Ameritas
Ameritas Life Insurance Corp. of New York

Winter 2016

Your Financial Future

Picture It Now

Q Your Questions Answered

What Is a Spousal IRA?

A spousal IRA permits a married individual to contribute to an IRA even if he or she had little or no direct earnings.[1]

Here's how it works. Julia earned $60,000 in 2015. Her husband, Jake, is a student who earned $3,000. Both are younger than 50. Julia may contribute $5,500 — the maximum allowed for an individual in 2015[2] — to her IRA. Their total contribution is limited to the smaller of $11,000 (two times the individual limit) or their combined income ($63,000). So, Jake may contribute $5,500 to his own IRA.

Had Julia earned $7,000, Jake's contribution would be limited to $4,500 (the couple's gross income of $10,000 less Julia's $5,500 contribution). Either way, Jake's contribution could be greater than his earned income of $3,000.

Eligibility requirements and the extent to which contributions to a spousal IRA are tax deductible are based on several factors, so consult your tax advisor for guidance.

[1]This communication is not intended to be tax advice and should not be treated as such. Each individual's situation is different. You should contact your tax professional to discuss your personal decision.

[2]The IRA contribution limit for 2015 is $6,500 for investors age 50 or older. You have until April 15, 2016, to make your 2015 IRA contribution.

Wealth Management Systems Inc.

Your 2016 Retirement Planning Check-Up

The new year is a good time to review your retirement goals and strategies.

How do you know if you're investing enough? Are you using an old strategy to achieve new goals? The steps outlined below can help you check if your plan remains realistic and on track.

Review your retirement goals. Whether your expected retirement date is 10 years or 40 years away, it is important to reevaluate your situation on a regular basis. Perhaps you finished paying off your student loans or purchased a home. Has your family status changed? Did you decide to delay retirement or retire early? Any of these could have a significant effect on the amount you'll need to save, which in turn will affect your strategy.

Match your investments to your goals. Once you've reviewed and, possibly, reformulated your financial goals for retirement, consider the likelihood that your investments could support your desired lifestyle. If you decided, for instance, to retire early, are you carrying too much investment risk? Or, if your income has increased, have you adjusted your retirement income expectations to maintain your current standard of living after retirement? Remember also that investment performance can cause shifts in how your assets are allocated; for example, a target asset allocation of 60% stocks and 40% bonds might now be closer to 70% stocks and 30% bonds, or vice versa. Take this time to rebalance your portfolio to fit your needs and goals.

Consider investing more. The amount you contribute to your retirement plan or Individual Retirement Account (IRA) today can make a big difference in how much you'll have when you're ready to retire. Increasing your contribution by $1,000 a year — that's just $19 a week — could add more than $35,000 to your retirement assets over 20 years on a total investment of $20,000, assuming an 6% annual rate of return.[1] In 2016, you may contribute up to $18,000 to your 401(k) plan and $5,500 to your IRA, plus catch-up contributions of $6,000 and $1,000, respectively, if you are at least age 50.

Retirement Plan and IRA Contribution Limits for 2016[2]

	Individuals age 49 or younger	Individuals age 50 or older
401(k) deferrals	$18,000	$24,000
Traditional IRA, Roth IRA	$5,500	$6,500

[1]Example is hypothetical and not representative of any actual investment. Example assumes an 6% annual return for the time period indicated. Your results will vary.

[2]Source: Internal Revenue Service. Limits are unchanged from 2015.

Inside: Budgeting Tips, Month by Month and Using Bond Funds to Complement Your Retirement Plan Account

Budgeting Tips, Month by Month

Simple changes to everyday saving and spending habits may help you follow a budget without sacrificing your standard of living.

2016

JANUARY:

Begin the year by paying off your credit card charges from the holiday season to keep interest charges at bay.

FEBRUARY:

Prepare for tax season by getting all of your paperwork and supporting documents in order, which may enable you to file earlier and, potentially, reduce accountant's fees.

MARCH:

Review your frequent flier statements, hotel loyalty points and group discounts and make the year's travel reservations accordingly.

APRIL:

Put a tax refund to work by using that money to pay down credit card debt, to make an extra payment toward your mortgage (if permitted), or to put toward your IRA or emergency fund.

MAY:

Give your vehicle a pre-summer tune-up to help avoid costly repairs due to deferred maintenance.

