

LET'S TALK FINANCIAL WELLNESS[®]

January/February 2024

Retirement: Is It Time?

When you think about retirement, what is foremost in your mind? Freedom from work? The chance to spend your time the way you want? The amount of money you will need to save to live comfortably?



Your Work Environment

Your attitude about your current job and workplace may influence your feelings about retirement. Are you ready to stop working, or do you simply want a change? Lack of satisfaction with your work life may mean you're ready for a new challenge. It also could be a sign that you're ready to leave the working world behind.

Baby Steps

If you're not ready to fully retire, consider asking if your company will allow you to work part-time. Cutting back on your hours can give you more leisure time without severing your connection to colleagues and the workplace.

Consider whether or not you'll lose benefits you need, including health insurance and contributing to a retirement account. Don't forget about matching contributions.

Your Finances

Where will your money come from when you retire? Will income from Social Security, retirement accounts, and pensions be enough to maintain your lifestyle? Before you make a decision, you and your financial professional should review your current and anticipated expenses and create a realistic projection for your future. Discuss what you hope your retirement will look like, such as travel, hobbies, or even a move to another state or country.

Health Concerns

You'll want to spend as many years as possible enjoying retirement. Personal health problems or a family history of medical or cognitive issues could influence your decision to retire.

Social Security Decisions

The retirement age (FRA) for receiving full Social Security benefits is currently 67, but you can receive reduced benefits starting at age 62. Social Security benefits increase for each month past FRA that you delay taking them, up to age 70.

A Business Plan

Starting your own business or working as a contract worker in your field of expertise can give you more freedom while still providing an income. Consult your tax advisor regarding the rules that apply to self-employed individuals.



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Retirement Version



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Replacing Income if You Can't Work

Short-term disability insurance replaces a portion of your income if you have a temporary disability, such as an illness, injury, or pregnancy, that prevents you from working. Call your insurance professional to learn more.



The Basics

Short-term disability generally replaces 40 to 70 percent of your monthly income until you can return to work or your benefit period ends, typically three to six months. Coverage applies only to injuries or illnesses that are not work-related.

There are two types of short-term disability policies. One covers you if you're unable to perform the duties of your own occupation, while the other covers you if you cannot work at any job.

Pregnancy Coverage

Sometimes, disability coverage starts two weeks before a woman's due date and continues for six weeks after the birth. The beginning date of coverage can be amended with updated medical information. The Family and Medical Leave Act (FMLA) provides 12 weeks of unpaid maternity leave.

Buying a Policy

The cost of a short-term disability policy depends on your age, gender, occupation, and overall health. Before purchasing a policy, look for the insurer's definition of disability, the length of the waiting and benefit periods, and the coverage amount.

Tax-favored Savings for Disabled Individuals

Achieving a Better Life (ABLE) accounts are tax-advantaged savings accounts for individuals with disabilities and their families. Funds in the account can be used to pay for various qualified expenses without losing eligibility for government benefits, such as Supplemental Security Income (SSI). Be sure you work with your legal and tax professionals to avoid any missteps.

Who Is Eligible?

To be eligible for an ABLE account, individuals must have been diagnosed with a significant disability before age 26 (This limit will raise to age 46 in 2026). The beneficiary, the beneficiary's family, and friends can contribute to the account. Contribution limits are tied to the annual gift tax exemption amount (currently \$17,000). Disabled individuals who earn income can contribute that income to their ABLE accounts above the gift tax exemption limit.

What Are Qualified Expenses?

Funds in an ABLE account are invested and potentially grow tax-free. Money can be used to pay for expenses such as basic living costs, education, housing, transportation, employment training, health care, assistive technology/services, financial management and administrative services, and legal fees.



What Does a Happy Retirement Look Like?

You might think not having a steady paycheck will be what you'll miss most once you retire. But if you've successfully accumulated enough savings in a retirement account or you're one of the fortunate people with a pension, paycheck loss might not be the most critical change in your life.

Once You Were, Now You're Not

While working, you interact daily with coworkers with common goals. What happens to those social interactions once you're no longer working? They stop, and their loss can lead to feelings of isolation you didn't anticipate.

You Couldn't Wait for the Day

No rushing in the morning. No traffic jams. No projects that should have been done yesterday. Just the freedom to do what you want. Retirement should bring joy, but it sometimes brings an identity crisis. Who are you now that you're no longer a teacher, a doctor, a construction worker?

A Harvard Study

The Harvard Study of Adult Development began in 1938 at Harvard University. Researchers originally collected data on the physical and mental health of 268 Harvard sophomores over their lifetimes, with the study eventually expanding to include their offspring and other subjects. Researchers' findings: Close relationships with a spouse, family, friends, and social circles are what keep people happy throughout their lives.

