



401(k) Plan Participant Monthly Newsletter

April 2022

MONTHLY WEBINAR: ESTATE PLANNING

Estate planning is one of the most neglected parts of financial planning. It's easy to delay answering the uncomfortable questions of "what happens to my assets and my loved ones when I die?" and "who is going to take over my estate in the event of tragedy?" So it's no big surprise that roughly half of Americans don't even have a will and even fewer have an estate plan. An estate plan goes much further than a will. Not only does it deal with the distribution of assets and legacy wishes, but it may help you and your heirs pay substantially less in taxes, court costs and fees. Many people think of estate planning as a process that needs to be done to prepare or what happens when you pass away however a critical component of estate planning includes documentation in the event you become incapacitated. Not everyone needs something as robust as an estate plan but you should always consult a legal and/or tax advisor to discuss your unique situation and determine the best approach for you.

We can help you get started - attend this month's webinar for more information on estate planning!

HEALTH SAVINGS ACCOUNTS (HSA)

More and more employers are offering high-deductible health plans paired with Health Savings Accounts (HSAs) to their employees. If your company offers this option and you are not taking advantage of it, you may be missing out as a HSA can play a valuable role in your financial wellness.

HSAs are savings accounts that work in conjunction with a HSA-eligible health plan that allows employees to cover qualified medical expenses. Money that you contribute to a HSA is non-taxable so you'll never owe taxes on the money you contribute. Unlike Flexible Spending Accounts (FSAs), HSAs are not subject to the "use it or lose it" rule. Funds remain in your account from year to year and can be used any time for qualified medical expenses. If you're generally healthy and want to save for future health care expenses, an HSA may be an attractive choice. Or, if you're getting close to retirement, an HSA might make sense because the money can be used to offset the costs of medical care after retirement.

Upcoming Seminars

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.

Roth IRA Planning

May 2022

Roth IRAs are a smart savings tool for younger people just starting out because they're likely to face higher income tax rates as they move along in their careers. A Roth IRA can offer a convenient way to manage taxes as well as tax-free income in retirement to someone further along on their career path. Join us to learn more about Roth IRAs and how to start one!

Understanding Risk & Market Volatility

June 2022

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.

Roth Versus Pre-Tax Contributions

July 2022

Your retirement plan offers Roth, or after-tax, contributions in addition to traditional pre-tax contribution options. But which one should you use? This webinar focuses on the similarities and differences between each option and goes through some of the decision-making process that should be used to decide.

529 Savings Plans

August 2022

529 Savings plans have become a popular way for people to save for their dependent's future education expenses. Join us to learn more about the different types of plans and advantages to having a savings plan in place.

POWERS OF ATTORNEY

Powers of attorney can be part of an estate plan or can be devised separately if preferred. The two main types of powers of attorney are **financial powers of attorney** and **health care powers of attorney**. A financial power of attorney allows a person to designate someone else to manage their assets and financial affairs in a specified range of circumstances.

A health care power of attorney is a legal document that grants someone else the power to make decisions about your medical care should you become incapacitated.

A power of attorney can be made durable meaning that it remains in effect if a person becomes incapacitated and can no longer handle their own affairs. The advantage of a durable power of attorney is that the person creating it - and not a judge - selects the person who will act on their behalf. It can give you some peace of mind knowing that you have named someone to handle your significant matters in the event that you are unable to. It can also avoid the costs and time-consuming process of a court proceeding.

CYBERSECURITY & IDENTITY THEFT

Identity theft occurs when criminals use a person's personal identifying information to commit fraud or gain other financial benefits by taking over their victim's identity. Depending on the circumstances, identity theft can take years to recover from.

Whether an identity thief simply overhears your personal information, buys it on the dark web after it has been exposed in a data breach or steals it some other way, there are a lot of different ways that someone could access your personal information.

Cyber criminals can send fraudulent "phishing" emails or text messages that may look legitimate at first glance, but once you click on the link, it may download malicious software to your computer looking for personal information stored there. It is a good practice to never open suspicious-looking emails, click on links without first verifying that they are legitimate and from a trusted source or share your personal information with anyone else. **Here are some ways to protect yourself against identity theft:**

- ~Create unique and complex passwords for all of your accounts and devices
- ~Enable two-factor authentication on all accounts that offer it
- ~Never share your personal information
- ~Shred personal documents before throwing them away
- ~Set up alerts on your banking and credit card accounts to notify you about suspicious activity
- ~Monitor your financial accounts and credit reports frequently to watch for any changes
- ~Minimize what you carry in your wallet or purse - only carry what you absolutely need with you and make sure you always know what you have with in case your wallet is stolen so you can call and report the theft right away
- ~Don't click links or open attachments or respond to email from unfamiliar or untrusted sources
- ~Use websites that are secure - the URL for a secure site will start with an "https"

ANNUITIES

Annuities are insurance contracts that provide a fixed income stream for a person's lifetime or over a specified time frame. Annuities are often used as a way to fund retirement. Annuities can be optimized for income or long-term growth, but they are not short-term investment strategies. These products appeal most to those whose objects include long-term financial security, retirement income, diversification and principal preservation.

How do annuities work?

Annuities work by converting a lump-sum premium into a stream of income that a person can't outlive. Annuity contracts transfer all of the risk of a down market to the insurance company. This means you, as the annuity owner, are protected from both market risk and longevity risk- the risk of outliving your money. However, to offset this risk, most insurance companies often charge additional fees for investment management, contract riders and other administrative services. In addition, most annuity contracts include surrender periods during which the contract holder cannot withdraw money from the annuity without incurring a "surrender" fee. Furthermore, insurance companies typically impose caps, spread and participation rates on indexed annuities, each of which can reduce your return. In some cases, annuities might be a good idea, but in others, they may not be your best option. If you'd like to discuss annuities in more detail and whether or not they are right for you, schedule a meeting with our team.

MEET OUR TEAM



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.