JUNE:

Consider shopping for seasonal, organic produce at local farmers markets rather than the supermarket.

JULY:

Reduce expenses on summer outings by setting — and sticking to — a maximum daily dollar amount for meals and souvenirs.

AUGUST:

Shop the summer clearance sales to build next year's summer wardrobe at discounted prices.

SEPTEMBER:

If you are in the market for a car, you may be able to save a bundle on a vehicle from the previous model year as auto dealers try to clear their lots to make room for the new models.

OCTOBER:

Get your home winter-ready by following expert advice such as sealing up windows, replacing furnace filters or installing programmable thermostats.

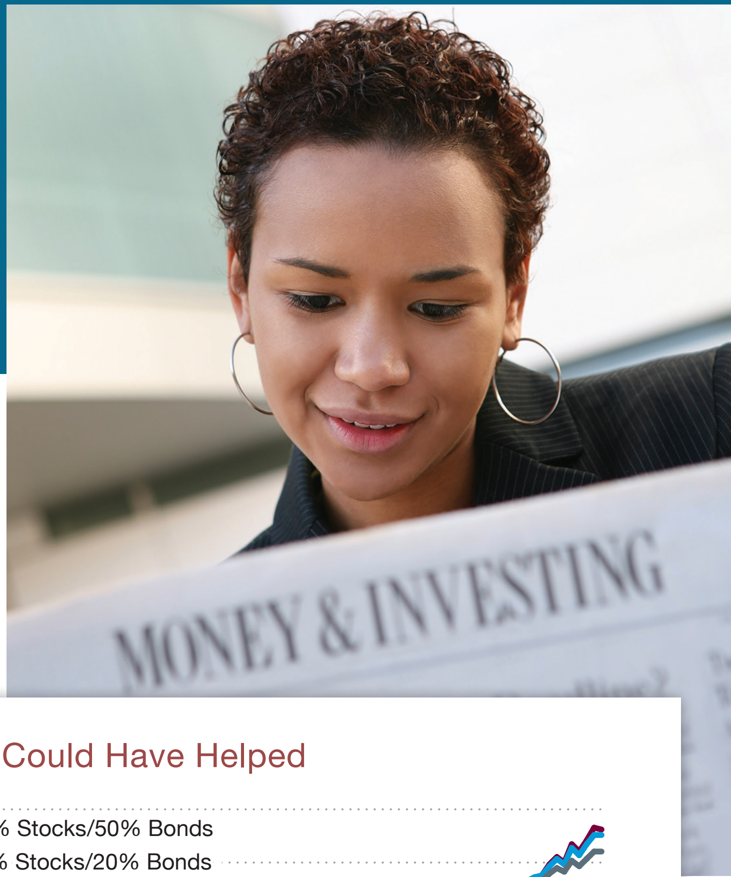
NOVEMBER:

When evaluating your medical insurance options during open enrollment, look beyond the premium to also consider the costs of co-payments, deductibles and other out-of-pocket costs due at the time of service.

DECEMBER:

If you have an unused balance in your flexible spending account, look for ways to avoid throwing your money away, such as buying a new pair of glasses before the end of the year.

Using Bond Funds to Complement Your Retirement Plan Account

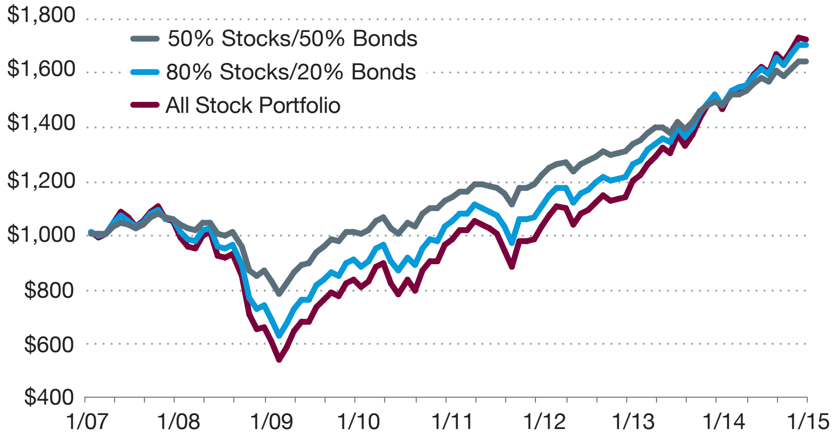


Bond funds have the potential to reduce fluctuations in a retirement plan portfolio, yet also have risks of their own.

