

your money, a magazine from WEA Member Benefits | Spring/Summer 2024

your\$TM



PROTECTING YOUR ASSETS

The role insurance plays in shielding you from liability claims

your information

Storm chasers and severe weather

your investments

Mutual fund share class changes with you in mind

your kiosk

What your kids need to know about inheriting your retirement account

SECURE 2.0 changes and RMDs

Financial milestones



SPRING/SUMMER 2024



3 YOUR ACCOUNT

- Stick with us.
- Time for a raise?
- Update your contact info.
- Review our privacy policy.
- Watch your mailbox for IRA form.
- We can help with tax withholding.
- Roth IRA facts.

4 YOUR INSURANCE

- The right mindset can help you make choices that best protect everything you've worked hard for.

6 YOUR INFORMATION

- Be skeptical of door-to-door repair crews who try to secure contracts after a storm.



8 YOUR INVESTMENTS

- Member Benefits' mutual fund changes result in lower mutual fund operating expenses.

10 YOUR KIOSK

- We help you start an important letter to your children.
- SECURE 2.0 brings RMD changes.
- Important financial milestones for those age 50 and over.
- Fitting retirement savings into your budget and one advantage of participating in our 403(b).
- Did you know?

Let's get social!



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PRESIDENT'S LETTER

DAVE KIJEK

Safeguarding your financial security in more ways than one



If there's one thing about insurance we really want people to understand, it's that insurance is not just a "thing" you buy because you need to—it's an important way of protecting you

and your family's financial security by shielding you from liability claims. We want you to think differently about your insurance decisions by helping you get a clear picture on your coverages and what you need to consider as well as providing some guiding principles when purchasing insurance. Buying value, not price, and insuring for catastrophes are

basic guideposts that can help you better meet your insurance needs. Become a more informed insurance consumer with our article on page 4.

It's severe weather season, and we want you to be wary of contractors who reach out to you after a storm. Learn what questions to ask, what the law states, and how to cover yourself on page 6. And be prepared for severe weather by knowing the difference between a watch and warning and having a family emergency plan.

We consistently review our mutual fund options in your retirement accounts, and on page 8 you'll see why we've made some changes to benefit you! We always strive to offer the best value to you for your invested dollars.

In our kiosk on page 10, we help you write a letter to your kids who will inherit your retirement account so they know what to do and what to expect. We also spell out what happens when they inherit our non-retirement Personal Investment Accounts, and how it could benefit them.

You'll also learn how SECURE 2.0 has affected your required minimum distributions, some financial milestones to look forward to if you're over age 50, and helpful budgeting information from our financial advisors.

We're here to support you, whether it's helping you through a loss, investing for the future, or becoming more financially savvy. You can count on us.

A handwritten signature in dark ink that reads "Dave".

YOUR ACCOUNT

IRA and 403(b) news

You can stay with Member Benefits

If you have a 403(b) or an IRA account with us, you can keep it here, regardless of your employment status, and continue to take advantage of our low costs and great customer service. And our low cost structure makes our programs an excellent place to consolidate your other retirement accounts.

Give yourself a raise

Summer is a good time to give yourself a raise in your retirement account contributions—it's one of the keys to long-term savings success. Update your Salary Reduction Agreement (SRA) so you'll be ready to go for the school year. To update your SRA, please contact your school district business office for their most recent SRA, download our SRA at weabenefits.com/retirementforms, or if your district allows, update your SRA online through *yourMONEY* at weabenefits.com/yourmoney.

Is your address and banking info correct?

Make sure electronic contributions to your WEA Member Benefits IRA and/or personal insurance premium payments continue without interruption. Notify us if you've changed where you bank or if your routing or account information has changed. Likewise, if you've moved, please contact us with your new address to ensure timely delivery of important information.

Your privacy is important to us

Protection of your nonpublic personal financial information is a priority. Access the privacy notice for your 403(b) and IRA accounts online at weabenefits.com/privacy to view our policies regarding your personal information. If you have questions, call us at 1-800-279-4030.

IRA 5498 forms coming in May

Form 5498 is an informational tax form sent at the end of May to all traditional and/or Roth IRA account holders. The form reports the December 31, 2023, fair market value as well as any contributions, rollovers, conversions, and/or recharacterizations received in the account for tax year 2023. The copy you receive is for your records only.

