



WHEN YOU'RE LATE TO THE GAME

If you're just getting started saving for retirement in your 40s or 50s, the good news is that you still have several decades for your savings to grow. That's because you don't need to access your full retirement savings the day you retire. The key to boosting savings is to take a disciplined approach that includes saving aggressively now while investing for the long-term. Below are five strategies to help you catch up and remain on track towards your goals.

Six Retirement Savings Catch-up Strategies

- 1. Develop a Budget** – It's hard to reduce spending and save more if you don't know where your money goes each month. Begin with a simple budget that clearly lists all monthly income and expenses. Track spending with one of the many online budgeting tools that can be integrated with your checking and/or savings accounts to provide real-time expense tracking. Challenge yourself to cut back on unnecessary expenses and redirect that money to savings. You may be surprised at how quickly eliminating small expenses can add up to big savings.
- 2. Maximize Retirement Plan Contributions** – Regular contributions to 401(k), 403(b), IRAs and similar qualified retirement plans can add up quickly since earnings compound on a tax-deferred basis over time. Many employer-sponsored plans also offer matching contributions—that's free money you can't afford to leave on the table. The IRS also allows those over age 50 to make annual catch-up contributions in qualified plans.
- 3. Don't Be Too Conservative** – If you're already behind the eight ball, an investment allocation that's too conservative may not provide the growth you need. Average annual returns that don't outpace inflation could put you even further behind. Ideally, you want your portfolio to generate enough growth to fuel your income needs over time without taking undue risk, which requires a long-term perspective and a well-diversified investment portfolio aligned with your retirement income needs and goals.
- 4. Pay Off Debt** – High-interest-rate debt such as revolving credit card balances can restrict your ability to save. Free up additional retirement savings by paying off credit card balances as quickly as possible and redirect those monthly payments to savings.
- 5. Do Sweat the Big Stuff** – Large purchases and expenditures such as a new car, kitchen remodel, or expensive vacation can cut deeply into savings. If you're already behind, it's important to prioritize spending on short-term wants vs. long-term needs, keeping in mind that you can't borrow money to fund your retirement.
- 6. Be Flexible** – If you're significantly behind in saving for retirement, you may need to delay retirement for a few years or work part-time in retirement to maximize savings. But be mindful that an unanticipated health condition or job loss could derail those plans, making it important to continue saving aggressively now.

Finding ways to save more isn't always easy and often involves sacrifice. However, it can lead to significantly less stress and more enjoyment once you do retire.

Contact the office today to learn more about strategies for saving and managing income in retirement.

WHAT YOU NEED TO KNOW BEFORE APPLYING FOR MEDICARE

Turning 65 means you're eligible to receive Medicare benefits, but understanding the nuances of Medicare, including your enrollment window, can be challenging. For example, to begin receiving benefits the month you turn 65, you'll need to make important choices and decisions three months prior to your 65th birthday. Keep in mind that while many people are automatically enrolled in Medicare Parts A and B, others who meet certain criteria (for example, you're not receiving Social Security benefits because you're still working) must take steps to enroll in Part B. And if you enroll late, you could face penalties in the form of higher premiums.

One of the reasons Medicare can be complex to navigate is that each "part" covers specific services. In addition to Parts A and B, Medicare offers Medicare Advantage Plans (Part C), Part D drug coverage, and optional Medigap supplemental insurance which you must select and pay for yourself. Below is a quick summary:

- **Part A** hospital insurance covers inpatient hospital care, skilled nursing facility, hospice, lab tests, surgery, and home health care.
- **Part B** medical insurance covers doctor and other health care providers' services, outpatient care, durable medical equipment, home health care, and some preventive services.
- **Part C, a Medicare Advantage Plan**, is a Medicare health plan offered by a private company that contracts with Medicare to provide you with all your Part A and Part B benefits. Most plans offer extra coverage, like vision, hearing, dental, and/or health and wellness programs, as well as prescription drug coverage (Part D). In addition to your Part B premium, you usually pay a monthly premium for the Medicare Advantage Plan.
- **Part D** is prescription drug coverage, which can also be obtained through a Medicare Advantage Plan offering Medicare prescription drug coverage.
- **Medigap** or Medicare Supplement Insurance policies are sold by private companies and can help pay some of the health care costs that Medicare Parts A and B don't cover, like copayments, coinsurance, and deductibles. Some policies also offer coverage for medical care when you travel outside the U.S. To purchase a Medigap policy, you must be enrolled in Medicare Parts A and B. Like other Medicare options, Medigap does not cover long-term care costs such as extended in-home or nursing home care.

You can learn more about Medicare by visiting www.medicare.gov which provides a step-by-step guide for choosing the options and coverage you need.

If you need additional help understanding the various Medicare options available to you or want assistance planning for long-term care costs not covered under Medicare, contact the office to schedule a consultation.

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