



401(k) Plan Participant Monthly Newsletter

November 2021

RETIREMENT READINESS TIPS/DISTRIBUTION STRATEGIES

Your retirement is unique, just like you. **One size does not fit all.** The most important step to Retirement Readiness is **Establishing Your Timeline** so you know about how long you have to keep saving. If you haven't already, meet with a member of our team and do a **Retirement Profile** so you can determine how much you will need to save for retirement. Today only 53% of Americans have actively saved for retirement. Everyone's fear is outliving their retirement savings and if you haven't planned for things such as inflation or volatility of the market, this could be a real problem. We test all of our financial plans for a 90% probability for success so you can feel confident that you will be successful in retirement.

Things to consider when planning for retirement:

- What expenses will you have in retirement that do you not have now? (**For example, increased healthcare expenses as you age are a highly overlooked expense by many when planning for retirement**)
- What current expenses do you have now that you will not have in retirement?

Saving as much as you can over your lifetime is especially important because over time that money will continue to grow due to compounded interest.

If your employer offers a match for participating, look into whether it is feasible for you to take full advantage of this additional savings towards your retirement. **Who doesn't want free money?**

Do gradual increases to your deferral whenever possible. Make adjustments to your risk level as you get closer to retirement. Investments with greater risk have a greater potential for growth *over time* but as your time frame to retirement grows shorter, greater losses become harder to recoup so it is especially important to review your level of risk as you near retirement.

This month's seminar focuses on establishing a distribution strategy for your retirement assets as well as the importance of having a comprehensive financial plan in place.

The 3 bucket system was engineered, tested and designed to reduce the potential damage from sequence risk (timing of distributions), longevity risk (your lifetime) and market risk and - in theory at least - provide predictable income streams for a financially respectable retirement.

YOU DON'T HAVE TO PLAN FOR RETIREMENT ALONE - LET US HELP YOU CUSTOMIZE YOUR RETIREMENT PLAN TO FIT YOUR GOALS AND NEEDS - GIVE US A CALL TODAY TO START YOUR FREE FINANCIAL PLANNING!

Upcoming Seminars

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.

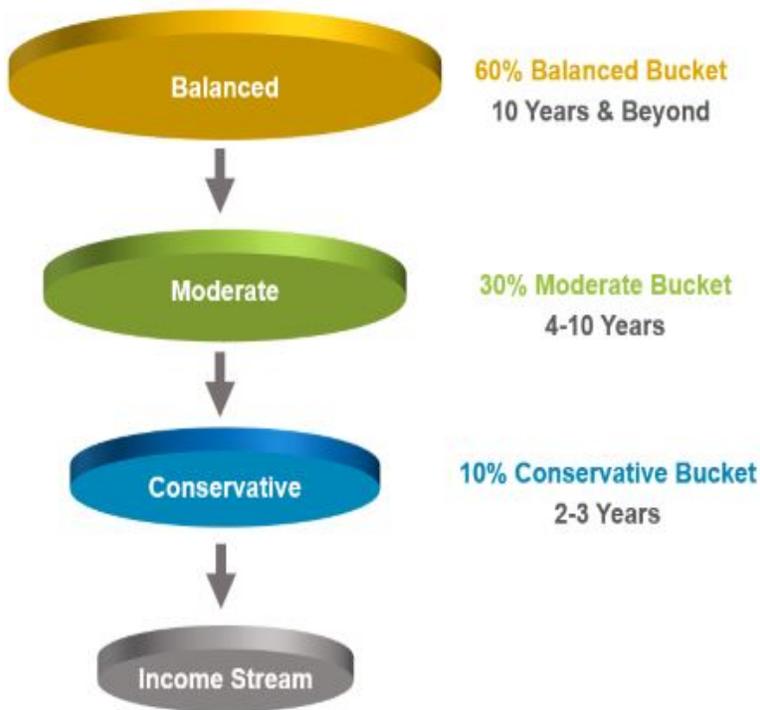
Onward Money Tips and Tricks **January 2022**

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.

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?



FUND LINE UP

Your 401(k) plan fund line up offers 56-59 different funds from conservative investments to very aggressive - including:

- ~1 target risk suite
- ~1 target date suite
- ~index suite of funds
- ~active manager in all categories

You can change your investments any time - call our office if you would like to discuss the funds your account is currently invested in and/or make any changes to those investments.

MEET OUR TEAM: MICHELLE OLDHAM



Michelle is the lead in client communication and follow-up in the Wealth Management Division. Michelle lives in West Bend with her husband Issac and their 2 children - Braydon and Zoe. Her hobbies include hiking and spending time with her family.

REQUIRED MINIMUM DISTRIBUTIONS

You may have heard the term **Required Minimum Distributions** or RMDs mentioned in regards to your retirement account.

What is a Required Minimum Distribution and when do you have to take one?

You cannot keep retirement funds in your account indefinitely. Per IRS guidelines RMD rules apply to all employer sponsored retirement plans such as 401(k), 403(b) and 457(b)s as well as traditional IRAs and IRA-based plans like SERP, SARSEP and SIMPLEs. RMDs apply to Roth 401(k) accounts but do not apply to Roth IRAs while the account owner is still alive.

In previous years (minus 2020 as RMDs were waived that year by the CARES Act) a person generally had to take a distribution when they reached age 70 1/2. However due to legislation changes under the SECURE Act, which was signed on December 20, 2019, that age was increased to 72 if your 70th birthday falls after July 1, 2019. So you now do not need to take withdrawals of your retirement funds until after age 72 unless you are still working then RMDs do not apply until you retire. You can delay your first RMD until as late as April 1 of the year following the one in which you reach the RMD age. In all subsequent years you must take the RMD by December 31 to avoid penalties.

How are RMDs calculated?

The amount you withdraw each year is basically determined by dividing the balance of each qualifying account by a "life expectancy factor" as defined by the IRS. For example, if you are age 75, that number would be 22.9 according to the IRS. So if your account balance was \$100,000 you would divide that account balance by 22.9 and your RMD amount would be about \$4,366. RMDs always require planning - you should always speak with a professional who understands your personal situation as well as the ever changing rules and regulations.

Some things to know in regards to Required Minimum Distributions:

- ~Don't miss your RMD deadline because penalties of 50% will be incurred!
- ~The IRS taxes RMDs as ordinary income so they will be taxed at your applicable federal income tax rate and may also be subject to state and local taxes - keep in mind that this income increase may push you into a higher tax bracket and could impact the taxes you pay for Social Security and Medicare
- ~If you delay your first RMD until the April following your 72nd birthday, you'll be required to take 2 RMDs your first year - the first by April 1, the second by December 31
- ~There are no RMDs for Roth IRAs unless they are inherited
- ~If you made after-tax contributions to your IRA, you must calculate your RMD for the year based on the total balance, but your taxable income may be reduced proportionally for the after-tax contributions.

For more information on required minimum distributions and how they affect your personal retirement plan, please call our office and schedule a meeting.



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.