Need to change your tax withholding?

You can change your federal and state tax withholding at any time. If you would like to make a change, call one of our Member Service Representatives at 1-800-279-4030.

Information current as of 05/01/24, see weabenefits.com for updates. This magazine is for informational purposes only and is not intended to constitute individualized investment, legal, financial, or tax advice. Certain recommendations or guidelines may not be appropriate for everyone. Consult your personal advisor or attorney for advice specific to your unique circumstances before taking action. WEA Member Benefits does not offer tax advice.

The Trustee Custodian for the WEA Member Benefits IRA accounts is Newport Trust Company. To be eligible for this program, you must meet the IRS eligibility requirements for contributing to an IRA. Certain state residency requirements may apply.

The 403(b) retirement program is offered by the WEA TSA Trust. TSA and IRA program registered representatives are licensed through WEA Investment Services, Inc., member FINRA. If you choose to invest in the 403(b) or IRA programs, fees will apply. Consider all expenses before investing. Mutual fund management and redemption fees may apply.



Facts about Roth IRA contribution eligibility

Interested in investing in a Roth IRA? Here are some facts you need to know.

- The 2024 Roth IRA contribution limit is \$7,000 for those under age 50 and \$8,000 for those 50 and older.
- IRA contribution limits include the combined limit for both the traditional and Roth IRA. For example, if you are under age 50 and you contribute \$5,000 to a traditional IRA this year, you can contribute up to \$2,000 to your Roth IRA, if eligible.
- Your Roth IRA contribution limit, or eligibility to contribute at all, is dictated by your income (household modified adjusted gross income (MAGI)). For a chart with Roth IRA income requirements for 2024, visit weabenefits.com/roth-ira-facts.
- Depending on your MAGI and tax filing status, you are either eligible to contribute to your Roth IRA up to the full IRA maximum, contribute only a partial amount, or contribute nothing at all.
- You can't contribute more to your Roth IRA than your earned household income. If your earned income is less than the contribution limit, then your personal IRA contribution may be limited by your earned income.
- Spousal contribution limits may be limited by your spouse's income if you have no income yourself and are contributing to a spousal IRA.
- Always consult a tax advisor if you have questions around your eligibility to contribute.

► **Learn more**
weabenefits.com/ira

► **Enroll in an IRA**
weabenefits.com/enroll

YOUR INSURANCE



PROTECTING YOUR ASSETS

The role insurance plays in shielding you from liability claims

If you're like most people when it comes time to purchase auto, home, and excess liability (umbrella) insurance, you'll look into a few companies, compare prices, and then choose what you think is the cheapest deal.

Unfortunately, that kind of thinking may leave you in a financially vulnerable position when it comes time to make a claim.

Changing your mindset can help you make choices that best protect everything you've worked hard for. It takes a little more thought and a little more research—but the results can make a big difference in your life when the unexpected happens. Fortunately, you have Member Benefits to help you through the process.

Start by building your foundational knowledge with some basic principles

of insurance (see sidebar), then focus on understanding your coverage. But before you do any of that, the one thing you really need to understand before you make any insurance decisions is this:

When it comes right down to it, insurance isn't as much about the cars or the house.

It's about you and your family's financial security.

In other words, when people think about insurance, they usually think of the *thing* to be insured—the car, the house. But the most important things that insurance helps protect are:

- Your home equity.
- Your savings and investments.
- Your future earnings.

Understanding your insurance coverage

Understand the coverages you need as well as the coverages you have—and don't have.



Auto insurance

There are three types of coverages on an auto insurance policy:

1) Coverages for other people.

- Bodily injury liability.
- Property damage liability.

Say you're driving up to a green light at an intersection and your phone rings. You look down to see who might be calling—a common mistake—but fail to notice the intersection light has turned red. You go through the light, striking another car in the middle of the intersection. You're at fault and the person in the other car is injured. You

now owe that person money for medical bills, lost wages, pain and suffering, and damages to their car...potentially a very pricey bill.

2) Coverages for you and your family.

- Uninsured motorist and underinsured motorist coverage.
- Medical payments coverage.

Let's say this time you're in the middle of the intersection on a green light and someone else runs through a red light. You're hurt. The other person has to pay for your medical bills, loss of wages, and pain and suffering under their bodily injury liability coverage. But what if they don't have any insurance or don't have enough coverage?

