LET'S TALK MONEY®
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Beyond Plan Defaults

If you have a 401(k) plan at work, you have a powerful vehicle through which you can save for retirement. Today, more employers are offering automatic tools to help participants put money away into their 401(k)s. While these work for many employees, they may not be right for you. Here's a look at some of these auto tools and ways you might improve on them.

Auto Enrollment

The idea behind this innovation is that employees fail to contribute to a retirement plan because of inertia, so they are automatically enrolled in the plan when joining the company (with the choice to opt out). Contributing toward your retirement is good, so there's little to improve on here. You might, however, compare it to a Roth 401(k) plan if you have that option.

Auto Contributions

With this option, employers choose the percentage of employees' salary to initially contribute to a plan. This is often a low number: With many plans, 3% is the default rate. Anything, of course, is better than nothing. But you will typically have the option to raise or lower your contribution on your own. Consider raising it, especially if you're not putting away enough to match a potential employer contribution match.

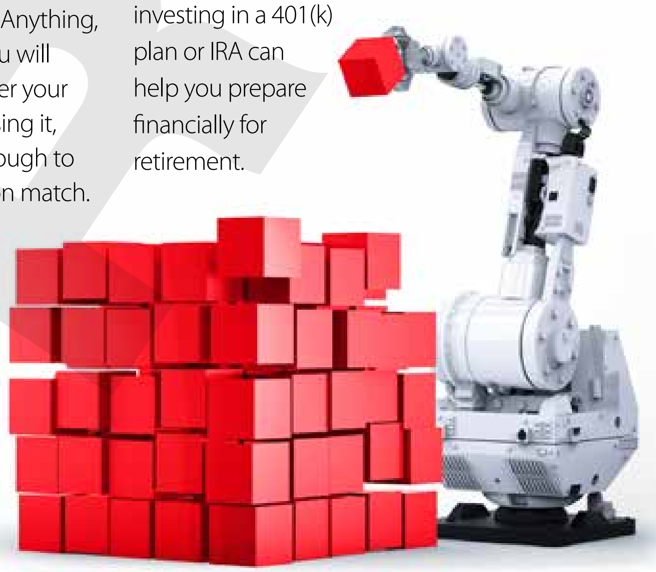
Auto Escalators

Automatic contribution escalators raise the percentage of salary contributed to a 401(k) plan over time. This is an attractive way to bump up your retirement savings efforts as you receive promotions and pay increases. You might even decide to raise it more on your own, perhaps up to the maximum allowed by the plan.

Auto Accounts

The default account of the majority of plan sponsors is a target date fund — a diversified fund that includes stocks, bonds and cash. Typically, this is a somewhat conservative way to invest according to your retirement timeframe. However, you may want to choose your own investments if you have a more conservative or aggressive approach to investing.

Talk to your financial professional to learn how investing in a 401(k) plan or IRA can help you prepare financially for retirement.



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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Retirement Version

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Charitable Benefits

If you still itemize your taxes after the passage of the Tax Cuts and Jobs Act of 2017, donating to qualified charities just became more financially attractive for you.

More of Your Income

The new tax law allows taxpayers to deduct cash donations to qualified charitable organizations of up to 60% of their adjusted gross income annually. They can also carry forward any amount that exceeds the 60% limit for up to the five succeeding years. This, like most individual tax changes in the new law, will expire after 2025.

The Internal Revenue Service also allows anyone operating a vehicle for charitable purposes to deduct 14 cents per mile, the same as in 2017.

Give or Not?

Some observers predict a drop in charitable giving because fewer people will itemize deductions on their tax returns. This prediction is based on the belief that Americans give to charities primarily to reduce their own tax bills.

The estate tax exemption doubled to $22.36 million per couple and $11.18 million per individual, indexed to inflation, but the standard deduction increased to $12,000 per single tax filer and $24,000 per couple filing jointly, which some observers expect will limit the number of people who itemize. We'll find out if charitable donors are more altruistic than this prediction once charities add up their donations from 2018.

Giving Regularly

If you are among those taxpayers who will continue to itemize on your tax return, you can make gifts of up to $15,000 per individual per donor annually without having to subtract the amount from your federal estate tax exemption. This exclusion can add up, depending on how many gifts you make annually.

For example, both you and your spouse might make $15,000 gifts to each of your three children. That's $90,000. And let's say you both also give the same gifts to three grandchildren. That's another $90,000 for a grand total of $180,000 in one year. This can add up over time and become an effective way to transfer your assets to loved ones tax efficiently.

Alert, Freeze or

With identity theft becoming more common in the wake of high-profile website hacks, it is important to take steps that safeguard your online information. Here are some ways:

Fraud Alert

One way to put a stop to this type of cybercrime is to ask the three major credit reporting agencies — Equifax, Experian and TransUnion — to place a free alert whenever a request for new credit occurs. A fraud alert requires companies to contact you to verify that you want new credit before they approve it.

