



Posted on Wed, Jan. 11, 2012

Money Matters | Look back, look ahead

By DAN MATHEWS

The Financial Planning Association of Greater Kansas City is committed to providing timely and topically important content on financial planning issues to The Kansas City Star website. The following is a look back at the variety of topics we covered in 2011 and some of what you can expect in 2012.

We started 2011 with a 2% reduction in the employees' share of the payroll tax. We are starting 2012 with a two-month extension of the same tax cut. Over the next two months look for Congress to avoid a political disaster and apply the payroll tax cut to the entire year.

In late January we turned our attention to how a 529 Plan account can affect a student's eligibility to receive student loans. Typically, 529 Plan accounts are treated more favorably than most other savings vehicles when it comes to financial aid eligibility.

In early February we discussed the 2011 tax landscape. The landscape in 2012 is very similar, but changes could be on the way. Look for a blog in early February with details about current and expiring tax provisions.

April is "Money Smart Month" in Kansas City. This annual campaign started in 2008 and is coordinated by financial institutions, non-profit organizations, schools, libraries, and government agencies. Look for a blog outlining this year's events at the end of March.

In May and June we covered some of the changes to Social Security and Medicare. If you apply for Social Security benefits this year, then you are required to receive your payments electronically. Beneficiaries already receiving paper checks must switch to direct deposit by March 1, 2013. The 50% discount on covered brand-name drugs for Medicare Prescription Drug beneficiaries in the coverage gap will continue into 2012. Look for the debate over these entitlements to heat up as the deficit and healthcare reform issues take center stage during this election year.

In August and September the volatility in the world stock markets made headlines and we focused on whether it was time to buy or sell. Gold also became a hot topic and we discussed how it can serve to diversify an investment portfolio. The debate over the state of the U.S. and global economic recovery, particularly in Europe, and will continue to make headlines in 2012.

In October we turned our attention to President Obama's job stimulus package. After it was all said and done, the President and Congress passed the Temporary Payroll Tax Cut Continuation Act of 2011 in December.

In November we talked about how families can use the time they spend together around the holidays to discuss important financial issues with family members that they may see infrequently. Talking about financial planning can go a long way toward avoiding future family arguments and ensure that holidays stay merry.

Finally, in December we summarized the new IRS requirements for cost basis reporting by brokerage firms, custodians, and other entities, and how they affect you.

We are thankful for the forum that The Kansas City Star provides us and look forward to submitting more commentaries that are timely, educational, and informative this year. Our previous blogs are archived on our website at www.fpakc.org.

The Money Matters column is written by members of the Financial Planning Association of Greater Kansas City. This week: Dan Mathews, a Certified Financial Planner with Stepp & Rothwell, Inc., Overland Park.