



STERLING

Financial Management, Inc.

A Note from Dave: Account View 2.0



Hello, everyone! After some wacky weather in March with snow, hail and ice, I am definitely ready for those warmer weather days. Let's hope the temps of 60-70 degrees are here to stay.

If you like accessing your account online, Account View 2.0 is the tool for you! It provides secure, 24-hour online access to your investment account information through your desktop, tablet or smartphone. It is easier to navigate than Account View 1.0 and gives you access to more features. Account View 2.0 comes with an app, so you can log on from anywhere! It also has TurboTax integration and includes eSignature, so you do not have to go to a separate app like DocuSign. Through Account View 2.0, you can choose to go 100% paperless with your statements, tax forms and other documents. And...all of these features are available to you at no charge!

If you currently have Account View 1.0, please call Carlene Willhide at (301) 733-7777, so she can migrate you over to Account View 2.0. as 1.0 will go away by the end of the year. Or, if you do not have either one and would like to start accessing your account online, Carlene can get you set up for Account View 2.0 as well. Visit our website, Facebook or LinkedIn pages for additional resources and information.



Dave

Spring 2022 Newsletter

Mission Statement

To fulfill dreams and pursue financial goals for our clients, providing them with results and financial independence.



New RMD Rules for 2022

The IRS has made changes to required minimum distributions (RMDs) from IRAs, 401(k)s and other qualified retirement plans starting this year. Before we get into the changes, let's look at RMDs. Do you know what they are? If you are not of retirement age yet, you might not!

What is an RMD? Required Minimum Distribution is the amount you must take from the following retirement accounts: profit sharing plans, 401(k)s 403(b) plans, 457(b) plans, traditional IRAs, SEP IRAs, SARSEPs and SIMPLE IRAs. RMDs do not apply to owners of Roth IRA accounts during their lifetime.

How can I take my RMD? You can choose to take it monthly, quarterly, in one lump sum or reinvest it in a nonretirement account after paying taxes on it. You can also donate the RMD to a qualified public charity.

Will anything happen if I do not take the full amount in a calendar year? If you do not withdraw the RMD at all, take the full amount you are required, or take it by the end of the year, you will have to pay a stiff penalty of 50% of your total RMD in addition to paying taxes on the full amount. As a client here at Sterling Financial Management, our advisors do their best to make sure you take your RMD on time. They also try to make sure you do not take an under distributed amount either. We typically send out your RMD in November, so that it can continue to grow throughout the year while also being mindful of the IRS' deadline.

What if I have more than one account? Let's say you have a 401(k) through your previous employer and an IRA here at Sterling Financial Management. You can take separate RMDs from each account, take the total combined RMD from one account or withdraw different amounts from both accounts. The combined amount must add up to your total RMD amount. You can always choose to combine your accounts into a single rollover IRA here. Then you would only have one account to worry about!

Can I take more than the required amount? Yes, you can increase your RMD amount if you so choose. There is no maximum, only a minimum required amount.

So...What are the changes for 2022? First, the starting age for RMDs for account owners is now 72 instead of 70 1/2. Anyone who turned 70 1/2 after 2019 must take their first RMD for the year in which he or she turns 72. In addition, the IRS issued a new life expectancy table to compute RMDs starting this year. The new table has longer life expectancy rates than the old table, making RMDs lower. Thus, longer life expectancies mean longer distribution periods.

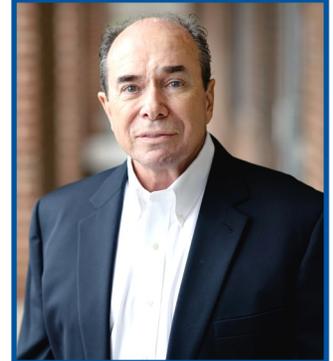
Please feel free to give us a call with any questions you have on RMDs!

Pre-2022		Post-2021	
Age of IRA owner or retirement plan participant	Life expectancy (in years)	Age of IRA owner or retirement plan participant	Life expectancy (in years)
72	25.6	72	27.4
73	24.7	73	26.5
74	23.8	74	25.5
75	22.9	75	24.6
76	22.0	76	23.7
77	21.2	77	22.9
78	20.3	78	22.0
79	19.5	79	21.1
80	18.7	80	20.2

*Source: IRS Publication 590-B (<https://www.irs.gov/pub/irs-pdf/p590b.pdf>)

A Note from David: Should you Claim at 62 or 70?

Come to our upcoming **Social Security Seminar** and find out whether to apply for benefits early or at your full retirement age. Social Security offers a unique combination of benefits, such as a predetermined amount of income as well as steady income for your lifetime. Join us in person at the Courtyard by Marriott-Hagerstown or by Zoom on **Thursday, May 12 from 5:30-6:30 PM**. At this informative seminar, we will also review when spouses should claim their Social Security and how to maximize survivor benefits.