To get this alert, which initially lasts for 90 days and can be renewed multiple times, contact one of the three credit agencies, which then must notify the other two. If you have experienced credit theft, your fraud alert can last up to seven years.

Credit Freeze

While a fraud alert gives you access to your credit, a credit freeze will do as its name suggests: prevent anyone, including you, from opening a new account. You'll need to ask all three reporting agencies for the freeze, which generally lasts until you lift it. Identity theft victims receive this service for free, but each reporting agency can charge $5 or $10 each time you freeze and unfreeze your credit.

Credit Lock

A credit lock is the most extreme and expensive measure you can take. Good for people who don't plan to open new credit in the near future or who experienced identity theft, a credit lock will generally cost you a monthly fee charged by each agency. Your lock ends when your agreement ends, when you unlock it using the agency's procedures or when you stop paying the fees.

Summer Money Tips

With vacations, half-day Fridays and other time off during the summer, it's easy to spend more money than you intended on leisure activities. You can prevent overspending and still enjoy the extra time off by taking actions that include:

- Paying with cash instead of credit cards. It's easy to spend more than intended with a card;
- Carrying only one credit card with a small fixed limit, if you don't like using cash;
- Taking advantage of employer discount programs, which some bigger companies offer employees;
- Cooling off by bowling in an establishment offering summer discounts;
- Going to a movie theater during off-peak hours, when prices are lower;
- Visiting a national park for only a nominal parking fee;
- Picnicking at a local park for free; or
- Taking a hike (and reaping the health benefits, too).

Why We Travel

With some 1.7 billion personal trips taken by domestic and international travelers during 2016, traveling for leisure is a popular endeavor. Have you ever wondered what so many people do when traveling, aside from business? Here are the top activities, courtesy of the U.S. Travel Association:

1

Visiting relatives & friends

2

Shopping

3

Fine dining

4

Rural sightseeing

Back to $chool

Before you know it, summer will end and the kids will head to school. Parents know this is a costly exercise. So does the National Retail Federation, which estimates back to school spending at more than $83 billion in 2017.

So, before you start shopping for school clothes and supplies, consider making a plan to keep costs reasonable.

Keep to a Budget

To spend only what you need to spend, you should not only create a budget, but stick to it. That's easier said than done, when children beg publicly for the latest trendy item.

Name the "Must-Have"

So you don't come off as Scrooge, allow each child one "must-have" item for the new school year — within guidelines — such as a backpack or clothing item, as opposed to a new smartphone.

More is Less

School supplies like pencils, pens and paper can seemingly disappear into a black hole during the school year. So why not shop for these and other often-used items in quantity to save money?

Shop Early

You don't buy snow blowers after the first snowfall or lawn mowers as spring arrives because they cost more during these peak times. The same goes for buying school supplies and clothes. Shop before or after the peak buying time to reap savings.

Buy Used

Whether you're looking for college textbooks or paperback books for a high school English class, buying used will save you a few dollars. Some college textbooks can be rented online or borrowed from the library.

College Debt vs. Retirement Savings

Much has been made of Millennials' increasing college debt load. Complicating matters, rents are often high, while wages are generally lower when starting out in the work world. In this environment, paying off college debt and saving for retirement becomes a seemingly impossible puzzle to solve.

Difficult, however, doesn't mean it is impossible. If you're putting off saving for retirement because you want to pay off low-interest student loans first, think again. A little saved at a young age may potentially turn into a lot when the time comes for retirement.

Costly College

True, college is proving more costly. The Federal Reserve Bank of New York reported that total student loan debt after the third quarter of 2017 was $1.36 trillion. About four in 10 Millennials between 18 and 29 years old have student loan debt, according to the Institute of Politics at Harvard Kennedy School (IOP).

Time Matters

Still, contributing even a small amount toward retirement — perhaps in a company 401(k) plan or IRA — may potentially offer big benefits down the road. That's because time really matters when it comes to growing your money.

Test the following statement: When contributing the same total, putting away a steady amount over long periods of time potentially grows larger than waiting for a few years and then making up the difference. Check it out: Same total contributions, but a different result. That's because time matters.

Finding the Money

Where do you find the extra money? Pass on a streaming service you subscribe to. Consider brown-bagging it to work occasionally. Pack a snack and skip the vending machine.

Definitely put any raises or bonuses into your retirement savings efforts. And if your employer matches some contributions, try your hardest to reach that level. You'll be surprised how a little goes a long way over time.

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The material submitted appears consistent with applicable standards.

Reviewed by,

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