after 40 years of continuous employment.
- c. Earnings during the first year after you claim retirement benefits will not reduce your Social Security benefit if you retired from a government job.

Answers

1. b. If you have not yet reached full retirement age (66 to 67, depending on your year of birth), your Social Security retirement benefit may be reduced if you earn more than a certain annual amount.

In 2020, \$1 in benefits will be deducted for every \$2 you earn above \$18,240. In the calendar year in which you reach your full retirement age, a higher limit applies. In 2020, \$1 in benefits will be deducted for every \$3 you earn above \$48,600. Once you reach full retirement age, your earnings will not affect your Social Security benefit.

The SSA may withhold benefits as soon as it determines that your earnings are on track to surpass the annual limit. The estimated amount will typically be deducted from your monthly benefit in full, so you might not receive benefits for one or more months before they resume.

2. a. Only earned income, such as wages from an employer and net self-employment income, count toward the earnings limit. Unearned income — such as other government benefits, investment earnings, interest, pension and retirement plan distributions, annuities, and capital gains — doesn't count.

3. b. Benefits that are withheld are not really lost. Your benefit will be recalculated at full retirement age to account for the months benefits were withheld. You'll receive the higher benefit for the rest of your life, so assuming you live long enough, you'll eventually recoup the total amount you previously "lost."

4. d. Benefits paid to family members (such as your spouse or dependent children) based on your earnings record may also be reduced if you're subject to the earnings test. The earnings test does not apply to disability insurance benefits.

5. a. Many people retire mid-year and have already earned more than the earnings limit. So in the first year you claim retirement benefits, a monthly earnings test may apply, regardless of your annual earnings.

For example, let's say that you claim benefits at age 62 on September 30, 2020 and have already earned more than the 2020 earnings limit of \$18,240. Then, you take a part-time job that pays you \$1,000 per month for the rest of the year. You'll still receive a Social Security benefit for October, November, and December because your earnings are less than \$1,520, the monthly limit that applies in 2020.

For College Savings, 529 Plans Are Hard to Beat



529 plan assets reach \$353 billion

As of June 2019, assets in 529 plans reached \$353 billion — \$328 billion (93%) in college savings plans and \$25 billion (7%) in prepaid tuition plans.

Source: Strategic Insight, 529 Data Highlights, 2Q 2019

Note: Investors should consider the investment objectives, risks, charges, and expenses associated with 529 plans before investing. More information is available in each issuer's official statement and applicable prospectuses, which contain this and other information about the investment options, underlying investments, and investment company, and should be read carefully before investing. Also consider whether your state offers a 529 plan that provides residents with favorable state tax benefits and other benefits, such as financial aid, scholarship funds, and protection from creditors. As with other investments, there are generally fees and expenses associated with participation in a 529 plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated.

Raising kids is hard enough, so why not make things easier for yourself when it comes to saving for college? Ideally, you want a savings vehicle that doesn't impose arbitrary income limits on eligibility; lets you contribute a little or a lot, depending on what else happens to be going on financially in your life at the moment; lets you set up automatic, recurring contributions from your checking account so you can put your savings effort on autopilot; and offers the potential to stay ahead of college inflation, which has been averaging 3% to 4% per year.¹ Oh, and some tax benefits would be really nice, too, so all your available dollars can go to college and not Uncle Sam. Can you find all of these things in one college savings option? Yes, you can: in a 529 plan.

Benefits

529 college savings plans offer a unique combination of features that are hard to beat when it comes to saving for college, so it's no surprise why assets in these plans have grown steadily since their creation over 20 years ago.

Eligibility. People of all income levels can contribute to a 529 plan — there are no restrictions based on income (unlike Coverdell accounts, U.S. savings bonds, and Roth IRAs).

Ease of opening and managing account. It's relatively easy to open a 529 account, set up automatic monthly contributions, and manage your account online. For example, you can increase or decrease the amount and frequency of your contributions (e.g., monthly, quarterly), change the beneficiary, change your investment options, and track your investment returns and overall progress online with the click of a mouse.

Contributions. 529 plans have high lifetime contribution limits, generally \$350,000 and up. (529 plans are offered by individual states, and the exact limit depends on the state.) Also, 529 plans offer a unique gifting feature that allows lump-sum gifts up to five times the annual gift tax exclusion — in 2020, this amount is up to \$75,000 for individual gifts and up to \$150,000 for joint gifts — with the potential to avoid gift tax if certain requirements are met. This can be a very useful estate planning tool for grandparents who want to help pay for their grandchildren's college education in a tax-efficient manner.

Tax benefits. The main benefit of 529 plans is the tax treatment of contributions. First, as you save money in a 529 college savings plan (hopefully every month!), any earnings are tax deferred, which means you don't pay taxes on the earnings each year as you would with a regular investment account. Then, at college

time, any funds used to pay the beneficiary's qualified education expenses — including tuition, fees, room, board, books, and a computer — are completely tax-free at the federal level. This means every dollar is available for college. States generally follow this tax treatment, and many states also offer an income tax deduction for 529 plan contributions.