Chances are your retirement plan account contains some level of investment in bond funds. Bonds are essentially IOUs issued by corporations or governments. They aim to provide investors with principal stability and a stream of interest income rather than strong returns.

The main benefit to holding bond funds in a long-term portfolio is to help protect some of your money from losses during market downturns. This was evident during the most recent bear market, in which a portfolio composed of a mix of stocks and bonds could have, depending on the type of bonds, fared better than all-stock portfolios. And, the result would not have been short-lived — the all-stock portfolio could have lagged the mixed portfolios for another five years, as shown in the hypothetical example to the right.[1]

Bond Funds Could Have Helped



Source: ChartSource®, Wealth Management Systems Inc. The performance shown is for illustrative purposes only. Stocks are represented by the Standard & Poor's Composite Index of 500 Stocks, an unmanaged index that is generally considered representative of the U.S. stock market. Bonds are represented by the Barclays Long-Term Government Bond index (prior to November 2008, this was compiled by Lehman Brothers). It is not possible to invest directly in an index. Past performance is not a guarantee of future results. Copyright © 2016, Wealth Management Systems Inc. Not responsible for any errors or omissions.

Over the long term, portfolios with larger allocations to bond funds tend to be less volatile than stock funds. While bond prices are susceptible to market risks, just like stock prices, bond prices are, in general, less sensitive to market risk. Still, market risk is significant in bond fund investing as active bond fund managers often trade bonds before maturity to keep with the fund's objectives, thereby raising the potential of realizing losses or reducing gains. Other risks faced by shareholders of bond mutual funds include interest rate risk (when interest rates rise, bond values may fall, and vice versa) and inflation risk (the inability to keep up with the rising cost of living).

You also need to be concerned about credit risk, or the risk of default by the issuer. U.S. government bond funds, which generally invest in bonds backed by the full faith and credit of the U.S. government, carry relatively low risk compared to other bonds, yet may also offer lower returns. Corporate bond funds, which invest in bonds issued by private companies, have the potential to offer higher returns, but at potentially greater risk. When investing in corporate bond funds to balance your portfolio, look for those associated with investment-grade corporate bonds, as these tend to be among the safer corporate bonds, although they may have lower return potential.

The mix of bond funds and stock funds in your portfolio involves many factors that may change over time. A financial professional can help you determine the allocation that makes sense for your situation.

[1]The performance shown is for illustrative purposes only and is not indicative of the performance of any specific investment. Bonds are subject to market and interest rate risk if sold prior to maturity.

What You Need to Know About Estate Planning

Estate planning is not for the wealthy only.

Even if you have a very modest estate, you can help ensure that your wishes for your assets and medical care are carried out in the future by reviewing the following documents today.[1]

1. **Will.** A will specifies how you would like your assets to be distributed after your death. Typically, assets covered by a will include your home, car and financial accounts other than insurance and retirement plans. A will may also be used to appoint guardians for dependents in your care so be certain to review it from time to time as family dynamics change.

2. **Beneficiary forms.** Yet not all assets are covered under a will. Insurance proceeds and retirement plan balances are paid directly to the beneficiaries you named when setting up these accounts. Therefore, it's wise to review these forms at least once per year in case your personal circumstances have changed.

3. **Durable power of attorney.** Suppose you become incapacitated through a disability, serious illness or accident — who will handle your financial affairs? You can designate an agent in advance using a durable power of attorney. This person would make financial decisions on your behalf if you become unable to do so yourself.

4. **Advance health care directive.** Similarly, you can designate someone legally to make medical decisions for you, if needed. The person designated in an advance health care directive can make medical decisions for you if you are unable to communicate your own decisions. This includes carrying out wishes you stated in a living will (see below).

5. **Living will.** We all have different opinions on the life-sustaining measures we wish to receive or avoid, should the time come. You can outline your wishes for a terminal or end-stage condition in a living will. Such declarations can help relieve your family of these emotional decisions.

[1]This communication is not intended to be legal advice and should not be treated as such. Each individual's legal situation is different. You should contact your legal professional to discuss your personal situation.

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