

# IHRY NEWS

## December 2018



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## How to Stay Financially Healthy in the New Year

*Article provided by Prudential.*

You get annual medical checkups and biannual dental checkups. At work, you receive an annual performance review. Why not give your finances the same kind of “primary care?”

By performing an annual finance checkup, you can assess whether you’re following your budget and making the most of your investments. If you’ve veered off course, you can get back on track to meet your financial, career and life goals.

### *When should I perform a financial checkup?*

The beginning of the year is an ideal time to review your financial health. You’ll get a head start on tax season and you’ll have year-end pay stubs and account statements to work with. It’s also a good time to set goals for the year to come.

However, if you’re monitoring your retirement fund and approaching your 65th birthday, you may want to review your finances around that date. If you’re getting married soon or have a baby on the way, you might want to assess

your finances before these major life events. Although individual needs may vary, your financial checkup should generally include the following components.

### *Analyze income and expenses*

Compare 2018’s after-tax income with expenses. Did you spend more than you earned?

Accounting software allows you to run profit and loss reports for easy income-expense evaluation. With a profit and loss report, you can see how much you spent on basic expenses such as rent and utilities, as well as luxury items including restaurant meals and clothing splurges. Remember, discretionary expenses can easily throw your budget off track.

Next, analyze cash flow for the year to come. Do you anticipate any atypical expenses, such as a new car or

a big vacation? Do you plan to retire or take maternity leave next year? If you don't have savings to cover cash flow fluctuations, adjust spending accordingly.

## *Revise your budget*

Creating a budget is a great way to keep spending on track and meet your savings goals for the new year. If you don't have one, you're not alone.

If you do use a budget, adjust it annually to account for any changes, such as health insurance, home insurance or income increases.

Compare your various expenses (morning lattes included) to your monthly income. If you discover you have excess income, consider meeting with a financial professional to determine the best way to put that money to work.

## *Review retirement savings*

Review your IRA, 401(k) and other retirement plan contributions. Are you saving enough? Can you save more?

Aim to contribute at least 15% of your paycheck to your retirement funds. If that sounds like a stretch, save 10%, or as much as you can.

If you're age 50 or older, take advantage of the "catch-up" contribution. This advantage allows you to contribute up to \$7,000 for 2019 to Traditional and Roth IRAs (\$6,500 for 2018, contributions can be made up until April 15, 2019).

Those age 50 and over can contribute a total of \$25,000 annually to their 401(k)s. The government raised the contribution limit from \$18,500 to \$19,000 in 2019, and folks age 50 and up can add a \$6,000 catch-up contribution.

As their target retirement date nears, most investors allocate less toward stocks and a higher percentage to lower-risk vehicles such as bonds. Talk to a financial advisor to determine whether your portfolio contains the optimum mix of stocks and bonds for your age and goals.

## *Make a debt-free plan*

The average credit card debt, per cardholder, came to \$5,422 in 2017, according to Creditcards.com. With rates hovering close to 17%, that's a lot of money wasted on interest payments.

Can you set goals for 2019 to reduce credit card spending and pay down debt? You'll save hundreds to thousands of dollars annually — money you can invest and watch grow.

## *Review insurance policies*

During your annual financial checkup, assess whether you have the right amount of insurance for your life stage.

If you've accumulated considerable assets since purchasing homeowner's insurance, you may want to discuss an upgrade with your insurance agent or broker.

If your children have graduated college or you've paid off your mortgage, you may need less life insurance. If you just had a second child, you may need more.

It's not easy these days to find better health insurance rates, but it's worth the time to review your employer-sponsored plans, individual plans or Medicare Advantage plans before the open enrollment period ends. You may find equal or better coverage at a lower rate, giving you that much more to save — or invest in your skinny vanilla latte fix.

## *What you can do next*

Look for an accounting software to help with your income-expense evaluation. See how much you spent on basic vs. luxury expenses, then revise your budget.

Please consult your tax and legal advisors regarding your particular circumstances.



# Ihry Insights

Article provided by Curtis Kaufman, Agency Manager  
Ihry Insurance



## China Fixing to Buy US Soybeans – DTN

Posted on December 5, 2018

- Chinese officials on Wednesday reiterated positive signs coming out of the talks between the U.S. and China, but Chinese leaders provided few details in official statements about those talks. Still, a report out of China indicated “Chinese officials have begun preparing to restart imports of U.S. soybeans and liquefied natural gas,” according to Bloomberg News.
- Agriculture Secretary Sonny Perdue, speaking Monday at the DTN Ag Summit, said China will likely have to be back in the U.S. soybean market around the first of the year, because of need for oilseeds. China will have drained Brazil of old-crop soybeans, and Perdue said USDA analysts think China will have to buy from the U.S. before Brazil’s new-crop is ready to export.

