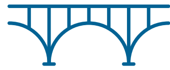

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Andrew Samalin Integral to Westchester Meadows Acquisition

*Finance*FOCUS

Will vs. Trust: Is One Better Than the Other?

When it comes to planning your estate, you might be wondering whether you should use a will or a trust (or both). Understanding the similarities and the differences between these two important documents may help you decide which strategy is better for you.

What is a will?

A will is a legal document that lets you direct how your property will be dispersed (among other things) when you die. It becomes effective only after your death. It also allows you to name an estate executor as the legal representative who will carry out your wishes.

In many states, your will is the only legal way you can name a guardian for your minor children. Without a will, your property will be distributed according to the intestacy laws of your state. Keep in mind that wills and trusts are legal documents generally governed by state law, which may differ from one state to the next.

What is a trust?

A trust document establishes a legal relationship in which you, the grantor or trustor, set up the trust, which holds property managed by a trustee for the benefit of another, the beneficiary. A revocable living trust is the type of trust most often used as part of a basic estate plan. "Revocable" means that you can make changes to the trust or even end (revoke) it at any time. For example, you may want to remove certain property from the trust or change the beneficiaries. Or you may decide not to use the trust anymore because it no longer meets your needs.

A living trust is created while you're living and takes effect immediately. You may transfer title or "ownership" of assets, such as a house, boat, automobile, jewelry, or investments, to the trust. You can add assets to the trust and remove assets thereafter.

How do they compare?

While both a will and a revocable living trust enable you to direct the distribution of your assets and property to your beneficiaries at your death, there are several differences between these documents. Here are a few important ones.

- A will generally requires probate, which is a public process that may be time-consuming and expensive. A trust may avoid the probate process.
- In order to exclude assets from probate, you must transfer them to your revocable trust while you're living, which may be a costly, complicated, and tedious process.
- Unlike a will, a trust may be used to manage your financial affairs if you become incapacitated.
- If you own real estate or hold property in more than one state, your will would have to be filed for probate in each state where you own property or assets. Generally, this is not necessary with a revocable living trust.
- A trust can be used to manage and administer assets you leave to minor children or dependents after your death.
- In a will, you can name a guardian for minor children or dependents, which you cannot do with a trust.

Which is appropriate for you?

The decision isn't necessarily an "either/or" situation. Even if you decide to use a living trust, you should also create a will to name an executor, name guardians for minor children, and provide for the distribution of any property that doesn't end up in your trust. There are costs and

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Will vs. Trust: Is One Better Than the Other?

(Continued from page 1)

expenses associated with the creation and ongoing maintenance of these legal instruments.

Whether you incorporate a trust as part of your estate plan depends on a number of factors. Does your state offer an informal probate, which may be an expedited, less expensive process available for smaller estates? Generally, if you want your estate to pass privately, with little delay or oversight from a probate court, including a revocable living trust as part of your estate plan may be the answer.

Education tax credits and deductions can help defray some of the costs associated with college or graduate school. Do you or your child qualify for one of these federal tax benefits?

Tax Credits and Deductions for College

College students and their parents need all the help they can get to pay for college. Here are four college-related federal tax benefits that might help put a few more dollars back in your pocket when you file your 2016 tax return.

AMERICAN OPPORTUNITY CREDIT

The American Opportunity Tax Credit is worth up to $2,500 per year for a student's first four years of college. The credit applies only to qualified tuition and fees (room and board expenses aren't eligible) and is calculated as 100% of the first $2,000 of qualified tuition and fees plus 25% of the next $2,000 of such expenses.

There are two main eligibility restrictions. First, the student must be enrolled at least half-time. Second, a parent's modified adjusted gross income (MAGI) must be below a certain level. In 2016, a full tax credit is available to single filers with a MAGI of $80,000 or less and joint filers with a MAGI of $160,000 or less; a partial credit is available to single filers with a MAGI between $80,000 and $90,000 and joint filers with a MAGI between $160,000 and $180,000.

The American Opportunity credit can be claimed on behalf of multiple students on a single tax return in the same year, provided each student qualifies independently. For example, if Mom and Dad have triplets in college and each meets the credit's requirements, then Mom and Dad can claim a total credit of $7,500 ($2,500 x 3).
Lifetime Learning credit The Lifetime Learning credit is another education tax credit that's worth up to $2,000 per year per tax return. As its name implies, the Lifetime Learning credit is for courses taken throughout one's lifetime, whether to acquire or improve job skills. As such, it is broader than the American Opportunity credit; for example, it's available to graduate students and to students enrolled less than half-time. The Lifetime Learning credit is calculated as 20% of the first $10,000 of qualified tuition and fees (again, room and board expenses aren'teligible).

