

AFM News and Views

February 2021



Our mission is to serve our clients, in an atmosphere of trust, to help grow and preserve their wealth. We provide personal attention and comprehensive strategies, striving to enable our clients to live and retire with stability. Alltrust Financial Management serves clients seeking comprehensive financial guidance, with a team approach, in a manner that continuously exceeds our clients' expectations. We are a recognized and respected financial management firm delivering trusted, personal attention.

If I could do it all again: Retirees' investing advice for their younger selves.

Source: USA Today

If you've ever taken the time to speak to retirees about their lives, you know they can have some great stories and sometimes great advice about everything from relationships to money. A recent Principal study asked retirees to share some of the financial advice they wish they could give to their younger selves, and the top five answers, listed below, came up over and over.

1. Start planning for retirement early.

Nearly 70% of retirees said they would encourage their younger selves to start planning for retirement earlier in life: in their 20s, if possible. This isn't always easy to do, particularly for college graduates who have a lot of student loan debt. But even if you can only afford to spare a few dollars each month, it's worth setting them aside for retirement.

Your early retirement contributions usually end up being the most valuable because they have more time to grow. If you invested \$100 today and earned a 7% average annual rate of return, it would be worth nearly \$1,500 after 40 years. That's a \$1,400 profit. But if you waited five years to invest that \$100, you'd only end up with about \$1,068 after 35 years, over \$400 less.

Even if all you have is an extra \$5 or \$10 bill in your wallet at the end of each month after paying your bills and creating an emergency fund, invest it. That will make saving enough for retirement a lot easier because you'll have more investment earnings to help you cover your expenses.

2. Keep educating yourself about finances.

There is always more to learn about managing your finances. That's especially true for retirement planning because it takes decades, and a lot can change in that time, including the government's rules about retirement accounts and our own lifestyle and plans for retirement. We have to know how to adapt to these changes in order to keep ourselves on track for our goals and make the best choices for our money.

One of the ways to ensure we're able to do that is to keep asking questions and trying to do better. Learning more about how to invest, for example, can help you make smarter choices about where you stash your retirement savings so you can grow your nest egg more quickly and maybe even retire sooner than you expected.

3. Stay healthy.

Staying healthy may not sound like financial advice, but your health and finances can easily become intertwined. If you're in poor health, you'll probably be visiting the doctor more often and paying for more prescription medications. You may also be forced to retire earlier than you'd expected, leaving you struggling to get by on what you'd managed to save up until that point.

Focusing on your health by eating right, exercising regularly, and learning healthy strategies for managing stress may not help you avoid healthcare expenses completely in retirement, but it can reduce them. That can lead to a longer and happier retirement with more money to spend on the things you enjoy instead of doctor bills.

4. Balance saving for the future with living for today.

Saving for the future is essential if you ever hope to retire, but you also have to meet your needs and wants in the present. The movement known as Financial Independence, Retire Early (FIRE) encourages people to trim their budgets to the bare minimum, often forgoing enjoyable activities, so they can save as much of their income as possible and retire decades earlier than their peers. There's nothing inherently wrong with this approach, but it's not something that's going to appeal to everyone.

Not allowing yourself to do anything fun in the present can make it more difficult to stick to your savings plan long term. It's better to come up with a plan that's sustainable for the long term. Figure out how much you need to save per month to retire when you want. And if that's not feasible, consider delaying retirement or looking for ways to increase your income in the present so you can save for your future and have some money to enjoy now.

5. Take advantage of employer 401(k) matching funds.

Nearly 40% of retirees surveyed said they would encourage their younger selves to choose a 401(k) deferral percentage that enabled them to take advantage of their company match. This is free money you get just for planning for your future, but it's a limited-time offer. If you don't put enough money into your 401(k) during the year to get the match, you forfeit it.

Hopefully, you're already contributing at least enough to your 401(k) to get your full match, but if not, the first step is to figure out how your company's matching system works. Some may offer a dollar-for-dollar match while others may offer \$0.50 on the dollar. Most companies cap your match at a certain percentage of your income.

Once you know what you need to do, try to increase your contributions accordingly. You may have to make changes to your budget, but it's worth doing because it reduces how much you personally need to save for retirement.

The five responses above were the most common pieces of financial advice retirees gave, but they're not the only ones worth following. Think about your own financial history and what you'd like to improve upon. Then, seek advice on how to do that.

Important updates to the Caterpillar Foundation Matching Gifts Program

Source: <https://www.caterpillar.com/en/company/caterpillar-foundation/>

Starting for gifts made January 1, 2021 and beyond, the following changes will be implemented to the program.

Gift Minimum: \$25

The gift minimum to qualify for a match is lowering from \$50 to \$25.

Annual Cap: \$10,000

The annual combined total maximum match **per participant** is increasing from \$2,000 in each calendar year to \$10,000 in each calendar year. Eligible Caterpillar participants are limited to active, full and part-time Caterpillar, Solar and Progress Rail employees on U.S. payroll, U.S. Caterpillar retirees, and Caterpillar Board of Directors. Surviving spouses of Caterpillar employees and retirees are **not** eligible.

Inclusion of Private Schools

In addition to most 501(c)(3) nonprofits and accredited public preK-12 schools or school districts being eligible (excluding noted 'Ineligible Nonprofit Organizations & Gifts' in the guidelines), accredited NCES-coded private schools will also be eligible.

Quarterly Payout

Match requests will be paid to nonprofits on a quarterly basis, as opposed to an annual basis, to ensure nonprofits are receiving the funds sooner.

International Expansion

The program will expand to include employees outside the U.S. starting in Q2 of 2021.

The expansion over the last two years means the Caterpillar Foundation Matching Gift Program now has the opportunity to substantially increase its investment in nonprofits in communities across the country where their employees and retirees live and work. Caterpillar has locations in 25 U.S. states, and this change will allow their people to give and amplify their contributions to causes important to them.

Please visit caterpillar.com/matching-gifts for full details.

MONTHLY CONTEST

We are looking forward to The Olympic Games Tokyo 2020 which will be celebrated from July 23 to August 8, 2021. So, this year, we are going to do some Olympic trivia. We will pick a random winner each month among the correct answers we receive.

This Month's Question: Why were the colors blue, yellow, black, green, red, and the white background chosen for the Olympic flag?

Please email your responses to julia.b.lamere@lpl.com

RESULTS OF LAST MONTH'S CONTEST

Question: What is the Olympic motto?

Answer: "Swifter, Higher, Stronger"

WEEKLY UPDATES ARE AVAILABLE

LPL Financial's **Weekly Market Commentary** and **Weekly Economic Commentary** can be found on LPL Financial's website (http://www.lplfinancial.com/learning_center/research/).

OTHER UPDATES AVAILABLE FROM LPL RESEARCH DEPARTMENT

- Daily market update: <http://LPLresearch.com>
- YouTube Channel: <http://www.youtube.com/lplresearch> (which can also be found on our website)

CLIENT CONNECT

Are you anticipating an email change? Let us know. We want to make sure you receive all of our email communications. Send your new e-mail to melissa.arbisi@lpl.com

If you have any input or comments about our newsletter, let us know. We love to hear from you!!

Your referrals mean a great deal to our business. If you know of a friend or family member who might benefit from our service, please let us know. We will work hard to ensure that your referrals feel it was a wise investment of their time – and their future – to have met with us.

Don't keep us a secret!! Share this with your family and friends.

Till next month,

The Alltrust Team

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