

Financial Wellness Update



April 2020



"At our current savings rate, we should be able to retire in three hundred and twenty-seven years."

Time is running out!

You still have time to contribute to your Traditional or Roth IRA for 2019!

Make sure to update your contribution by April 15, 2020. The Maximum for 2019 is \$6,000 (\$7,000 if you are age 50 or older).



Four Key Decisions for a Successful Retirement

Life is a series of decisions, and everyone has to live with the results of the decisions they make. One of the most serious decisions we all face is how to prepare for retirement, but frequently we don't make the best choices to protect our futures. What are some of the most critical decisions you should make about retirement?

1| Start Saving Now

Starting as soon as possible makes saving for retirement much easier, because you can take full advantage of the power of compounding. A 25-year-old that saves \$300 each month and earns an average annual return of 6 percent in a retirement plan will have over half a million dollars (\$557,153) saved at age 65. If that same person waits until age 40 to start saving the same amount, he or she will only have \$197,516 at age 65.

2| Wait to Take Social Security

People who are eligible can start claiming Social Security at age 62, but the payments increase each year to

delay filing. According to the Wall Street Journal, each year you delay filing for Social Security up until age 70 adds 8 percent each year to your benefit amount. That's a significant return on your "investment" by delaying.

3| Delay Retirement as Long as Possible

A person who retires at age 65 may need enough money to fund 30 or more years of retirement. Waiting to retire means you can continue to accumulate funds, plus you're not tapping into your savings. Working two or three more years, or even working part-time, can make a big difference.

4| Don't Touch Your Retirement Plan Until Retirement

It may be tempting to tap into these funds to finance short-term needs, but cashing out a retirement plan can seriously impact retirement savings. Once those savings are gone, they can't be replaced. More importantly, you'll never get the time back – time that allowed your returns the potential to compound. And taxes and penalties can be severe, because early withdrawals may be subject to both taxes and a 10 percent penalty.

Have a question about your retirement account? Contact **Greg Tedone** or **Chris Hoffarth**.

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