Drawbacks

But 529 plans have some potential drawbacks.

Tax implications for funds not used for qualified expenses. If you use 529 plan funds for any reason other than the beneficiary's qualified education expenses, earnings are subject to income tax (at your rate) and a 10% federal penalty tax.

Restricted ability to change investment options on existing contributions. When you open a 529 college savings plan account, you're limited to the investment options offered by the plan. Most plans offer a range of static and age-based portfolios (where the underlying investments automatically become more conservative as the beneficiary gets closer to college) with different levels of risk, fees, and management objectives. If you're unhappy with the market performance of the option(s) you've chosen, you can generally change the investment options for your *future* contributions at any time. But under federal law, you can change the options for your *existing* contributions only twice per year. This rule may restrict your ability to respond to changing market conditions, so you'll need to consider any investment changes carefully.

Getting started

529 college savings plans are offered by individual states (but managed by financial institutions selected by the state), and you can join any state's plan. To open an account, select a plan and complete an application, where you will name an account owner (typically a parent or grandparent) and beneficiary (there can be only one); choose your investment options; and set up automatic contributions if you choose. You are then ready to go. It's common to open an account with your own state's 529 plan, but there may be reasons to consider another state's plan; for example, the reputation of the financial institution managing the plan, the plan's investment options, historical investment performance, fees, customer service, website usability, and so on. You can research state plans at the [College Savings Plans Network](#).

¹ College Board, Trends in College Pricing, 2014-2018

The Davis Group

Mark Ray Davis, CFP® Senior Advisor

MYRA KEITH-CHRISTENSEN
2795 E. Cottonwood Pkw Ste 600

Salt Lake City, UT 84121

801-365-0100

800-548-2205

TheDavisGroup@RaymondJames.com
TRUSTED ADVISORS TO DELTA PILOTS SINCE 1987

This information, developed by an independent third party, has been obtained from sources considered to be reliable, but Raymond James Financial Services, Inc. does not guarantee that the foregoing material is accurate or complete. This information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. The information contained in this report does not purport to be a complete description of the securities, markets, or developments referred to in this material. This information is not intended as a solicitation or an offer to buy or sell any security referred to herein. Investments mentioned may not be suitable for all investors. The material is general in nature. Past performance may not be indicative of future results. Raymond James Financial Services, Inc. does not provide advice on tax, legal or mortgage issues. These matters should be discussed with the appropriate professional.

The Davis Group is not a registered broker/dealer and is independent of Raymond James Financial Services, Inc., member FINRA / SIPC.

Securities offered through Raymond James Financial Services, Inc., member FINRA/SIPC, an independent broker/dealer, and are not insured by FDIC, NCUA or any other government agency, are not deposits or obligations of the financial institution, are not guaranteed by the financial institution, and are subject to risks, including the possible loss of principal.



Should I sign up for an identity theft protection service?

Unfortunately, data breaches are now normal, everyday occurrences in our society. As a result, many companies are offering services to help you protect your personal information. If you want an extra layer of protection, an identity theft protection service is a good option. However, the term "identity theft protection service" can be misleading. The reality is that no one service can safeguard all of your personal information from identity theft. What most of these companies actually provide are identity theft monitoring and recovery services.

A monitoring service will watch for signs that an identity thief may be using your personal information. This typically includes tracking your credit reports for suspicious activity and alerting you whenever your personal information (e.g., Social Security number) is being used. The recovery portion of the service usually helps you deal with the consequences of identity theft. This often involves working with a case manager to help resolve identity theft issues (e.g., dealing with creditors or placing a freeze on your credit report). And depending on the level of protection you choose, the service may

also provide reimbursement for out-of-pocket expenses directly associated with identity theft (e.g., postage, notary fees) and any funds stolen as a result of the identity theft (up to plan limits). Identity theft protection services usually charge a monthly fee. Entry-level plans that provide basic protection (e.g., Social Security number and credit alerts) can cost as little as \$10 a month, while plans that offer more advanced features (e.g., investment account monitoring) will cost more.

Keep in mind there are steps you can take on your own to help protect yourself against identity theft, such as:

- Check your credit report at least once a year for errors
- Periodically review your bank and debit/credit card accounts for suspicious charges/activity
- Obtain a fraud alert or credit freeze if necessary
- Have strong passwords, use two-step authentication, minimize information sharing, and be careful when shopping online

PROTECTING YOURSELF AGAINST IDENTITY THEFT



Be Vigilant

- Check your credit report at least once a year for errors
- Periodically review your bank and debit/credit card accounts for suspicious charges/activity



Consider a Fraud Alert or Credit Freeze If Necessary

- A fraud alert requires creditors to take extra steps to verify your identity before extending any existing credit or issuing new credit in your name
- A credit freeze prevents new credit and accounts from being opened in your name



Stay One Step Ahead

- Maintain strong passwords or consider using a password manager
- Consider using two-step authentication when available
- Minimize information sharing and be wary of requests for personal information, whether received in an email, letter, or phone call
- Beware of scam websites and only use secure connections when shopping online