



401(k) Plan Participant Monthly Newsletter

August 2021

OBJECTIVITY/COMPETENCY/ATTENTION TO DETAIL

This is our tagline. We adhere to it on a daily basis. We are a fiduciary to your 401(k) plan and this allows us to be completely **objective**, working in the best interest of YOU - our client. We believe it takes a team of highly skilled and **competent** professionals working in concert to properly serve our clients. In fact, we are unique in the industry because our team works as a whole, preferring not to segment our clients or assign a lone professional to work with them. **Attention to detail** is key. Our work is not done until it is done/done. Done is as far as we can take it; done/done is ensuring that everyone involved has completed their tasks and nothing has been missed.

UNDERSTANDING PARTICIPANT NOTICES

As a participant in your company's 401(k) plan, you are required to receive notices regarding your account. But what do these notices mean and why do you receive them?

- **Summary Plan Description** - overview of the key features of the 401(k) plan offered by your employer - *you only receive this notice one time when you become eligible for your employer's retirement plan and will only receive new copies when features of the plan have been changed or updated.*
- **Safe Harbor Notice** - this notice is provided only if your employer's plan is a Safe Harbor plan - *you will receive this notice annually if applicable.*
- **Qualified Default Investment Alternative (QDIA) Notice** - you will only receive this notice if your account is invested in the default investment funds your plan offers. *Once you have chosen the funds your account is invested in, you will no longer receive this notice.*
- **Summary Annual Report** - provides a summary of the plan expenses and financial statement for the previous plan year
- **404a5 Plan & Investment Notice** - gives an overview of the fees charged by the plan and investments - *anytime fees are changed/updated, you will receive a subsequent notice outlining any changes*
- **Funds Update** - any time the funds offered through your employer's plan are updated, you will receive a notice of which funds are being removed, replaced or added.

Upcoming Seminars

Medicare & Insurance August 2021

Learn about the different types of insurance and Medicare plans available and the advantages to each.

Saving for Retirement September 2021 in your 20s and 30s

Join us to discuss tips for early savers and learn how establishing your retirement plan early can benefit you in retirement. It's never too soon to start saving for your retirement!

Asset Allocation/ Understanding Risk October 2021

Understanding risk can help you invest smarter and panic less during times of higher volatility in the market. Most people have no idea how this volatility can affect their ability to retire. Join us to learn how an understanding of investment risk and asset diversification can help you make smarter and more confident financial decisions.

Financial Planning/ Distribution Strategies November 2021

As you near retirement, financial planning and determining your distribution strategy for your retirement assets is more important than ever. Join us as we talk through some strategies and financial planning items that you should keep in mind as your retirement deadline approaches.

Budgeting & Healthy Habits December 2021

One of the first steps in financial planning and preparing for retirement is getting a clear picture of your full financial situation. It's a fact of life: most of us take on debt at some point. It may not be possible to avoid, but it is possible to manage. Setting up a budget and having a sound plan in place can not only reduce stress, but can increase your overall wellness. Join us for some budgeting strategies and tips on how to get your budget started so you can feel strong and confident about your ability to retire successfully.

MONTHLY WEBINAR: MEDICARE & INSURANCE

When our complete focus is on you and your family, we can fulfill our directive to be objective and independent of any carrier relationships. This way, we are never trying to sell you something - we are simply helping you to mitigate risk through carefully selected products which are uniquely crafted for your particular needs. Life can and will be unpredictable. Are you effectively positioned from a defensive planning perspective to handle all of life's twists and turns? Have you reviewed your current insurance portfolio recently to ensure it matches the changing dynamics of your life? Just as you need to adjust your investment portfolio to account for your ever changing retirement timeline, it is also prudent to do the same with your insurance portfolio.

In addition to the numerous types of insurance available, this webinar will also focus strongly on Medicare and the different types of supplements available and how to choose the best plan to meet your needs. Hosted by Rodney Smith, one of the wealth management advisors at Onward Financial Network - this webinar will be held on the following dates:

August 17: 2:30 pm CST/ 3:30 pm EST/ 12:30 pm PST

August 18: 4:30 pm CST/ 5:30 pm EST/ 2:30 pm PST

August 19: 8:30 am CST/ 9:30 am EST/ 6:30 am PST

Mark your calendars and stay tuned for more information and the zoom webinar link to register for this webinar!

ANNUAL 401K CONTRIBUTION LIMITS

Did you know...

that you can contribute up to **\$19,500*** into your 401(k) each year? And, if you are 50 years or older, you are also able to contribute an additional **\$6,500*** for a maximum of **\$26,000*** into your 401(k) each year?

**These amounts are set by the IRS and index with inflation so the maximum amounts allowed are subject to change each year.*

Should you ever wish to take advantage of maximizing your 401(k) contributions for the year, reach out to our office and we can confirm the maximum amounts allowed in order for you to make the most of your retirement saving.

ZOOM MEETINGS

Over the last 18 months, mainly due to COVID-19, we have been interacting with participants via Zoom meeting more than ever and we love it! Zoom gives us a way to "meet" with participants at any time and any place and the elimination of travel time to meetings makes us available to meet with even more people than ever before! We have also launched our monthly webinars via Zoom. We did not set out to be a technology company but we embrace what this technology has done by allowing us to be available to all of our 401(k) plan participants any time that they need us.

If you're not someone who is comfortable with digital meetings, we have also invested in the technology which allows us to interact with you in person while still maintaining social distance. Our team is available to you in whatever capacity you would like - reach out to us anytime to schedule either a Zoom or in-person meeting if you would like to discuss your 401(k) account or finances.

PENALTIES FOR EARLY WITHDRAWAL OF YOUR RETIREMENT ACCOUNT

Contributing to a 401(k) can be a "Hotel California" kind of experience: It's easy to get your money in, but it's quite a bit harder to get your money back out. That is, unless you're at least 59½ years old. But try cashing out a 401(k) before that magical age and you could pay a steep price if you don't proceed with caution.

Some things to keep in mind:

- For any cash withdrawal, there is a mandatory withholding of 20% from the distribution for federal taxes.
- In addition to the taxes paid, the IRS usually assesses an additional 10% "early withdrawal" penalty when you file your tax return for the year and you will also have to pay any applicable state taxes on the withdrawal as state taxes are not mandatory at the time of distribution.

As an example, let's say you take a \$10,000 withdrawal from your account. Between the taxes and the penalty, your immediate take home total could be less than \$7,000.

This can also impact you because the withdrawn funds are no longer invested in the market and earning compounded interest. So choose wisely when it comes to cashing out your 401(k) early - your future retirement plans could depend on it!

MEET OUR TEAM : KRISTEN SAUNDERS



Kristen maintains the Qualified Plan division of Onward Financial Network, assisting plan sponsors and plan participants with their 401(k) accounts. She is the main point of contact whenever you have a question regarding your account. Kristen lives in Kewaskum with her fiance Troy, their 3 children and dog Marley. Her hobbies include cooking, fishing, attending festivals and many other outdoor activities.



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