Uninsured motorist (UM) and underinsured motorist (UIM) covers you in those circumstances. UM coverage is for those instances where someone causes an injury to you and they don't have any liability coverage. UIM coverage is for those instances where someone causes an injury to you and they don't have enough liability coverage to pay you for what you've lost.

Lastly, medical payments cover you and anyone inside your vehicle for medical bills arising from the operation, maintenance, or use of a motor vehicle. This coverage is paid regardless of fault. Damages can be from an auto accident but also could be from things like slamming a foot in the car door or slicing your hand open while changing the air filter on your car.

Approximately 13.3% of Wisconsin drivers are uninsured.
(Insurance Research Council)

3) Coverages for your car.

- Collision coverage.
- Comprehensive coverage.
- Roadside assistance.
- Car rental reimbursement.

Just like it sounds, collision coverage provides for damage to your car resulting from a collision with another object. The object could be another car, house, fence, tree, etc. If you collide with something or something collides with you, it will most likely be covered under collision coverage.

3 insurance principles

Here are some guidelines to keep in mind when evaluating insurance options.

PRINCIPLE #1: BUY VALUE, NOT PRICE

Many people buy their home and auto insurance policies based solely on price—like a commodity, or something you pull off the shelf. Instead, consider each coverage provided on a particular policy and compare it against what you have to lose in the event of a loss. It's not worth a small premium savings only to lose a great deal of money when the unexpected happens. Insurance policies *are* different and insurance companies *are* different. Make sure you understand those differences.

Ask insurers questions: Is their liability coverage the same as what you currently have? Is it appropriate? Are all of the necessary coverages included in the quote? There are many reasons you could be seeing a lower premium estimate, but it could leave you at higher risk.

PRINCIPLE #2: MAXIMIZE YOUR INSURANCE DOLLAR

Think about deductibles as a great way to reduce insurance costs and maximize your insurance dollar. The savings you may realize by raising your deductible from \$500 to \$1,000 (in other words, risking only an additional \$500 IF you have a loss) can be applied to raising your liability limits or purchasing an excess liability policy. That additional liability coverage can help protect the big dollars you have to lose (equity in your home, savings/investments, future earnings).

PRINCIPLE #3: INSURE AGAINST THE CATASTROPHIC

Insurance is something you need in the event of a *catastrophic* loss. This means that if you have \$1,500 in hail damage to your roof, you should pay for the repairs yourself and not make an insurance claim. However, if your roof needs to be completely replaced due to an insurable event, submit the claim to have your roof repaired or replaced.

People who view their insurance this way are better able to maintain "claims free" discounts and avoid rate surcharges that come from making a claim. Additional savings can be had by raising your deductible. For example, if you decide you aren't going to make a claim for any loss under \$5,000, you could raise your deductible to \$5,000 and reduce your insurance premium.

Scheduling items like electronics, collectibles, and jewelry is also something to consider, but if you're doing that at the expense of coverage for the catastrophic loss, it isn't the best use of your insurance dollar.

There is one exception—colliding with an animal. That is covered under comprehensive coverage, which provides for sudden and accidental damage to your vehicle not covered by collision. Besides colliding with an animal, it also covers things like a tree falling on your car, hail damage, fire, theft, and vandalism.

Collision and comprehensive coverage normally have a deductible (the amount of money you are willing to pay in the event of a loss). The higher deductible you choose, the lower the insurance premium you pay—and vice versa.

Additional coverages such as car rental reimbursement and roadside assistance

Don't get soaked by storm chasers

Spring is here and summer isn't far behind. With the changing seasons (and our changing climate) comes the increasing chance of severe weather and possible damage to your home and property.

Perhaps you've had contractors knocking at your door after a big hailstorm asking to view the damage to your roof or siding. While you may have found legitimate help this way, there are also many individuals who try to take advantage of damaging weather by attempting to commit fraud against you as well as insurance companies.

It doesn't matter what time of year a storm strikes, transient contractors go wherever they find people in need. "Storm chasers" are often from out of state, move quickly from town to town, and use high-pressure tactics to get homeowners to put a down payment on

work that may never be done. According to the Better Business Bureau (BBB), some storm chasers use tactics such as the "good deal" you'll get only if you hire the contractor on the spot. Be proactive in selecting a contractor and not reactive to phone or door-to-door pitches with offers on price and timelines that seem too good to be true.