There are also income restrictions. In 2016, a full credit is available to single filers with a MAGI of $55,000 or less and joint filers with a MAGI of $111,000 or less; a partial credit is available to single filers with a MAGI between $55,000 and $65,000 and joint filers with a MAGI between $111,000 and $131,000.

One disadvantage of the Lifetime Learning credit is that it's limited to a total of $2,000 per tax return per year, regardless of the number of students who qualify in a family in a given year. So, in the example above, Mom and Dad would be able to take a total Lifetime Learning credit of $2,000, not $6,000, in 2016. Also, the American Opportunity credit and the Lifetime Learning credit can't be taken in the same year for the same student — you have to pick one or the other.

TUITION AND FEES DEDUCTION

Undergraduate and graduate students (or their parents) may be able to deduct qualified tuition and fees paid in 2016. A $4,000 deduction is available to single filers with a MAGI of $65,000 or less and joint filers with a MAGI of $130,000 or less, and a $2,000 deduction is available to single filers with a MAGI between $65,000 and $80,000 and joint filers with a MAGI between $130,000 and $160,000. An important note: you can't use the same education expenses to qualify for both a tuition deduction and an education tax credit.

STUDENT LOAN INTEREST DEDUCTION

The student loan interest deduction lets undergraduate and graduate borrowers deduct up to $2,500 of interest paid on qualified student loans during the year, provided income limits are met. In 2016, a full deduction is available to single filers with a MAGI of $65,000 or less and joint filers with a MAGI up to $130,000; a partial deduction is available for single filers with a MAGI between $65,000 and $80,000 and joint filers with a MAGI between $130,000 and $160,000.

COMPARISON CHART: 2016 FIGURES

	Maximum Credit / Deduction	Income Limits for Maximum
American Opportunity credit	$2,500	$80,000 or less single; $160,000 or less joint filer
Lifetime Learning credit	$2,000	$55,000 or less single; $111,000 or less joint filer
Deduction for tuition and fees	$4,000	$65,000 or less single; $130,000 or less joint filer
Deduction for student loan interest	$2,500	$65,000 or less single; $130,000 or less joint filer

For more information, see IRS Publication 970,Tax Benefits for Education

PLAYING CATCH-UP
WITH YOUR 401(K) OR IRA

A recent survey of baby boomers (ages 53 to 69) found that just 24% were confident they would have enough money to last throughout retirement. Forty-five percent had no retirement savings at all, and of those who did have savings, 42% had saved less than $100,000.[1]

Your own savings may be on more solid ground, but regardless of your current balance, it's smart to keep it growing. If you're 50 or older, you could benefit by making catch-up contributions to tax-advantaged retirement accounts. You might be surprised by how much your nest egg could grow late in your working career.

Contribution limits

The federal contribution limit in 2016 and 2017 for all IRAs combined is $5,500, plus a $1,000 catch-up contribution for those 50 and older, for a total of $6,500. An extra $1,000 might not seem like much, but it could make a big difference by the time you're ready to retire (see table). You have until the April 18, 2017, tax filing deadline to make IRA contributions for 2016. The sooner you contribute, the more time the funds will have to pursue potential growth.

The deferral limit in 2016 and 2017 for employer-sponsored retirement plans such as 401(k), 403(b), and most 457(b) plans is $18,000, plus a $6,000 catch-up contribution for workers 50 and older, for a total of $24,000.However, some employer-sponsored plans may have maximums that are lower than the federal contribution limit. Unlike the case with IRAs, contributions to employer-sponsored plans must be made by the end of the calendar year, so be sure to adjust your contributions early enough in the year to take full advantage of the catch-up opportunity.

The following table shows the amount that a 50-year-old might accrue by age 65 or 70, based on making maximum annual contributions (at current rates) to an IRA or a 401(k) plan:

Potential Savings a 50-Year-Old Could Accumulate		Without Catch-Up	With Catch-Up
IRA	By Age 65	$128,018	$151,294
	By Age 70	$202,321	$239,106
401K	By Age 65	$418,697	$558,623
	By Age 70	$662,141	$882,854

Example assumes a 6% average annual return. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. It assumes contributions are made at end of the calendar year. Rates of return vary over time, particularly for long-term investments. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary.

Special 403(b) and 457(b) plan rules

403(b) and 457(b) plans can (but aren't required to) provide their own special catch-up opportunities. The 403(b) special rule, available to participants with at least 15 years of service, may permit an additional $3,000 annual deferral for up to five years (certain additional limits apply). A participant can use this special rule and the age 50 catch-up rule in the same year. Therefore, a participant eligible for both could contribute up to $27,000 to his or her 403(b) plan account (the $18,000 regular deferral limit, plus the $3,000 special catch-up, plus the $6,000 age 50 catch-up).

