



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 while those funds are 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

We believe that technology should not be the replacement for one-on-one in depth discussions about values and the role that money and investing play in decision making and goal setting. We believe technology builds discussions that lead to strong and confident decisions.

Onward Money - Account Organizer and financial planning tool

Riskalyze - Helping investors to understand investment performance and gain a deeper understanding of how risk & return are related

Morningstar Office - Market Monitoring & Performance Measurement reporting tool

Klark Software - Easiest way to understand the percentage of income needed to reach your retirement goals

529 PLANS - WHAT ARE THEY?

A 529 plan is a tax-advantaged savings plan designed to help pay for education. 529 plans are run individually by each state so each states rules may vary. There are two major types of 529 plans and there are unique advantages and disadvantages to each:

- Savings Plans grow tax-deferred and withdrawals are tax free if they are used for qualified education expenses
- Prepaid Tuition plans allow the account owner to pay in advance for tuition at designated colleges and universities, locking in the cost at today's rates

As with other kinds of investing, the earlier you get started, the better. With a 529 savings plan, your money will have more time to grow and compound. With a prepaid tuition plan, you'll most likely be able to lock in a lower tuition rate, since many schools raise their prices every year.

If you have money left over in a 529 plan—say the beneficiary gets a substantial scholarship or decides not to go to college at all—you'll have several options. One is to change the beneficiary on the account to another relative who can use the funds. Another is to keep the current beneficiary in case they change their mind about attending college or later go on to graduate school. If worse comes to worse, you can always cash in the account and pay the taxes and 10% penalty. If you'd like more information on 529 plans, please give us a call!

MEET OUR TEAM: JAMIE GONZALEZ



Jamie works in the Wealth Management Division, helping Greg Lavin and Kristen Massie with various administrative requests and services for client accounts. Jamie lives in Fond du Lac with her husband and daughter. In her free time she enjoys many outdoor activities with her family.

THE REAL COST OF COFFEE AND LUNCH

Saving for retirement isn't easy. However, what you may not realize is that by making small adjustments to your spending and putting more towards your retirement, you are able to grow that money much faster. How often do you find yourself stopping for coffee on the way to work? Do you eat out several times a week? Cutting back on these minor expenses could potentially lead to big savings. For example, by cutting back on purchasing coffee or bringing your lunch for just two days a week, you could save over **\$23** a week, which doesn't sound like much, but it adds up to over **\$1,196 per year**. Just imagine if you had put that money towards your retirement - with compounding interest it could turn into thousands more by the time you retire!

This is where opting into Voluntary Auto Increase can help you to gradually make changes that don't break the bank and still allow you to live your life and do fun things and spend money.

1% of your pay is usually a lot less than you would think.

HOURLY WAGE	GROSS PAY PER PAY PERIOD	1% OF WAGE *PRETAX* Per Pay Period	1% OF WAGE *AFTER-TAX* Per Pay Period
	<i>Figures based upon an 80 hour pay period</i>		<i>Assumes 25% combined tax withholding</i>
\$8.50	\$680.00	\$6.80	\$5.10
\$9.00	\$720.00	\$7.20	\$5.40
\$9.50	\$760.00	\$7.60	\$5.70
\$10.00	\$800.00	\$8.00	\$6.00
\$10.50	\$840.00	\$8.40	\$6.30
\$11.00	\$880.00	\$8.80	\$6.60
\$11.50	\$920.00	\$9.20	\$6.90
\$12.00	\$960.00	\$9.60	\$7.20
\$12.50	\$1,000.00	\$10.00	\$7.50
\$13.00	\$1,040.00	\$10.40	\$7.80
\$13.50	\$1,080.00	\$10.80	\$8.10
\$14.00	\$1,120.00	\$11.20	\$8.40
\$14.50	\$1,160.00	\$11.60	\$8.70
\$15.00	\$1,200.00	\$12.00	\$9.00
\$15.50	\$1,240.00	\$12.40	\$9.30
\$16.00	\$1,280.00	\$12.80	\$9.60
\$16.50	\$1,320.00	\$13.20	\$9.90
\$17.00	\$1,360.00	\$13.60	\$10.20
\$17.50	\$1,400.00	\$14.00	\$10.50
\$18.00	\$1,440.00	\$14.40	\$10.80
\$18.50	\$1,480.00	\$14.80	\$11.10
\$19.00	\$1,520.00	\$15.20	\$11.40
\$19.50	\$1,560.00	\$15.60	\$11.70
\$20.00	\$1,600.00	\$16.00	\$12.00
\$20.50	\$1,640.00	\$16.40	\$12.30
\$21.00	\$1,680.00	\$16.80	\$12.60
\$21.50	\$1,720.00	\$17.20	\$12.90
\$22.00	\$1,760.00	\$17.60	\$13.20
\$22.50	\$1,800.00	\$18.00	\$13.50
\$23.00	\$1,840.00	\$18.40	\$13.80
\$23.50	\$1,880.00	\$18.80	\$14.10
\$24.00	\$1,920.00	\$19.20	\$14.40
\$24.50	\$1,960.00	\$19.60	\$14.70
\$25.00	\$2,000.00	\$20.00	\$15.00



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.