Beth Gold, Claims Representative at Member Benefits, says, "Storm chasers are a major issue, and you might be surprised at how many calls we receive about them. I took one claim recently and the person said that someone had called and left them a message from a 267 area code, which is in Philadelphia. That's a definite red flag.

"Our third-party adjusting firms always identify themselves and say they are working for Member Benefits," she explains. "If in doubt, you can always

call us to verify whether someone is working for us or not."

Cover yourself

The Wisconsin Department of Agriculture, Trade, and Consumer Protection (DATCP) says property owners should be skeptical of door-to-door repair crews who try to secure contracts after a storm, and offers tips for protecting yourself from these scams. If you have storm damage:

- **Make a list and take photographs of damages** like missing shingles, cracks in walls, etc. But before any damage is done, keep updated photos of the exterior areas of your home on hand to compare them to the ones the contractor takes. You'll have a better idea of what needs to be repaired versus what someone tells you should be fixed.

- **Call municipal officials** to find out if a contractor holds the proper permits for door-to-door sales in their area.
- **Obtain written contracts** that specify exactly what work will be done, what materials will be used, start and completion dates, and warranty details. Never rely on a verbal commitment.
- **Contact a local building inspector** to check if the repair work requires a permit and to verify the work was completed appropriately before you provide final payment.
- **Request and obtain lien waivers** from any contractors hired for home repairs. Lien waivers protect you if the person collecting the money does not pay the suppliers or workers.
- **Make sure to request a copy of the contractor's certificate of liability insurance.**
- **Keep copies** of all receipts, contracts, correspondence, warranties, and written materials. Be extra cautious of requests to pay everything up front.

You can also check bbb.org to see if the company displays the BBB Accredited Business Seal. BBB requires accredited businesses to have proper licensure, and only they can display the Seal. You can also contact DATCP to see if they have received complaints about the business.

It's usually better to get a local contractor. However, ask them if they are subcontracting your job—be careful if they're using outside subcontractors. Ask to see the contractor's state registration card. Any contractor you're considering should show you their card. And if you can, have someone watch the work being done.

People you know may also be of help. "We don't recommend contractors," says Beth. "But we do encourage members to speak to friends or neighbors for recommendations of local companies they've had good luck using."

Gauge the law

In addition, you should also be aware of important legalities. Wisconsin's storm chaser law aims to protect consumers and businesses by preventing insurance fraud. The law states that contractors:

WATCH vs WARNING

Wisconsin weather is often unpredictable and severe weather can develop quickly. Knowing the difference between a watch and a warning may save your life.

WATCH

A severe thunderstorm or tornado watch gives you **advance notice** that conditions are favorable for dangerous weather. When your area is in a watch, stay alert for changing weather. During a watch, there will be information about what type of weather you might see and the chance of it actually occurring. Risk levels can range from a few storms with hail and high winds to a particularly dangerous situation when deadly tornadoes can occur. Follow your local news for updates.

WARNING

A warning is issued when **severe weather is about to strike** in your area. For severe thunderstorms, tornadoes, and flash floods it means the weather event is happening now and you need to take action immediately.

- ✓ **Consider purchasing a weather radio.** NOAA Weather Radio All Hazards (NWR) broadcasts official National Weather Service warnings, watches, forecasts, and other hazard information 24/7. You can find weather radios at hardware stores or on Amazon.
- ✓ **Make a plan.** Ready.gov can assist you in creating a tailored family plan to help you during a weather emergency. Answer basic questions with your family and their needs in mind, create an evacuation plan, and fill out a Family Emergency Plan that you can email as a PDF file. And be sure to practice your plan. Visit ready.gov/plan to get started.



- Cannot promise to pay any portion of an owner's property insurance deductible.
- Cannot negotiate with an insurance company on behalf of a customer.
- Can only discuss damages and costs with insurers with the customer's permission.
- Must ask if the requested work is related to an insurance claim prior to entering into a contract.
- Must notify customers of their right to cancel the contract within three business days if the customer is notified that their insurer has denied any portion of the claim for work.

Don't ever sign over insurance checks to contractors. "Never sign any documents that give the contractor rights to your insurance claims," adds Beth. "Get an invoice from the contractor and pay them directly." Consider paying with a credit card that offers additional fraud

protection (but be aware of possible transaction fees).

