



401(k) Plan Participant Monthly Newsletter

January 2022

2022 ANNUAL PLAN LIMITS

For 2022, the total employee contribution limit for your 401(k) will be increasing from \$19,500 to **\$20,500*** for 2022. And, if you are 50 years or older, you are also able to contribute an additional **\$6,500*** for a maximum of **\$27,000*** in 2022.

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

For help determining your optimal contribution amount, please give us a call and we can assist you.

HARDSHIP WITHDRAWAL: WHAT IS CONSIDERED TO BE A HARDSHIP?

A retirement plan, may, but is not required to, provide for distributions from a participant's retirement account in order to help pay an "immediate and heavy financial need".

The IRS Code that governs retirement plans provides for hardships only if the withdrawal is deemed necessary (ie. there are no other funds available or way for the participant to meet the financial need) and the requested withdrawal amount does not exceed the amount needed to satisfy that need. **However, for a distribution to be allowed, the participant may also be required to supply documentation that supports the need which must meet one of the IRS-supplied criteria for a hardship withdrawal:**

1. *Medical care expenses incurred by the participant, his/her spouse, dependents, or beneficiaries.*
2. *Costs directly related to the participant's purchase of his/her principal residence (not including mortgage payments).*
3. *Amounts necessary to prevent the participant's eviction from, or foreclosure on, the participant's principal residence.*
4. *Funeral expenses for the participant, his/her spouse, dependents, or beneficiaries.*
5. *Tuition and related expenses (fees, room and board, etc.) incurred for the next 12 months of post-secondary education for the participant, his/her spouse, dependents, or beneficiaries.*
6. *Certain expenses incurred to repair damage to the participant's principal residence.*

It's important to note that taking hardship withdrawals can hurt you in the long run when it comes to saving for retirement. It is always important to review your financial situation thoroughly to make sure a distribution is in your best interest. By taking a distribution you're utilizing the money you set aside for when you are no longer working so those funds will no longer be available and you're also losing out on the market gains since those funds are no longer invested in the market. Not to mention you'll also be liable for paying income taxes on the amount of the withdrawal—and, if you're under age 59 1/2, you'll likely be charged an additional 10% "early withdrawal penalty."

Upcoming Seminars

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.

Voluntary Auto Increase

February 2022

Most people need to save quite a bit to reach the amount they will need in retirement - often much more than they are currently saving. The first step to successful retirement planning is knowing what you need to save for retirement - and that's where having a financial plan will come in handy. The second (and often-times most overlooked) step is establishing how you will get there - and that's where VAI can help. Once you know how much you need to save, could utilizing Voluntary Auto Increase help you to achieve those goals?

Medicare & Insurance

March 2022

Learn about the different types of insurance available and the benefits of each. You will also learn about the different plans and supplements available through Medicare.

Estate Planning

April 2022

Estate Planning is often overlooked by most people when planning for retirement because most people don't know where to begin. Designating who will receive your assets and handle your responsibilities once you are no longer able to is an important decision that should be well-planned and thought out. Join us to take the first step and learn how to get started with planning your estate.

ONWARD FINANCIAL NETWORK TECHNOLOGY: ONWARD MONEY

You are invited to utilize our **FREE** Onward Money software offered through eMoney! This software offers a number of advantages. Not only is it a great way to start working towards financial wellness, but it also offers some additional benefits including:

- **Set up your Budget** so you are able to keep a better handle on your finances
- **Determine** what assets you already have saved and what you will need for retirement
- **Storage** of your financial documents in one place within our military-encrypted vault
- **Convenience** of viewing all of your financial accounts in one place with one login
- **Review (or start)** your full financial plan with one of our advisors at any time or any place!

Be sure to sign up for our January "Onward Money: Tips & Tricks" webinar to learn more about what this software can do for you!

TAXES

Taxes may be one of the most dreaded parts of managing money, but they're also one of the most necessary things to be aware of. If you're earning money, you're paying taxes on that money. For most, these taxes simply come out of your paycheck before you even see the money. While you don't need to be an expert, you should understand how much you pay in taxes each year and what deductions you may be eligible for. Our team, along with Onward Money, can help you with figuring out these things so give us a call anytime to discuss your taxation strategies, both now and when you enter retirement.

MEET OUR TEAM: KELSEY MISKOV



Kelsey helps around the office with items that need to be updated/sent out/prepared. Organization is a must! Kelsey was born and raised in Fond du Lac, Wisconsin with a loving family of 5 (and growing!) Her hobbies include traveling the state and nation to find breath-taking hikes and views and painting in her free time. Her cat named Puff is her favorite companion, aside from her boyfriend.

UNDERSTANDING DEBT:

Debt is more prevalent in today's world than ever before. Consumer debt has grown to more than \$14.9 TRILLION in recent times, with the average consumer having about \$92,000 in debt. We'll review some of the different types of debt to help you gain an understanding of what types of debt you may have.

Revolving vs. non-revolving debt:

- Revolving debt is one that is continuously spent and paid off - the most common revolving debt is a credit card.
- Non-revolving debt is one where you borrow a lump sum of money and pay it off over a specific term. Non-revolving debts include: mortgages, student loans or auto loans

Secured vs. unsecured debt:

- A secured debt is one that is secured by an asset (collateral) that a creditor can seize if payments are not made on time. Mortgages and auto loans are secured debt as those items are subject to seizure for non-payment.
- Unsecured debts do not have any collateral behind them, but the lender of these debts can still take legal action for non-payment. Student loans and credit cards are examples of unsecured debt.

It is very important to fully understand how much debt you have as well as the interest charges you carry for this debt. Make sure you always pay at least the minimum monthly charge to avoid additional charges and late fees. Things like debt consolidation can help you combine accounts to both lower your interest rate and help you to pay down your debts faster by allowing you to reduce your minimum payments and focus on paying down your debts.

Consider working with our office if you need assistance with setting up a budget or getting a handle on your finances - we are happy to help you achieve financial success!

SOCIAL SECURITY

For years, seniors on social security have struggled to maintain their buying power. That's because the annual raises they've received - known as cost-of-living-adjustments, or COLAs - have been notoriously stingy. In 2022, however, social security will be increasing it's COLA by 5.9%!

The reason for the increase boils down to recent inflation. While seniors may be getting a nice boost for 2022, there are still some other unknowns such as what the increase will be for Medicare premiums. But still, a sizable raise is still better than a minimal one, especially when we may not see another COLA like this for many years to come.



Securities offered through Securities America, Inc., member FINRA/SIPC.
Advisory services offered through Securities America Advisors, Inc.
Onward Financial Network and Securities America are separate entities.