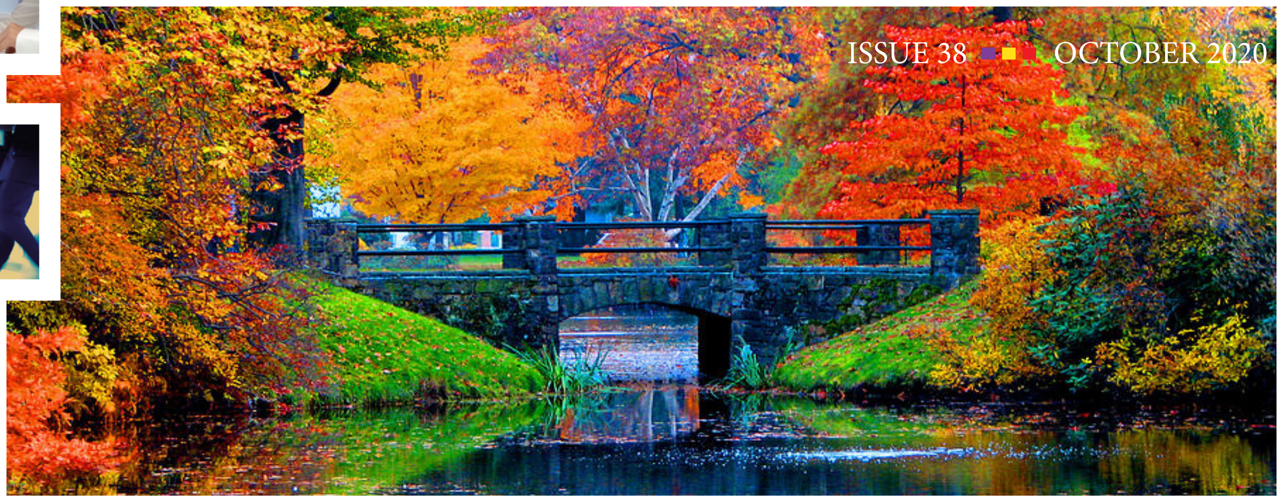
INTEGRATED FINANCIAL STRATEGIES, LLC



THE STRATEGIC VIEW

JAY'S VIEW

Dear Friends;

I trust you are well, safe, and healthy. This has been quite the year to start a new decade. As a public service to our friends and clients, the following is a list of things you should consider doing before December 31, 2020;

1. Get a health physical if you have not had one in 2020. Covid-19 has definitely shown us that there are advantages of knowing your current health.
2. Make a charitable deduction to your favorite church, charity, or non-profit organization.
3. If you fund a Flexible Spending Account (FSA), make sure you spend all your money in it. You cannot carry it over to next year.
4. If you are financially able and are still working, make sure you add the maximum allowable to your retirement plans.
5. If you have a Health Savings Account (HSA), make sure it is funded by the end of the calendar year. These funds can be carried over to 2021.
6. Did you take any time off in 2020? If not, you should, even if it is just a "staycation".
7. Set a Christmas budget and stick to it. Remember, no debt from Christmas.
8. Hug someone you love. They will appreciate it and you will too.
9. Fulfill at least one of your new year's resolutions. It is not too late to complete at least one of them.
10. Vote. We all have a civic responsibility to vote.
11. Read at least one new book before Christmas. It will take away some of the stress of 2020.
12. Make certain that you stay up on December 31st to see 2020 go away.

I hope you have a great end of the year, a very Merry Christmas, and a wonderful new year. Please let us know if we can help. Thank you for your trust and your business.

Your public service friend,

Jay

Jay Wilen

THE VIEW OF DIVERSIFICATION

Virtually every investment has some type of risk associated with it. The stock market rises and falls. An increase in interest rates can cause a decline in the bond market. No matter what you decide to invest in, risk is something you must consider.

One key to successful investing is managing risk while maintaining the potential for adequate returns on your investments. One of the most effective ways to help manage your investment risk is to diversify. Diversification is an investment strategy aimed at managing risk by spreading your money across a variety of investments such as stocks, bonds, real estate, and cash alternatives; but diversification does not guarantee against loss.

The main philosophy behind diversification is really quite simple: "Don't put all your eggs in one basket." Just because you own more than one mutual fund, does not mean you are diversified. The fund may own much of the same stocks in it.

Likewise, the power of diversification may help smooth your returns over time. As one investment increases, it may offset the decreases in another. This may allow your portfolio to ride out market fluctuations, providing a more steady performance under various economic conditions. By potentially reducing the impact of market ups and downs, diversification could go far in enhancing your comfort level with investing.

Diversification can be accomplished by spreading your risk over bonds (US government, corporate, and municipal), stocks (large, mid, small, and international), and different strategies (long term, short term, income, and tax efficient).

If you need a diversification check-up, please email or call us.

THE VIEW OF ROTH IRA CONVERSION

A Roth IRA is an individual retirement account funded with after-tax money. It grows tax-deferred. When you withdraw money from a Roth IRA in retirement, the money is distributed tax-free. There are income limits to establishing a Roth IRA. When the Roth IRA was established in 1997, I had reservations about whether the United States Congress would change the law down the road and make the growth taxable. Now that it has been law for 23 years, I think that is highly unlikely now.

A Roth IRA conversion is the process of changing traditional IRA money into Roth IRA money. The combination of lower tax rates and lower asset values could make this a good time to convert assets from a traditional IRA to a Roth IRA. Converted assets are subject to federal income tax in the year of conversion. If all conditions are met, the Roth account will incur no further income tax liability for the rest of your lifetime or the lifetimes of your designated beneficiaries, no matter how much growth the account experiences.

The logic behind deferring taxes on retirement savings is that you may be in a lower tax bracket when you retire, so a current tax deduction might be more appealing than tax-free income in retirement. However, lower rates set by the Tax Cuts and Jobs Act may have changed that calculation for you. A cost-benefit analysis could help determine whether it would be beneficial to pay taxes on some of your IRA assets now rather than in retirement. One strategy is to "fill your tax bracket," meaning you would convert an asset value that would keep you in the same tax bracket. This requires projecting your income for 2020. The key is that you must have the money available to pay the income taxes on the converted amount.

Roth accounts are subject to two different five-year holding requirements: one related to withdrawals of earnings and the other related to conversions.
For a tax-free and penalty-free withdrawal of earnings, including earnings on converted amounts, a Roth account must meet a five-year holding period beginning on January 1 of the year your first Roth account was opened, and the withdrawal must take place after age 59½ or meet an IRS exception.

Assets converted to a Roth IRA can be withdrawn free of ordinary income tax at any time (because you paid taxes at the time of the conversion), but a 10% penalty may apply if you withdraw the assets before the end of a different five-year period, which begins on January 1 of the year of each conversion, unless you are age 59½ or another exception applies.

Unlike a traditional IRA, Roth IRAs are not subject to required minimum distribution rules during the lifetime of the original owner. If you need some assistance is determining if a Roth IRA conversion would be beneficial, please contact us.

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