Condense it down to this

Beth offers one last important piece of advice. "Here's the bottom line: If you didn't call the contractor and someone just shows up, chances are they may be a storm chaser. Tell them no thank you and call someone local.

"At Member Benefits, if you file a claim, we will arrange for one of our independent agents to come and inspect your damages. They are qualified and know what to look for."

For more information or to file a complaint, call 1-800-422-7128 or visit the DATCP's Consumer Protection web page at consumerprotection.wi.gov.

YOUR INVESTMENTS

Mutual fund change update

Changes to five mutual funds result in lower mutual fund operating expenses

As part of our ongoing fiduciary responsibility, Member Benefits regularly reviews the WEA TSA Trust 403(b) and WEA Member Benefit Trust IRA program investment lineup to offer high value, low cost investment choices to help you meet your retirement and financial goals. This ongoing review is one of the value-added benefits of participating in our retirement savings program. Among the considerations are the range of investment choices available, investment performance, and cost.

As a result of a recent review, Member Benefits made the following changes to the share class of five mutual funds (see chart).

Why we made these changes

At Member Benefits, we strive to offer the lowest cost share class available. All things being equal, we prioritize using share classes that do not embed revenue sharing payments in their operating expenses. However, with some mutual funds, it is possible to achieve a lower net cost through a share class that pays financial credits in the form of marketing payments, shareholder servicing fees, and other revenue sharing payments. In some cases, funds may also waive front-end sales charges and/or negotiate additional rebates directly with the recordkeeper. We believe it is in your best interest to take advantage of the credits available through a mechanism that will pay these credits directly back to your account.

How this benefits you

This approach provides greater fee transparency, as you will see the gross expense ratio, all financial credits available, and the net expense ratio for

each fund you invest in. You will see these credits applied to your retirement account in your quarterly statement. It is important to remember that not all investment funds provide these credits. For many funds in the investment program, the gross expense ratio and net expense ratio will remain the same.

This change will not only allow you to take advantage of all the financial credits available for the funds you use (where credits are available), but it will also allow Member Benefits to deliver what we believe is the best value to you for your invested dollars. This change is

possible because of our group purchasing power and scale. Generally, these credits are not available to individuals participating in retail accounts.

Watch your statements

The financial credits will be applied to your account automatically on either a monthly or quarterly basis, depending on the schedule of the mutual fund company. The credits will be reported in your quarterly statements. If you do not wish to continue to invest in these funds and would like to make a fund change, you may log into *yourMONEY* or call us at 1-800-279-4030.

| Current mutual fund | New mutual fund |
|---|--|
| ClearBridge Small Cap Growth Fund Share Class I Ticker Symbol: SBPYX Current Gross Expense Ratio: 0.90% | ClearBridge Small Cap Growth Fund Share Class A* Ticker Symbol: SASMX Current Gross Expense Ratio: 1.18% Net Expense Ratio After Credit: 0.68% <i>*Front end sales charges are waived.</i> |
| ClearBridge Select Fund Share Class IS Ticker Symbol: LCSSX Current Gross Expense Ratio: 1.02% | ClearBridge Select Fund Share Class A* Ticker Symbol: LCLAX Current Gross Expense Ratio: 1.43% Net Expense Ratio After Credit: 0.85% <i>*Front end sales charges are waived.</i> |
| Invesco Developing Markets Fund Share Class R6 Ticker Symbol: ODVIX Current Gross Expense Ratio: 0.84% | Invesco Developing Markets Fund Share Class Y Ticker Symbol: ODVYX Current Gross Expense Ratio: 0.99% Net Expense Ratio After Credit: 0.74% |
| MFS New Discovery Value Fund Share Class R6 Ticker Symbol: NDVWX Current Gross Expense Ratio: 0.84% | MFS New Discovery Value Fund Share Class R3 Ticker Symbol: NDVTX Current Gross Expense Ratio: 1.19% Net Expense Ratio After Credit: 0.69% |
| Pioneer Bond Fund Share Class K Ticker Symbol: PBFKX Current Gross Expense Ratio: 0.36% | Pioneer Bond Fund Share Class Y Ticker Symbol: PICYX Current Gross Expense Ratio: 0.47% Net Expense Ratio After Credit: 0.24% |

