401(k) Plan Participant Monthly Newsletter

October 2021

UNDERSTANDING RISK

The market fluctuates constantly throughout the year - sometimes it is more volatile than others, but most people have no idea how this fluctuation or volatility could potentially affect their retirement plans.

Risk tolerance can change based on a person's feelings towards the market but also as the timespan to retirement changes. But did you know that 20% of 401(k) plan participants never make any changes to their investments throughout their entire working career?! Our team can help you assess your risk tolerance and make sure your account is invested in the right types of funds to match your goals and retirement timeline. This month's webinar will also give you more information on the importance of asset allocation and why assessing your level of risk is so important. Give us a call to discuss your account's level of risk today!

PREVIOUS ACCOUNT ROLLOVERS TO YOUR EMPLOYER'S PLAN

When you leave your place of employment should your retirement plan balance that you've accumulated while working there leave with you? In most cases, the answer is YES! While on a previous employer's plan you have no control over the funds offered so that could put you at a disadvantage as you might have access to better-performing funds with a current employer's plan or a separate investment or retirement account. Not to mention, you are no longer contributing to that account so that makes it easier to lose sight of that account. Consolidation of retirement and investment accounts can help you to not only keep track of all of your accounts, but also can give you a much clearer picture of what you have already saved towards your retirement. You can roll many retirement (401(k) or 403(b)) or SIMPLE or traditional IRA accounts into a current employer's retirement plan*. The only accounts that cannot move into an employer plan are a ROTH 401(k) or ROTH IRA. If you would like assistance with starting a rollover of a previous employer's retirement plan into your current employer's plan or verifying if it would be prudent to request an account rollover from your previous employer's plan, please send over an account statement today!

exclusions apply - certain rules that govern the ability to move assets vary by account type so review is necessary

Upcoming Seminars

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.

Onward Money Tips and Tricks — January 2022

You are invited to use Onward Money, our completely free financial planning tool where you can budget and track spending as well as set up and view your entire consolidated financial picture.

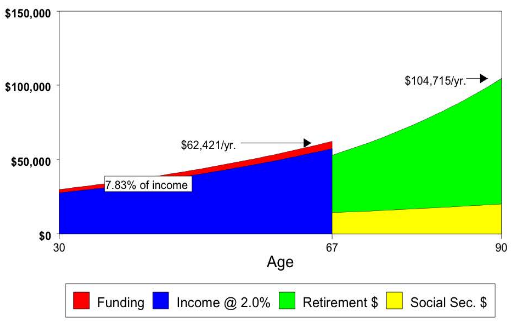
We understand it can be a daunting task learning to use new software and we don't want you to go it alone! Join one of the virtual seminars that we will be holding and you'll learn some tips and tricks to utilizing the software.

Retirement Profile for Smart Saver

Prepared by Greg Lavin, CLU, CRPS

Present income (gross):	$30,000	Present assets:	$15,000
Retirement income:	85.0%	Retirement age:	67
Income growth rate:	2.0%	Life expectancy:	90
Qualified asset RORs*:	7.0%/6.0%	Inflation at retirement:	3.0%

Using the assumptions you provided above, 85.0% of your annual gross income would equal $53,058 by the time you retire. To provide $53,058 annually for 23 years, adjusted for inflation, you'd need $682,065* of capital. Present retirement assets will be worth $183,354 by age 67, satisfying 44.23% of future needs. You'd have to save 7.83% of your annual income for the next 37 years to reach your retirement goals.



* An additional $40,799 is needed today, assuming a qualified asset accumulation ROR of 7.0% and a distribution ROR of 6.0%. Based on 2020 data, this proposal assumes Smart Saver, at age 67, would be eligible for an initial retirement benefit of $1,213/month (100.0%). This proposal also assumes Social Security benefits will be increased 1.5% annually. Up to 85% of Social Security benefits may be subject to income taxes.

Qualified assets grow tax deferred.

RETIREMENT PROFILING - WHAT'S YOUR NUMBER?

Do you know how much money you need to have saved for retirement in order to achieve the lifestyle that you want to have? A simple tool is called the Retirement Profile and it helps you verify if you are on track to meet your goals.

This state of the art technology will help give you an idea of how much you should be saving based on the spending you hope to do in retirement as well as the amount of time you plan to spend in retirement. If you've never completed a retirement profile with our team, contact us today! Once you know your number, we are sure you won't forget it!

MEET OUR TEAM: RODNEY SMITH

Rodney Smith came to us after owning his own investment and insurance agency for over a decade. Rodney's main focus has always been doing what is in his clients' best interest. When he is not at work, Rodney likes to hunt, fish, camp, work out and read and he loves the Packers, Badgers and Brewers. He is very proud of his wife and three daughters.

WHAT DOES IT MEAN TO BE VESTED IN YOUR 401(k) ACCOUNT?

You may have heard mention of the term "401(k) vesting" or been told you are "x% vested in your 401(k)..." but what does that actually mean?

Any money you contribute from your paycheck is always 100% yours. But some company matching or profit sharing funds vest over a period of time, meaning they are not immediately yours even though they are reflected in your current account balance. It all depends on your plan's vesting provisions.

What this means is that once you're fully vested, you can take the entire company contributed funds with you when you part ways with your job. However, if you're not fully vested, you'll only get to keep a portion of these funds when you leave, or maybe none at all depending on how much of the vesting schedule you've fulfilled.

There are two different types of vesting schedules for retirement plans: **cliff** and **graded.**

With graded vesting, you're gradually entitled to a bigger percentage of your employer funds the longer you work for the employer.

A typical grading schedule looks like this: after one year (which equates to working 1,000 hours during the plan year) working for the company, you're entitled to 0%; after two years - 20%; after three years - 40%; after four years -60%;after five years - 80%; and after six years - 100%.

Companies can offer whatever timeline and vesting percentages that they want, as long as they fully vest employees after six years of service. ***That's a requirement set by the IRS.***

With a cliff vesting schedule, you're entitled to essentially none of the company funds until you fulfill the time requirements established in the plan provisions, at which time you would then be 100% vested.

For example, with a 3 year cliff vesting schedule, you are eligible after 3 years (again, equating to 1,000 or more hours worked per plan year) to 100% of the employer funds in your account. If you leave before that time, you get nothing.

Regardless of your company's vesting schedule, if your company offers 401(k) matching you should certainly take full advantage of it. It is like free money, plus, that money remains invested in the market- gaining compound interest all the while.

The sooner you start putting your, and your employer's, money to work, the less you'll have to save, or shorter time you'll have to work, in order to reach your retirement goals.

ONWARD FINANCIAL NETWORK

Objectivity / Competency / Attention to Detail