# Only Constant Is "Change"

*By Evelyn Preston*

**All things change...and looking back... seniors can prove it.**

**Think jets, computers, cell phones! 2018 taxes will also prove the point financially as new provisions kick in, especially for our high tax state.**

The older we get, the more aware we must be—new rules and regulations can both affirm and affect investment decisions and retirement plans. From interest deductions to estate taxes, from capital gains to 401Ks, legal changes may impact our bottom line!

**Q: I'm in my mid-50s and wonder if it's a good idea to convert some of my Traditional IRA to a ROTH to avoid taxes at retirement.**

Age is definitely an important factor! Studies have shown that by the 40s, it may be a wash between staying put (with presumed lower taxes in retirement) and paying higher taxes on the IRA's conversion amount (but no taxes paid on withdrawals.)

IRA expert Ed Slott and others advise caution when considering a ROTH IRA conversion. How long can funds grow until needed? How much income will you have in retirement? It's all part of the conversion equation—and can be a costly—or cost-effective change.

**Q: Besides age and time, what else matters before opting for a ROTH?**

A: Because taxes are paid at the time of conversion, you need liquid cash; it's unwise to pull tax dollars from the rollover funds themselves. Also, "stealth taxes" may kick in if you lose tax benefits due to suddenly having a higher income in the year of conversion—i.e: losing low-income tax breaks, certain business deductions and write-offs for extra medical expenses or having higher Medicare costs after age 65.

Also, the shifting sands of Congressional action may enter into the conversion conundrum: Will the Government tax future ROTH payouts? Limit the size of retirement funds? Accelerate withdrawal timelines? The future's unknown

**Q: Money Lady columns have reviewed most financial areas including savings, vehicles, retirement options, housing, taxes, trusts and insurance. Besides specifics, what's some good general advice as we seniors age?**

A: Time flies by so swiftly! I can't believe how many older spouses—mainly women, but not always—remain in the dark as to their family's financial life. I constantly hear: "My husband takes care of everything; I just can't understand money stuff; I make the money, my wife spends it; I think we have some savings but I'm not sure how much."

To avoid outright fraud and elder abuse and to save time, money and grief, it's essential to share financial and end-of-life information with spouses and children.

I've pushed this before but as laws grow more restrictive and costs escalate, financial togetherness is a must. Here's some old and new "action items" to implement for senior saving, security and serenity:

+ **End of Life:** Besides a Health Directive, decide on cremation societies or funeral/mortuary/cemetery choices. What a huge savings and final gift to children when arrangements are settled and paid for in advance.

+ **Estate:** Aretha Franklin avoided "bad omens" or was "too busy" to create a living trust, legal will and disposition of her assets; same for Jackie Kennedy and many other large and small estates. So...there goes the money for attorneys, probate, taxes.... and here comes survivors' ill will.

+ **Assets:** Dole out (on paper) the "real stuff" (jewelry, silver, art), and figure out financials (IRA and insurance beneficiaries, property heirs, bank co-trustees, executors); include on-line information. Ask yourself: What would I do, whom would I contact if my spouse died, had an accident, was incapacitated, if the children had to take over unexpectedly, if we lost our house or our health?

Like good scouts, let's be prepared for change and ensure that those golden years will preserve our lifetime assets as well as enhance our lives.

***Evelyn (Evie) Preston is a financial columnist for A050 and has worked as a financial advisor for over 25 years. She can be reached at 650.494.7443. Her book: "Memoirs of the Money Lady" is available at eviepreston.com.***