This is for informational purposes only and is not intended to constitute legal, financial, or tax advice. Certain recommendations or guidelines may not be appropriate for everyone. Consult your personal advisor or attorney for advice specific to your unique circumstances before taking action. Investors should consider the investment objectives, risks and charges and expenses of the funds carefully before investing. The prospectus/prospectus summaries/information booklets contain this and other information which can be obtained by contacting us. Please read the information carefully before investing. Keep in mind that mutual fund investments are not guaranteed and may gain or lose value. Past performance is no guarantee for future results. Future performance may be lower or higher than past performance. Restrictions may apply.

| continued from page 5

reimbursement coverage may also be available through your insurance company.



Home insurance

There are four main coverages in a home insurance policy.

Dwelling coverage. This is for the home itself and anything permanently attached to it.

Other structures. Examples include a detached garage, fence, gazebo, etc.

Personal property. Turn the house upside down and shake it—anything that falls to the ceiling would be personal property.

Liability. Similar to auto insurance, this is the piece that could be the most catastrophic. If you are negligent in the ownership of your home and that negligence causes damage to someone else, liability coverage pays for those damages.

So what could go so wrong at home?

- You are “pup-sitting” at your house for your neighbor’s dog. Someone comes over for dinner one evening and the dog bites your guest, causing them to get stitches and have a large scar.
- You know that your front porch needs repair but put it off. A friend comes over to visit and their leg goes through the porch floor, causing them to break their leg.
- You have a diseased tree on your property that you’ve been advised might fall. You delay taking it down and the tree falls into the neighbor’s house, causing major damage to their home.

Let’s say in the example of your tree falling on your neighbor’s house, you have liability limits of \$100,000 on your home policy, but you get sued for \$250,000. What happens then?

Three out of five American homes are underinsured by an average of 20%.
(CoreLogic)



Excess liability (umbrella) insurance

Choosing this very economical option is a wise decision. This insurance provides extra liability coverage to cover you from claims under your auto and home policy as well as for some claims that aren’t. “Umbrella” is a good name to include for this coverage as it sits on top of the liability risk in your life as an extra layer of protection for those auto and home losses.

In cases where you go over your liability limit (like in the prior tree example), an attorney does an asset check and looks at how much equity you have in your home/property, savings, and investments. They also find out what you do for a living and how much money you make. If your assets aren’t enough to satisfy the judgment, they can garnish your wages.

In reality, most everyone has more to lose than the standard liability coverage a home and auto policy provides. You may not think it will ever happen to you, but unfortunately, people are sued every day. Excess liability (umbrella) insurance is a better way to protect your assets and future earnings from a potential lawsuit. It also provides additional coverage for liability exposure that is not covered under your home policy, such as libel or slander.

To help determine how much excess liability you need, calculate the assets you could lose in a lawsuit:

- Equity in any home/property.
- Savings and investments.

- Future earnings.

Common policy limits for umbrella policies are \$1,000,000, \$2,000,000 and \$3,000,000, but can be purchased in different limits.

Most umbrella policies allow you to add an extra layer of protection for uninsured and underinsured motorist claims. This is an extra option you can choose for an additional cost.

Keep in mind that an injury to a member of the household who is earning income can be as devastating to the household’s financial well-being as a judgment against you.

Final thoughts

We know this is a lot of information, but it is important to review these coverages and considerations in order to make the best insurance choices for you and your family.

However, it boils down to this—if you want to make the best insurance choices for you and your family, remember that an informed insurance consumer:

- Understands their coverage.
- Buys value, not price.
- Insures for the catastrophic and pays for minor damage personally. In other words, they sacrifice the **small** dollars to protect the **big** dollars.
- **Works with an insurer they can trust—like Member Benefits.**

