

Veterans Day observations of a financial advisor (who is also a veteran):

Happy Veteran's Day to all of our clients and subscribers who are veterans. Thanks to you, and your families who supported you, for your honorable service to our country.

As a financial advisor, who also had a career in the Navy, I have worked with many military clients. I enjoy the fact that they are disciplined, serious, and care about taking care of the financial needs of their families. I thought it might be beneficial to share some of my observations over my 23 years of working with these great folks.

Your investment portfolio might be too conservative:

If you are a retired military member, disabled service member, or surviving spouse you probably have a pension. I would suggest that you think of this pension as interest payments on a bond in your name at the U.S. Treasury. For example, if you are fortunate enough to receive a \$ 40,000.00 annual pension and the 30-year treasury bond has 2.0 % yield, then your pension is similar to having a \$ 2,000,000 bond at the U.S. Treasury paying you the interest. If you look at your pension this way, perhaps it makes sense to invest your personal savings more aggressively and hold more equities than bonds.

Take advantage of a Roth while income tax rates are low:

Nearly everyone can benefit from tax free income in retirement. While there are income limits to funding a Roth IRA, there is no income limit to defer some of your salary to the Roth 401k. Contributing to a Roth 401k or converting your traditional IRA to a Roth allows you to build up a Roth account with income producing stocks and bonds, which can provide you with tax-free withdrawals to supplement your retirement income.

You may need a trust as well as a will:

With the caveat that I am not an attorney, but I do work with many attorneys for my clients' benefit, I've found many people think trusts are only for rich people to avoid taxes. Trusts have many uses and allow you to control your assets after you are deceased. If you leave assets (accounts) to your heirs by beneficiary designation or your will, it goes to them immediately after your death with no strings attached. Imagine that you have an adult child who is not very responsible with money, or that your children are too young to have all these assets, or you have an adult child that may be in an unstable marriage, or you have a child that has special needs, or you have multiple marriages and step-children? A trust can help you deal with all these scenarios (and others) to control how and when your assets will be distributed.

Many of these ideas not only apply to military members but also civilians, and I am gratified to have made a career helping you and others make better financial decisions.

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