## Year End Tax Planning – 13 Points for Ag Producers to Consider

Posted on December 11, 2018

By Kelli Anderson, North Dakota State University

There are several items to note for tax planning regarding the new tax law changes:

1. Tax rates have decreased for 2018.
2. Agricultural producers are now allowed to use 200 percent declining balance depreciation for 3, 5, 7 and 10-year property. 150 percent declining balance is still required for 15 and 20-year property.
3. For most new agricultural machinery and equipment (except grain bins), the recovery period has been reduced from 7 to 5 years.
4. Like-kind exchanges are now not allowed for personal property, but still are allowed for real property.
5. The section 179 expense has increased. It generally allows producers to deduct up to \$1,000,000 on new or used machinery or equipment purchased in the tax year. There is a dollar-for-dollar phase-out for purchases above \$2,500,000.
6. The additional 100 percent first-year bonus depreciation is in effect. It is now available for used, as well as new property. It is equal to 100 percent of the adjusted basis after any section 179 expensing.
7. Income averaging can be used by producers to spread the tax liability to lower income tax brackets in the three previous years. This is done on schedule J. North Dakota farmers who elect to use income averaging for federal purposes also may use Form ND 1FA (income averaging) for North Dakota income tax calculations.
8. Crop insurance proceeds and government crop disaster payments can be deferred to the next tax year if a producer is a cash-basis taxpayer and can show that normally income from damaged crops would be included in a tax year following the year of the damage.
9. A livestock income deferral is available for those who had a forced sale of livestock because of a weather-related disaster.
10. Prepay farm expenses. Feed, fertilizer, seed and similar expenses can be prepaid. Typically, discounts are received by paying for these expenses in the fall. Producers can deduct prepaid expenses that do not exceed 50 percent of their other deductible farm expenses.

11. Defer income to 2019. Crop and livestock sales can be deferred until the next year by using a deferred payment contract. Most grain elevators or livestock sale barns will defer sales until the next tax year. Producers should be aware that they are at risk if the business becomes insolvent before the check is received and cashed.
12. Purchase machinery or equipment. Machinery or equipment purchases can be made before the end of the year to get a depreciation or 179 expense deduction in 2018.
13. Contribute to a retirement plan such as a simplified employee pension plan, savings incentive match plan for employees or individual retirement account.



## How To Stay Fire Free During The Holidays

Article provided by *Grinnell Mutual*.

### 'TIS THE SEASON FOR FIRE SAFETY!

While the holidays are fun, the use of candles, fireplaces, decorations, and Christmas trees means they can also be dangerous. Review these safety tips to keep your home fire-free and full of joy during your family festivities.

### FIRST THINGS FIRST — CHECK YOUR SMOKE ALARMS

Double-check your smoke alarms before the festivities begin. Make sure that batteries are fully charged and connected to the device. Fires are more likely to occur in December and January, so your smoke alarm plays a vital role in reducing fire deaths and injuries.

### KEEP WARM (AND SAFE) BY THE FIRE

According to the National Fire Protection Association (NFPA), putting items such as furniture, clothing, and other decorations too close to a flame is the leading cause of fatal home-heating fires.

Always keep children and anything flammable at least 3 feet away from fireplaces and heating equipment.

### FLAMELESS CANDLES: JUST AS FESTIVE, TWICE AS SAFE

According to NFPA, home candle fires peak during December. They may make the atmosphere more inviting, but having open flames around all the festive decor makes them more hazardous, too.

Consider replacing real candles with battery-operated, flameless candles. Same ambiance, less danger. You can even choose various scents, just like with wax candles.

If you do decide to burn real candles:

- Use sturdy candleholders placed on flat surfaces.
- Keep candles away from other objects.
- Always blow them out when you leave a room.

### O CHRISTMAS TREE, O CHRISTMAS TREE

Everyone loves a Christmas tree loaded with lights and sentimental decorations. But, while the decorations may be pretty, they can also be a fire hazard. Although Christmas tree fires are rare, when they do occur, they are likely to be serious. This video from NFPA shows just how fast a Christmas tree can catch fire, and how quickly it can spread: <https://youtu.be/xr6b9b8FYKk>

Be fire-smart while you deck the halls with [these tips](#) from the NFPA.