Let us help you

Get an insurance quote

- weabenefits.com/quote

Become a more informed insurance consumer

- Call 1-800-279-4030
- Schedule a free consultation weabenefits.com/consults



Video

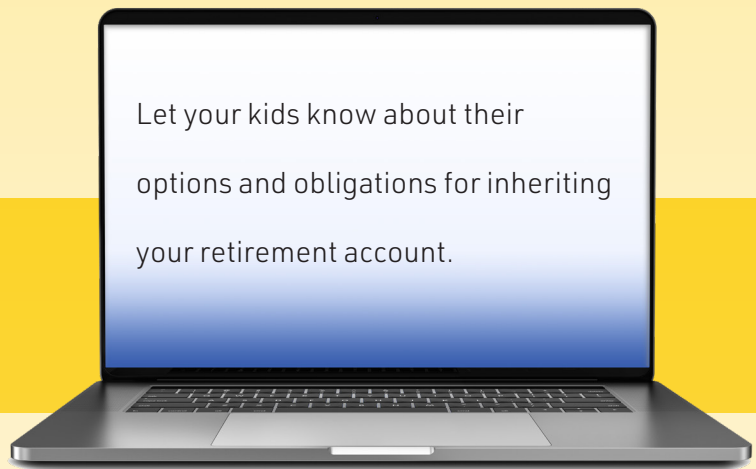


View quick videos on umbrella insurance, why insurance is important, and more.

► weabenefits.com/insurance-qa

YOUR KIOSK

A letter to your children



Hi kids,

Don't read anything into this; we're fine and in great health. We just wanted to get this in writing so you understand how to take care of some money you'll probably inherit. There were some recent changes in the law we want to go over with you.

When the second of us dies, you're going to contact WEA Member Benefits and any other companies where we have retirement or other accounts and let them know you need to claim a death benefit. They'll give you paperwork to fill out.

If laws don't change again, it's likely you'll have to take all of the money out of the retirement accounts within ten years. In some situations during that period of time, you'll need to take required minimum distributions (RMDs). In other situations, such as a Roth IRA, you won't be required to take a minimum payment each year until the account has to be liquidated. Depending on your tax situation when you inherit, we'd like you to consider doing the following.

You may want to set up scheduled payments called a declining balance payment. The benefit of a declining balance distribution schedule is that it spreads out tax responsibility as equally as possible throughout 10 years, ensuring the account is liquidated within the required 10 year time period. If you take an amount only equal to the required amount, you would have a larger required distribution in the final year—increasing your tax responsibility each year.

Let's say your RMD will be \$20,000 each year for 10 years. Deposit the RMD money in your checking account and use it for your living expenses. At the same time, increase your 401(k) contribution by \$769 per paycheck. You'll be adding \$20,000 to your retirement account each year while saving on taxes and adding to the continual growth of your account.

With the Roth money, you can go ahead and buy yourselves something special. If anything is left over and you are eligible, it would be great if you put that money into your own Roth IRAs, 529s for our grandchildren, or invest it elsewhere.

Right now we don't spend all of our RMD money, so we opened a different type of account that's not a retirement account. At WEA Member Benefits they call them Personal Investment Accounts (PIAs). You're going to inherit that account also, but what's great is that it gets taxed at a lower rate that starts at 0%. The money we put into it, plus the income we already paid taxes on, is called "cost basis." If we had sold investments in the account, we would have paid capital gains tax on the difference between our basis and how much it was worth when we sold it. But since we don't need this money, we have invested aggressively in it with your ages in mind. When the second of us dies, whatever the account is worth on the date of death will be your cost basis. You can sell your portion and pay little to no tax, or let the account continue to grow for the future or for your kids to inherit.

Confused yet? Let us try to explain with an example:

- Say our cost basis is \$125,000 (the money we initially put into the PIA).
- The value when the second one of us dies is \$275,000. This is your new cost basis. It gets divided between the two of you (\$137,500 each).
 - One of you sells your half a month later. The market has gone up a little so that half is worth \$140,000. That person pays capital gains tax on the difference (\$140,000 - \$137,500 = \$2,500 capital gains to be taxed).
 - The other one of you leaves the account alone for the next 30 years, growing an average of 5% per year. By the time that person dies, the account is worth about \$500,000. This will be the new cost basis for their children.

Let's talk about this more in person. We can also contact Member Benefits or WEA Financial Advisors if we have questions.

Love, your parents

Learn more about Personal Investment Accounts at weabenefits.com/pia.

All examples are hypothetical, for informational purposes only, and not intended to constitute individualized investment, legal, financial, or tax advice. WEA Financial Advisors do not offer tax advice. Certain recommendations or guidelines may not be appropriate for everyone. Consult your personal advisor or attorney for advice specific to your unique circumstances before taking action. The Trustee Custodian for the Personal Investment Accounts is Mid Atlantic Trust Company. The Personal Investment Account Program is offered by WEA Financial Advisors, Inc., an SEC registered investment advisor. All financial advisory services are offered through WEA Financial Advisors, Inc., an SEC registered investment advisor. This article is for illustrative purposes only and not indicative of any investment.