The 457(b) plan special rule allows participants who have not deferred the maximum amount in prior years to contribute up to twice the normal deferral limit (that is, up to $36,000 in 2016 and 2017) in the three years prior to reaching the plan's normal retirement age. (However, these additional catch-up contributions can't exceed the total of the prior years' unused deferrals.) 457(b) participants who elect to use this special catch-up rule cannot also use the age 50 catch-up rule in the same year.

[1] *"Boomer Expectations for Retirement 2016," Insured Retirement Institute.*

Key Retirement and Tax Numbers for 2017

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans, thresholds for deductions and credits, and standard deduction and personal exemption amounts. Here are a few of the key adjustments for 2017.

RETIREMENT PLANS

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $18,000 in compensation in 2017 (the same as in 2016); employees age 50 and older can defer up to an additional $6,000 in 2017 (the same as in 2016).
- Employees participating in a SIMPLE retirement plan can defer up to $12,500 in 2017 (the same as in 2016), and employees age 50 and older will be able to defer up to an additional $3,000 in 2017 (the same as in 2016).

IRAS

The limit on annual contributions to an IRA remains unchanged at $5,500 in 2017, with individuals age 50 and older able to contribute an additional $1,000. For individuals who are covered by a workplace retirement plan, the deduction for contributions to a traditional IRA is phased out for the following modified adjusted gross income (AGI) ranges:

	2016	2017
Single/head of household	$61,000 - $71,000	$62,000 - $72,000
Married filing jointly	$89,000 - 118,000	$99,000 - $119,000
Married filing separately	$0 - $10,000	$0 - $10,000

Note: The 2017 phaseout range is $186,000 - $196,000 (up from $184,000 - $194,000 in 2016) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered.

The modified AGI phaseout ranges for individuals making contributions to a Roth IRA are:

	2016	2017
Single HOH	$117,000 - $132,000	$118,000 - $133,000
Married filing jointly	$184,000 - $194,000	$186,000 - $196,000
Married filing separately	$0 - $10,000	$0 - $10,000

ESTATE AND GIFT TAX

- The annual gift tax exclusion remains at $14,000.
- The gift and estate tax basic exclusion amount for 2017 is $5,490,000, up from $5,450,000 in 2016.

PERSONAL EXEMPTION

The personal exemption amount remains at $4,050. For 2017, personal exemptions begin to phase out once AGI exceeds $261,500 (single), $287,650 (HOH), $313,800 (MFJ), or $156,900 (MFS).

Note: These same AGI thresholds apply in determining if itemized deductions may be limited. The corresponding 2016 threshold amounts were $259,400 (single), $285,350 (HOH), $311,300 (MFJ), and $155,650 (MFS).

STANDARD DEDUCTION

These amounts have been adjusted as follows:

	2016	2017
Single	$6,300	$6,350
Single/head of household	$9,300	$9,350
Married filing jointly	$12,600	$12,700
Married filing separately	$6,300	$6,350

Note: The 2016 and 2017 additional standard deduction amount (age 65 or older, or blind) is $1,550 for single/HOH or $1,250 for all other filing statuses. Special rules apply if you can be claimed as a dependent by another taxpayer.

ALTERNATIVE MINIMUM TAX (AMT)

AMT amounts have been adjusted as follows:

Exemption amount	2016	2017
Single HOH	$55,900	$54,300
Married filing jointly	$83,800	$84,500
Married filing separately	$41,900	$42,250
Exemption phaseout threshold		
Single HOH	$119,700	$120,700
Married filing jointly	$159,700	$160,900
Married filing separately	$79,850	$80,450
26% on AMTI* up to this amount, 28% on AMTI above the amount		
Married filing separately	$93,150	$93,900
All others	$186,300	$187,800

** Alternative minimum taxable income*

"I always say if you aren't investing for value, what are you investing for? And the idea that value and growth are two different things makes no sense.... Growth is part of the value equation."
—Warren Buffett

GROWTH, VALUE, OR BOTH

The terms growth and value are often used to describe two different investment strategies, yet many investors may want both qualities in an investment. Famed investor Warren Buffett put it this way in a 2015 interview: "I always say if you aren't investing for value, what are you investing for? And the idea that value and growth are two different things makes no sense.... Growth is part of the value equation."[1] Even so, analysts may look at specific stocks as offering more growth potential than value, and vice versa. And these concepts are used to construct many mutual funds and exchange-traded funds (ETFs). So it's helpful to understand the opposing ideas, even if you want the best of both in your portfolio.

Poised to grow?

As the name suggests, growth stocks are associated with companies that appear to have above-average growth potential. These companies might be on the verge of a market breakthrough or acquisition, or they may occupy a strong position in a growing industry.