We understand Social Security can be a complicated and confusing topic for many, so we want to do what we can to make it a little easier to understand. To register, visit our website at www.sterlingfm.com or call us at (301) 733-7777. We would LOVE to see you there! If you cannot make it on May 12, let us know and we can sit down separately to discuss your Social Security benefits.

What Do I Need for Taxes?

Form 1099-R is issued by the IRS before taxes are due and used to report distributions from annuities, retirement plans, profit-sharing plans, IRAs, insurance contracts and/or pensions. A 1099-R is also used to report other sources of income besides salaries, including interest and dividends and independent contractor income.

Form 1099-DIV is used by banks and other financial institutions to report dividends and other distributions to taxpayers and to the IRS. You will also receive this form prior to the tax deadline.

Form 5498 reports the contributions, rollovers and other relevant tax information for traditional, Roth, SEP and SIMPLE IRAs. It is for informational purposes only. You do not file it with your tax return as it will not post until after taxes are due since you can contribute to an IRA for the previous year through April 18. Thus, you will have finished your taxes before you receive this form. You will NOT receive Form 5498 if you did not make any contributions, rollovers or conversions to the account for 2021.

Form 1099-DIV
Sample

DIVIDENDS AND DISTRIBUTIONS		2021 1099-DIV*	OMB No. 1545-0110
1a- Total ordinary dividends (includes lines 1b, 5, 2e)		4,536.92	
1b- Qualified dividends		3,650.31	
2a- Total capital gain distributions (includes lines 2b, 2c, 2d, 2f)		873.02	
2b- Unrecaptured Section 1250 gain		26.27	
2c- Section 1202 gain		701.00	
2d- Collectibles (28%) gain		0.00	
2e- Section 897 ordinary dividends		0.00	
2f- Section 897 capital gain		0.00	
3- Nondividend distributions		90.65	
4- Federal income tax withheld		0.00	
5- Section 199A dividends		6.19	
6- Investment expenses		0.00	
8- Foreign country or US possession: See detail	7- Foreign tax paid:	23.00	
9- Cash liquidation distributions		0.00	
10- Noncash liquidation distributions		0.00	
11- Exempt-interest dividends (includes line 12)		382.71	
12- Specified private activity bond interest dividends (AMT)		38.34	

LPL Financial		Account				
2021						
Detail for Dividends and Distributions						
Security description	CUSIP and/or symbol	State	Date	Amount	Transaction type	Notes
CREDIT SERVICES GROUP SP ADR	252011R8	KS	10/12/21	80.00	Non-qualified dividend	
			10/12/21	170.00	Section 1202 gain	
				170.00	Total Dividends & distributions	
DWS RREEF GLD INFR A	25156A874	TOLLX	03/25/21	77.55	Qualified dividend	03
			03/25/21	11.69	Nondividend distribution	03
			06/24/21	174.03	Qualified dividend	03
			06/24/21	29.77	Nondividend distribution	03
				280.84	Total Dividends & distributions	
DWS MGD MUN BD S	25188T848	SCMBX	01/27/21	120.04	Tax-exempt dividend	03
			01/27/21	19.17	Tax-exempt dividend AMT	03
			12/04/21	120.06	Tax-exempt dividend	03
			12/04/21	38.68	Long-term capital gain	03
			12/04/21	21.46	Short-term capital gain	03
			12/04/21	19.17	Tax-exempt dividend AMT	03
				60.41	Total Dividends & distributions	
				280.23	Total Tax-exempt dividends	

Dave Neterer
David Cushwa
Ken Smith
Evan Vink
Robert Ni

1825 Howell Rd., Suite 5
Hagerstown, MD 21740
Ph:301-733-7777
Fax:301-733-0303

Kelly Batey

6919 Baltimore National Pike
Suite C
Frederick, MD 21702
Phone: 301-473-7777
Fax: 301-473-7888
www.sterlingfm.com

Connect with us!



**We Offer the Following
Services:**

- ◆ Investment Services
- ◆ Financial Planning
- ◆ 401(k) Rollover Services
- ◆ Retirement Plans
- ◆ Estate Planning Strategies
- ◆ Social Security
- ◆ College Planning

Mark Your Calendar!

Social Security Seminar: Thursday, May 12 at 5:30 PM
In person & on Zoom

Shred Day: June 24 from 9:00-4:00

To register for any of our upcoming events,
visit our website at www.sterlingfm.com/events or
call the office at **301.733.7777**.

Neither LPL Financial, nor its registered representatives, offer tax or legal advice. Always consult a qualified tax advisor for information as to how taxes may affect your particular situation. Content in this material is for general information only and not intended to provide specific advice or recommendations for an individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly. All investing involves risk including loss of principal. No strategy assures success or protects against loss. There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk. The economic forecasts set forth in this material may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Securities and advisory services offered through LPL Financial, a registered investment advisor, member FINRA/SIPC.