401(k) Plan Participant Newsletter

September 2022

INFLATION

Inflation is the decline of purchasing power of a given currency over time. The rise in the general level of prices, often expressed as a percentage, means that a unit of currency effectively buys less than it did in prior periods.
An increase in the supply of money is the root cause of inflation, though this can play out through different mechanisms in the economy. When we calculate the amount you need to retire, we calculate for inflation into the amount you will need to ensure that you will be adequately funded for your retirement goals.

CHANGES TO YOUR 401(K) ACCOUNT

You can view your account and, in some cases, update your account information right from the the John Hancock participant website! The URL for the participant website was updated in 2020 when John Hancock revamped their website. You can now access your account at **https://myplan.johnhancock.com** and register for online account access by verifying your *last name*, *date of birth*, *social security number* and *plan contract number* - if you need assistance with registering, just let us know!

Access to your John Hancock retirement account is now even easier than ever before! John Hancock recently launched a brand new retirement app that is available for downloading in the Google and Apple stores. You can download the app right to your cell phone or tablet for even easier monitoring of your retirement savings. If you've already registered online at the participant website, you will need to use those credentials to login to the app. If you have never set up your account online and would like assistance with accessing either the participant website or John Hancock retirement app, give our office a call for assistance.

Upcoming Seminars

Saving for Retirement in your 20s and 30s — September 2022

Join us to discuss tips for early savers and learn how establishing your retirement plan early can benefit you in retirement. It's never too soon to start saving for your retirement!

Budgeting & Healthy Habits — October 2022

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.

Retirement Readiness/ Distribution Strategies — November 2022

As you near retirement, financial planning and determining your distribution strategy for your retirement assets is more important than ever. The methodology to plan one's retirement is not a single model, but a combination of a few different models that are checked and double checked against each other. Join us as we talk through some strategies and financial planning items that you should keep in mind as your retirement deadline approaches.

Financial Wellness — December 2022

Financial wellness is a state of being in which you can meet current and future financial obligations, feel secure in your financial future and make choices that let you enjoy life. Financial wellness can also improve your mental and physical well-being. Join us to learn more about achieving financial wellness.

THE IMPORTANCE OF KEEPING YOUR ACCOUNT INFORMATION UP TO DATE

When reviewing your account, take time to review your designated beneficiaries. This is an important step since retirement account assets typically are not governed by your will. Instead, the assets will pass to the beneficiaries named on the account, which is why it is of utmost importance to keep this information up to date. By keeping your beneficiary form up to date, you can ensure that your assets will be distributed as you intended.

Remember to make changes to your beneficiaries after any significant life event, including marriage, divorce, birth of a child, or any other milestones. If you're unsure if your beneficiary information is still current, reach out to the team at Onward Financial Network and we can help you verify who you have chosen and make any necessary updates.

ASSET ALLOCATION

Asset allocation involves dividing your investments among different assets, such as stocks/bonds/cash. The allocation that works best for you will change throughout your lifetime, depending on how long you have to invest and your ability to tolerate risk.

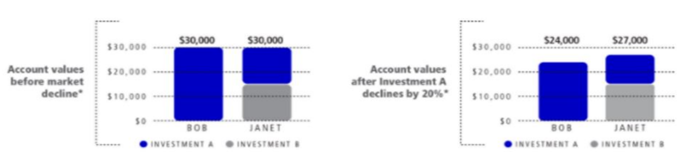
ALLOCATION & DIVERSIFICATION

Having all of your retirement savings in a single asset class can be extremely risky. Asset allocation can be an important and valuable strategy for your retirement planning, and there are a number of ways to pursue asset allocation and portfolio diversification. Diversification is the practice of spreading your money among different investments in order to reduce your loss potential. This strategy can be summed up as "don't put all of your eggs in one basket."

Historically stocks, bonds and cash have not moved up and down at the same time. Factors that may cause one asset class to perform poorly may improve returns for a different asset class. Investors diversify their portfolio in hopes that if one asset class is losing money, the other asset classes in the portfolio will make up for those losses.

How diversification works

Imagine two investors, Bob and Janet, each with $30,000 invested. Bob has put all his money in just one investment. Janet, however, has split her $30,000 equally between two investments.



Now imagine what happens if Investment A loses some of its value, while Investment B remains stable. Bob, who held only Investment A, sees his portfolio decline by 20% in this case by $6,000. Janet, however, who was diversified, is less impacted - the investment that dropped by 20% caused in her portfolio to decline by only $3,000 or 10%. Since Janet spread out her investment, her risk was reduced.

ONWARD FINANCIAL NETWORK

Objectivity / Competency / Attention to Detail

EMPLOYER MATCHING

Do you know if your employer is matching your retirement contributions? As an incentive to encourage their employees to save for retirement, many employers will match a portion of the funds that the employee contributes to their 401(k) and yours could be one of them. This is a huge opportunity for increased savings towards your retirement and you should make sure to make the most of it by contributing the maximum amount to receive the maximum company match! And, if you are not taking advantage of the company-sponsored 401(k) plan/employer matching contributions, we can assist you with getting started and answering any questions you may have.

VIP MORNINGSTAR MONITORING PROGRAM

The VIP Morningstar Monitoring program started as a question posed from one of our clients. They wanted to know "how will I know that you have reviewed my portfolio each month?" Our answer was: "by sending you a report with commentary so you can start to see how a wealth management advisor views your account." The history of this program is rooted in the 90's and has grown in magnitude, depth and impact ever since. The VIP Morningstar Monitoring program is designed to help you keep in touch with your money. We monitor your investments and trend your account and provide market commentary to you on a monthly basis. The VIP Morningstar Monitoring Program is unlike any other service from a Wealth Management Advisory firm today and is a true illustration of our tagline of **objectivity/competency/attention to detail**. We use technology to bring you closer to us and our process, so that you have peace of mind that you are simply not a number, but a valued client and friend. And, if followed consistently, this program can help the average participant comprehend the trending of their account and make better management decisions based on a deeper understanding of how their risk and investment choices interact over time. If you are not participating in the VIP Morningstar Monitoring Program but would like more information, please reach out to us.

WHAT HAPPENS TO YOUR 401(K) ACCOUNT WHEN YOU LEAVE YOUR EMPLOYER?

When you leave your employer and you have an account on their retirement plan, you will have a decision to make. Do you cash out the account, leave it on the plan or move it somewhere else? Depending on how your company's plan is designed, if you have less than $5,000 in your account, after 45 days, if you do not make a decision, a decision will be made for you. Your money could be "forced off" the plan and you either receive the cash or notification that the funds have been moved to another financial institution that you now have to track down. Plus, if you are under age 59 1/2 and the cash is distributed to you, you will have to pay taxes and an additional 10% early withdrawal penalty assessed by the IRS! If you have more than $5,000 in your account you have the option to leave the money where it is, but that does not necessarily mean that is the best option. If you have another retirement account, it might be a good idea to combine them to reduce your risk of losing sight of an old account and also to have a more clearer picture of what assets you have saved for retirement. If you have a loan on your account, that loan will be paid off first before any funds are dispersed or rolled over and you will be taxed on it as if it were a cash distribution unless the loan is paid in full.