RMD rules have changed with SECURE 2.0

The SECURE 2.0 Act increased the age for required minimum distributions (RMDs) in 403(b) and IRA programs.

In 2023, the age went from age 72 to age 73. It will jump to age 75 in 2033* (or the year of retirement, if later, for certain plan participants who are not 5% owners). Individuals born in 1950 or earlier are unaffected by this change.

More RMD changes for 2024

Beginning in 2024, the SECURE 2.0 Act exempts designated Roth account assets in 401(k), 403(b), and governmental 457(b) plans from pre-death RMD rules. As a result, designated Roth account assets will no longer be included in the RMD calculation. This provision applies to pre-death RMDs due for 2024 and later tax years.

The SECURE 2.0 Act does not clearly indicate whether participants can distribute designated Roth account assets in order to satisfy their RMD. In general, it appears that designated Roth assets may not be used to satisfy an RMD during a participant's lifetime. Additional IRS guidance is needed to clarify this provision.

Source: Ascensus. *Due to a drafting error in the bill, individuals born in 1959 have an RMD age of both 73 and 75. A technical correction will be needed.



Help with RMDs

Member Benefits offers several strategies to help you manage your assets in retirement through *yourINCOME PATH*—including RMD support. In addition to the RMD schedule you can set up, we can assist you in calculating your RMD and send you an annual reminder. It's even printed on your quarterly statement. You can also opt for integrating with monthly withdrawals to help ensure you meet and don't exceed the annual RMD amount.

Visit weabenefits.com/yourincomepath to learn more.

Important birthdays over age 50

There are a lot of things to celebrate when you're 50 and over! Like important financial milestones. Here are a few to keep in mind.

Age 50: Take advantage of catch-up contributions to your retirement accounts. View contribution limits at weabenefits.com/limits.

Age 55: You become eligible to make additional contributions to your HSA, allowing you to save even more for future healthcare expenses.

Age 59½: You may be able to start making withdrawals from your retirement plans, possibly without paying a 10% federal income tax penalty.

Age 62: You become eligible to start drawing Social Security retirement



benefits—but first explore how waiting may affect those benefits. And if you choose to continue working while receiving Social Security benefits, your benefits may be reduced.

Age 70: You can receive the maximum Social Security benefit if you haven't claimed benefits yet.

Age 73: You will begin taking RMDs from your traditional IRA and other defined contribution plans.

Source: FMG.

FINANCIAL INSIGHTS

*Update from the experts at
WEA Financial Advisors*

According to the Bureau of Labor Statistics, in 2022 the average American household earned \$94,003 a year before taxes and spends much of their available income on basic necessities such as housing, food, and clothing. So, how does your household compare to the average American for the following categories?

- **Housing:** 33%
- **Transportation:** 17%
- **Food:** 13%
- **Insurance:** 12%
- **Healthcare/health insurance:** 8%
- **Entertainment:** 5%
- **Cash contributions:** 3%
- **Apparel:** 3%

It may look daunting to see the numbers, but when it comes to budgeting, it's critical that you include retirement savings. While the Wisconsin Retirement System and Social Security may cover some of your expenses, you'll need personal savings to help round out what you may need.

If you save in a 403(b) with Member Benefits, you get complimentary access to WEA Financial Advisors. Our online financial planning platform called eMoney can aggregate your household financial picture and allow our planning staff to review your situation and collaborate with you in real time. Just request a consultation to get started.

Let us help you find the right savings fit for your budget.

► weabenefits.com/fps

Did you know?

Member Benefits offers insurance that covers e-bikes and compact tractors? They aren't typically covered by your home insurance.

weabenefits.com/quote

2023 Governor's Financial Literacy Award

Legacy Category Recipient



To our incredible staff and members:

THANK YOU!

This would not be possible without you.



SCAN HERE for full award details!
or visit weabenefits.com/in-the-news



We would also like to
congratulate
Kelly Behnke,
Worksite Benefit Consultant,
for receiving an individual
2023 Governor's Financial
Literacy Award for her work
in supporting and educating
Wisconsin public school
employees!