Keys to a Happy Future

Of course, money is important. You can't enjoy retirement if you're struggling financially. But money alone won't guarantee a successful retirement. Happiness comes from maintaining close personal connections. Volunteering with an organization whose work is important to you can help you meet like-minded people. Joining clubs, getting involved in your community, or pursuing a hobby with friends, family, and new acquaintances can help you forge lasting relationships and make your retirement an enjoyable chapter in your life.

Digital-only Banks: Yay or Nay?

Digital-only banks — banks that have no physical locations but exist only online — are making some inroads into the banking industry. A recent Harris Poll found that 39% of respondents had opened a bank account with an online-only institution.

Consumers said they'd consider these major factors when deciding whether to open an online-only bank account. (See adjacent image.)

Source: The Harris Financial Services Poll, December 2022

Cashless Payments on the Rise

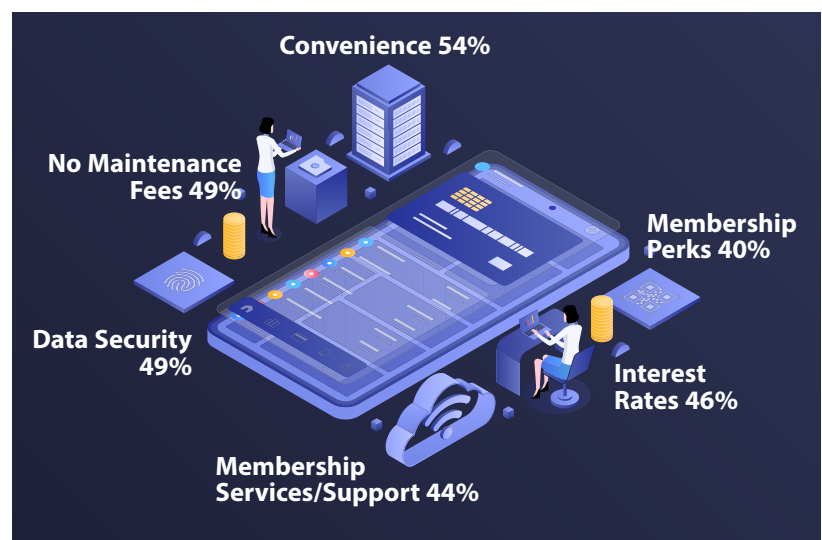
Cash is out. Peer-to-peer (P2P) payments are in. P2P services allow an individual to send money to another person's bank account through a third-party website or mobile app after linking a bank account or credit/debit card. Since contactless transactions became popular during the pandemic, consumers have begun using P2P systems instead of cash or cards, and many small businesses, nonprofit organizations, and vendors offer that option.

Popular Apps

There are several peer-to-peer payment services, and each one may work a little differently. Zelle is provided by a bank and accessed directly from the bank's website. Other P2P services, such as Venmo, PayPal, and CashApp, can be accessed through a mobile app when both users have linked their bank account information. Google Pay and Apple Pay Cash are other popular options.

Cost

P2P services are generally free for transfers between bank accounts. However, fees may be charged for linking a debit or credit card.



Planning for Expenses You Didn't Plan On

Do you like surprises? A retirement party organized by your coworkers — maybe. Needing to replace your HVAC system — not so much. Ideally, planning for unexpected expenses in retirement should begin long before you turn in your notice.

Your Budget in Turmoil

Some things that can disrupt your retirement spending plan are common problems. Home repairs and maintenance, a car that needs work, or higher property taxes can throw your budget off course. But what about events that you never anticipated, such as:

- **Unexpected Job Loss.** Company downsizing and layoffs could force you to retire earlier than you planned.
- **Relocation Costs.** You may want to move closer to family or to a specialized facility for medical treatments.
- **Health issues.** You might have to retire sooner than you planned because of health issues or a disability.
- **Death of a spouse.** Loss of a spouse's income could upend your finances.
- **Home Renovations.** You might have to make upgrades to your home to accommodate a disability.

Create a Retirement Budget

Creating a budget ahead of retirement will provide a snapshot of how much income you'll have and how much you'll need for living expenses. Review and adjust your budget periodically.

Your Cash Reserve

An emergency fund should hold enough cash to pay for unanticipated expenses and living costs for a minimum of three to six



months. An emergency account is something you should maintain throughout your lifetime and replenish whenever you use any funds.

Create Passive Income

You may be able to generate extra cash by owning rental property. Owning stocks that pay dividends is another way to earn extra income. Favorable capital gains rates make dividend-paying stocks a good choice for extra cash.

Estate Planning

Work with your legal professional to draft a will and name a personal representative to oversee the disposition of your assets. Having an estate plan ensures that your loved ones receive your assets when you die. Proceeds from life insurance can help support a surviving spouse.

Periodic Financial Check-ups

Meet with your financial professional regularly to review your investments and financial plan and ensure your finances are on track and your investments reflect your risk tolerance and goals.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 24, 2023

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1. LTM Jan-Feb 2024 Retirement
Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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