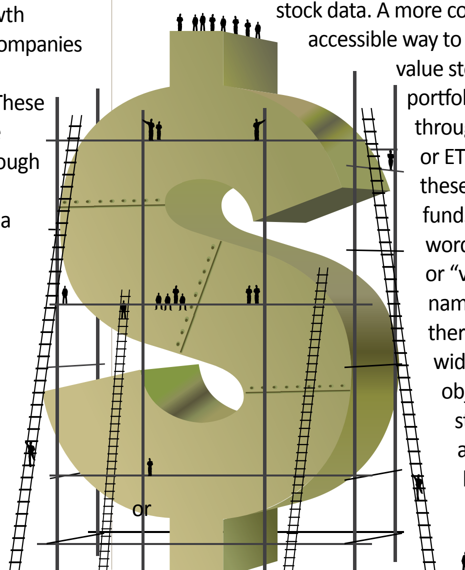
Growth companies may place more emphasis on reinvesting profits than on paying dividends (although many large growth companies do offer dividends). Investors hope to benefit from future capital appreciation of growth stocks, which tend to be considered higher risk than value stocks. However, it's equally important for growth and value stocks to have strong fundamentals.

Undervalued?

Value stocks are associated with companies that appear to be undervalued by the market or are in an industry that is currently out of favor. Unlike growth stocks, which might seem expensive and overvalued, value stocks may be priced lower in relation to their earnings, assets, or growth potential. Established companies are more likely than younger companies to be considered value stocks, and these firms may emphasize paying dividends over reinvesting profits. An investor who purchases a value stock typically expects the broader market to eventually recognize the company's full potential, which may result in rising share prices. One risk with this approach is that a stock considered to be undervalued because of legal or management difficulties or tough competition might not be able to recover from the setback.

Focused funds

Identifying specific growth or value investments requires time, knowledge, and experience to analyze stock data. A more convenient and accessible way to add growth or value stocks to your portfolio may be through mutual funds or ETFs that focus on these categories. Such funds often have the word "growth" or "value" in their names. However, there could be a wide variety of objectives and stock holdings among funds labeled growth or value.



Also keep in mind that you might find growth, value, or both in a broad range of investments that do not employ growth or value strategies.

Diversification

Holding growth and value stocks and/or funds is one way to diversify the stock portion of your portfolio. Over the past 20 years, the average annual return for value stocks was about 1.5 percentage points higher than that of growth stocks (8.54% versus 7.02%). Yet growth stocks outperformed value stocks in eight of those years — in some years by large margins. This suggests that growth and value stocks may respond differently to varying market conditions.[2]

Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

The return and principal value of stocks, mutual funds, and ETFs fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Supply and demand for ETF shares may cause them to trade at a premium or a discount relative to the value of the underlying shares.

Mutual funds and ETFs are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

[1] CNBC.com, March 2, 2015
[2] Thomson Reuters, 2016, for the period 9/30/1996 to 9/30/2016. Growth stocks are represented by the Russell 3000 Growth Index. Value stocks are represented by the Russell 3000 Value Index. The performance of an unmanaged index is not indicative of the performance of any particular investment. Individuals cannot invest directly in an index. Rates of return will vary over time, particularly for long-term investments. Past performance is not a guarantee of future results. "I always say if you aren't investing for value, what are you investing for? And the idea that value and growth are two different things makes no sense.... Growth is part of the value equation." —Warren Buffett

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Andrew Samalin Integral to Westchester Meadows Acquisition

Andrew Samalin, Principal of Samalin Investment Counsel and Treasurer of Bethel Nursing and Rehabilitation Center of Croton-on-Hudson, is pleased to have assisted with the structuring and execution of the acquisition of Westchester Meadows (The Knolls), a continuing care retirement community, for over $28,600,000. Leading the team is Beth Goldstein, CEO and Anastasios Markopoulos, CFO of Bethel Homes, and James Holden, Chairman of the Board of Directors.

County Executive Robert P. Astorino announced Friday that $145 million in private investment in Westchester was moving forward thanks in part to key roles played by the county's Industrial Development Agency (IDA) and Local Development Corporation (LDC). The LDC, which works with non-profits, approved $28.6 million in low-cost bond financing for Bethel, which it will use to refinance a loan and fund major interior and exterior renovations. The LDC has approved multi-million dollar low-cost bond financing for Bethel which will finance extensive renovations on the property. This purchase has myriad positive effects for the county in terms of job retention and creation as well as the continuation of valuable social service supports for seniors and those in need.

"We are partnering with The Knolls residents to ensure they receive the quality lifestyle they have envisioned for themselves," says Beth Goldstein, Bethel's Chief Executive Officer. "This landmark acquisition is a historic leap forward for Bethel, its executive team, team members, and clientele, and extends the offering and reach of Bethel's award-winning Continuum of Care services", said Samalin.

"We will rebuild The Knolls' financial foundation, so that residents can feel confident in our ability to provide an exceptional senior living experience," says Anastasios Markopoulos, Bethel's Chief Financial Officer.

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