



401(k) Plan Participant Monthly Newsletter

February 2022

AN UNDERSTANDING OF CREDIT

Credit refers to the ability to borrow money. Most of the time when you hear people talking about credit they are talking about either their credit report or credit score.

Credit Report: Your credit report is a full list of all of your past* and current debt accounts, including how much you owe on each account, who you owe it to and your payment history. It can also include negative information such as collection accounts or if you've filed for bankruptcy. Whenever a potential lender is deciding whether or not to lend you money, they will pull your credit report to see how responsibly you've handled debt in the past.

Credit Score: Your credit score is a number between 300 and 850 which can tell lenders how responsible you are or have been with debt in the past. Your credit score is one of the important numbers in your financial toolbox - someone may run your credit anytime you apply for a loan or credit card, rent an apartment or even apply for a job. A good credit score can literally make the difference between tens or hundreds of dollars in interest over your lifetime as well as whether you'll get the house, job or possessions that you want. Here is a breakdown of scores, according to Experian Credit Bureau.

Very Poor - 300-579

Fair - 580-669

Good - 670-739

Very good - 740-799

Exceptional - 800-850

*Credit bureaus usually reflect up to seven years of financial records

THE IMPORTANCE OF VOLUNTARY AUTO INCREASE

The good news is that the earlier you start saving for retirement, the shorter amount of time you need to save to hit your savings goal or the less you will need to save overall due to compounding. There are many things competing for your money right now. If you can't contribute a lot at first that's okay, but how can you get the amount to where you need it to be so that you can retire in good standing? The answer is **Voluntary Auto Increase!** Utilizing **Voluntary Auto Increase** can help you increase your deferral amount over time by small amounts so you can work on establishing your budget and/or paying down debt. Start with whatever amount you can and slowly build up that amount over time. Begin by contributing enough to receive your employer's matching contribution - this is like free money your employer is giving you so make sure to take advantage of it! Then plan to raise your plan contribution amount each year - even small, regular increases can make a big difference over time. By making the change automatic, you don't have to remember to do it, it just happens and you can choose when to stop. If you'd like to give **Voluntary Auto Increase** a try, please reach out to us.

Upcoming Seminars

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.

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.

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 financial 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

A LITTLE CAN MEAN A LOT

To see the power of auto increase in action, let's take a hypothetical look at Marie and Maxine - twin sisters who work for the same company, both earn the same annual salary (\$30,000 a year) and both start participating in the same retirement plan at age 35. They both start out contributing 2% of their pay with 3% salary increases each year.

Let's look at the key difference between Marie and Maxine - their savings approach. Marie continues to contribute 2% of her pay each year and her investments earn six percent a year on average. So, after 30 years of diligent saving, Marie will reach retirement with an account balance worth \$68,461. Now let's take a look at Maxine's strategy. Maxine gets the same pay raises, and has the same investments as her sister - except for one thing: Maxine starts out by contributing 2% of her pay, but raises her rate by 1% each year until she reaches a total deferral amount of 10%. She will then keep saving that 10% contribution for the next 22 years, until she retires at the same age as Marie. Maxine never really noticed the gradual difference in her take home pay as she increased her deferral amount, but that difference now awards her an account balance at retirement of \$285,725 - and that doesn't even take into account any increased employer matching contributions that may be applicable!

Attend our February webinar to learn more about Voluntary Auto Increase and what it can do for you!

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 lunch or dinner out several times a week? Cutting back even a few times on these minor expenses could potentially lead to bigger savings. For example, just by cutting back on purchasing coffee or bringing your lunch to work instead of take out 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 those additional savings 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 small changes that don't break the bank and still allow you to live your life, do fun things and spend money on the things that you want.

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.