

# RETIREMENT *IN* SIGHT

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MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES

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*“When I let go of what I am, I become what I might be.”*

- Lao Tzu

### TRAVEL TIP

**Visiting a foreign country? Bring the medications and supplements you use in their original packaging.** In other countries, you may end up getting generics rather than brand names, and supplements and vitamins may come in different forms than you expect. Google (or ask your physician for) the exact generic names of the drugs you take.

### BRAIN TEASER

#### Calendar Clue.

The detective assembled the three suspects (April, Jason, and George) and told them that the murder victim left only one clue; torn out calendar pages of July through November arranged in sequence. The detective arrested one of the suspects. Who, and why?\*

### DID YOU KNOW?

#### Ups & Downs of 50 States

Florida's highest point is just 345' above sea level, making it the flattest state in the country. In contrast, there is 20,320' of climb between Alaska's Mt. McKinley and the Pacific Ocean.<sup>4</sup>

### THE POWER OF PLAYING CATCH-UP

If you will be 50 or older by the end of 2014, you can contribute an additional \$5,500 to a 401(k) and an additional \$1,000 to a Roth or traditional IRA this year. Just how much of a difference could steady catch-up contributions make to your retirement savings effort?

A hypothetical example shows the remarkably positive impact it can make. Suppose a 50-year-old puts an extra \$5,500 in a 401(k) annually for the next 15 years via consistent monthly payroll contributions. Suppose this invested \$82,500 in contributions returns just 5% a year across 15 years, with ongoing compounding. When that 50-year-old reaches age 65, he or she will have an extra \$146,165 in that 401(k), resulting wholly from catch-up contributions and merely single-digit tax-deferred growth.

Fidelity Investments, the nation's most prominent custodian of 401(k) plans, found that just 14.4% of plan participants made catch-up contributions in the first quarter of last year. Consider catching up if you haven't already – the extra contribution may make a big financial difference.<sup>1,2,\*</sup>

### ACTION & ACTIVITY: 2 RETIREMENT ESSENTIALS

Some people retire with no particular ambitions and no long-range plan for their wealth. The risks of doing so are not only financial but also physical and mental.

Implementing a strategy for tax and wealth management can have myriad potential benefits. It can help you to plan retirement withdrawals, gauge annual cost-of-living expenses, and determine tax reduction and tax deferral options. Looking ahead, you can also take a look at how you want to remain invested in order to plan for inflation.

Before you retire, think about the day-to-day life you want after you conclude your career. What do you want to do to stay physically active? What pursuits or experiences could enrich your life and keep you at your best mentally, physically or emotionally? If you retire knowing what you want to do, you will do much to ward off the inactivity and restlessness that can sometimes prove unsettling to new retirees.<sup>3</sup>

### ON THE BRIGHT SIDE

By the third quarter of 2013, U.S. health care costs had only increased 1.1% year-over-year – the smallest annualized increase since 1962.<sup>3</sup>

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\* This is a hypothetical example and is not representative of any specific situation. Your results will vary. The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

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**\* TRIVIA ANSWER: Stumped? Contact me for the answer! At 571-969-4262**

CITATIONS.

- 1 - [irs.gov/Retirement-Plans/Plan-Participant,-Employee/Retirement-Topics-Catch-Up-Contributions](http://irs.gov/Retirement-Plans/Plan-Participant,-Employee/Retirement-Topics-Catch-Up-Contributions) [10/31/13]
- 2 - [marketwatch.com/story/boomers-add-146165-to-your-retirement-fund-2013-12-17](http://marketwatch.com/story/boomers-add-146165-to-your-retirement-fund-2013-12-17) [12/17/13]
- 3 - [nytimes.com/2013/11/16/business/economy/around-the-world-inflation-is-hitting-lows-not-seen-for-years.html](http://nytimes.com/2013/11/16/business/economy/around-the-world-inflation-is-hitting-lows-not-seen-for-years.html) [11/16/13]
- 4 - [cleveland.com/datacentral/index.ssf/2012/04/highest\\_and\\_lowest\\_elevations.html](http://cleveland.com/datacentral/index.ssf/2012/04/highest_and_lowest_elevations.html) [4/14/12]