

Subject: January Newsletter: 2016 Tax Forms, Why Take a Gap Year, and Preparing for the "Togetherness" of Retirement

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From: Greenleaf Financial Group

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Hello Greenleaf:

Welcome to the Greenleaf Guide

A Newsletter for Clients of Greenleaf Financial Group

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January 2017

Spotlight On

2016 Tax Forms: When They're Coming; What You'll Receive

We know many people prefer to file their tax returns as quickly as possible. Your tax forms from Fidelity will be issued as soon as Fidelity has received and compiled all the necessary information from all relevant securities issuers, including non-Fidelity mutual funds.

Here's what you can expect to receive and when:

What: Consolidated Tax Form with 1099-DIV, 1099-INT, 1099-B, and 1099-MISC

When: Available online at www.fidelity.com before or on February 18. Mailed after online posting.

Which accounts: Non-retirement (taxable) accounts.

For reporting: All taxable transactions in non-IRA accounts.

What: Form 1099-R

When: Available online before or on January 14. Mailed after online posting.

Which Accounts: Retirement accounts.

For reporting: Withdrawals, recharacterizations, or conversions.

What: Form 5498

When: Available online before or on January 14. Mailed after online posting.

Which Accounts: IRA accounts.

For reporting: IRA contributions made in 2016 for tax year 2016. For contributions made between 1/1/2017 and 4/15/2017, a second Form 5498 will be posted and mailed in early May.

In Review

Market Update

Investors have alternated between caution and enthusiasm this past month. Bonds and international stocks have gained some ground, while U.S. stocks have been on and up-and-down path.

Stock and bond analysts see some key themes for 2017, notably that nationalistic self-interest will likely replace globalization and that central bank actions will be less important to global stock and bond markets than fiscal policy actions.

However, expectations in other areas differ. Many analysts see support for corporate earnings (through lower corporate taxes, fewer regulations, and higher fiscal spending) as a tailwind for U.S. stock markets. Others see higher interest rates, higher inflation, and market volatility.

Elections in France and Germany in 2017, among other European elections, may pose risks to the future of the euro. Global markets and economies may be upended by new trade policies.

Here at home, with eight years of growth behind us, broad unemployment at modest levels, and stock valuations at the higher end of the historical price/earnings range, it may be that the economy will first have to catch up to where some stock prices have already gone.

In sum, we expect this year to be fairly challenging. We have a few portfolio changes that we'll be implementing over the next few weeks, but we anticipate that the type of investments we habitually favor will hold up well. Companies with solid profits, rather than high debt levels or other unsustainable approaches, are foremost in our portfolios, but currency considerations, country location, and other factors may play an unusually large role in 2017's results.

Since we always include investment strategies that can do well in the difficult portions of an economic cycle, we are less concerned about the short-term, speculative impact of politics and more concerned about balancing potential risks and rewards in this new era.

Financial Planning Calendar: What to Do in February

Next month, we encourage clients to do the following:

E-Delivery of Tax Documents

If you elected to receive tax documents electronically, you will receive an email notification when they are available.

If you requested mailed, paper copies, you will still be notified when your tax forms have been posted online as long as you've provided Fidelity with an email address. This is because, in most cases, the forms are posted a few days (or more) before they arrive in the mail.

We will gladly check to see if Fidelity has a current email address for you. Click [here](#) to send us an email request and we'll add your email address to your Fidelity accounts if it needs to be added.

Amended Tax Documents

Fidelity sends each tax form only after they have received all relevant information from mutual funds and other investment holdings. Occasionally, information is amended or reclassified, resulting in a follow-up mailing. Most years, however, Fidelity is able to mail your *final* tax forms by mid-February.

TurboTax Discount

You will be able to upload information from Fidelity to tax preparation software, such as TaxACT or TurboTax. For a \$20 TurboTax discount, click [here](#).

As always, we are happy to answer questions about your tax forms or any aspect of your accounts. We are not licensed, however, to provide tax preparation or detailed tax advice.

Question of the Month



Your Task

Prepare for (or work on) the "togetherness" of retirement.

Why?

The transition from work to retirement can be challenging. While we can come up with a detailed plan for the financial aspects of a new life stage, other aspects of retirement will benefit from some preparation, too.

There is some underlying truth to the jokes about couples driving each other a bit nuts in retirement. Going from too little time together to too much time together is not unusual.

For those with an upcoming retirement or navigating a recent retirement, we found a few good books that offer humor, suggestions, and anecdotes.

[Too Much Togetherness: Surviving Retirement as a Couple](#) by Miriam Goodman

[A Couple's Guide to Happy Retirement: For Better or for Worse . . . But Not for Lunch](#) by Sara Yoge

[Survive Your Husband's Retirement, Second Edition: Tips on Staying Happily Married in Retirement](#) by Nora Hall

[Retirement for Two](#) by Dr. Maryanne Vandervelde

Question

My daughter has brought up the idea of taking a "gap year" before she goes to college. She's an excellent student, but doesn't know what she wants to study in college. Will a gap year be beneficial?

Answer

Students in Europe regularly take the year between high school and college as a "gap year" and the practice is becoming more common and more widely encouraged in the United States. Harvard admission letters, for example, strongly suggest that accepted students defer their enrollment for a year and instead pursue a passion, work in a service or volunteer program, or recharge by doing something meaningful.

Between 80 and 110 students defer their enrollment to Harvard each year, including Malia Obama, who will be a Harvard freshman this fall after taking a gap year.

At Middlebury College, researchers found that students who took a gap year had a "clear pattern" of higher GPAs than those that didn't take gap years, even after adjusting for students' high school performance. They also said students "will frequently be more mature, more focused, and more aware of what they want to do with their college education."

If you're concerned that your daughter will never go to college, there is no meaningful evidence of that likelihood. In a survey from the American Gap Association, 84% of respondents said their gap year helped them acquire useful career skills, 77% said it helped them find their purpose in life, 98% said the time helped them develop as a person, and 97% said the gap year increased their maturity.

Many universities believe the gap year helps a student focus when they do begin their college studies and also helps to avoid burn out. Since many students take 5 years to graduate now, it can be argued that a gap year gets students off to a better start, helps them finish on time, and therefore reduces your education expenses.

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Be sure to speak with the admissions department of your daughter's future college, since many universities have need-based and other scholarships for those wishing to take a gap year.

Your daughter can also explore potential gap year pursuits at the [American Gap Association](#), [Cross-Cultural Solutions](#), [Outward Bound](#), [Global Citizen Year](#), [City Year](#) (an Americorps program), or [Thinking Beyond Borders](#), among others. If you're concerned about cost, some programs, such as [CIEE](#), have scholarships, while others pay a stipend.

Gap years may also include internships or pursuing artistic or athletic opportunities. While there are numerous opportunities, it's important for your daughter to know why she wants to take a gap year and what she hopes to accomplish. Generally speaking, a program with some peers, some adult mentorship, and new and challenging learning opportunities will produce the best outcome.



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