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Retirement Plan Services

Midland Wealth Management

KICKSTART YOUR FINANCES: NEW YEAR, NEW PLAN

Managing your money strategically is key to understanding your current financial situation and planning for a brighter future. By taking a thoughtful approach, you can keep track of your progress and set financial goals for the coming year, making informed decisions designed to secure your financial well-being.

When it comes to crafting your annual financial plan, there are a few important points to keep in mind.

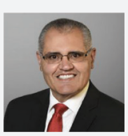
- This plan acts as your financial guidebook, detailing where you currently stand, your future goals, and areas that may need attention.
- While the core elements of an annual financial plan are universal, your starting point may vary based on factors like your age, income, debts, and assets.
- Crucial components include creating a budget-friendly investment and retirement strategy and establishing an emergency savings cushion.
- Additionally, using user-friendly financial planning software can make managing your money much easier and less stressful.

TIPS & CONSIDERATIONS

Your annual financial plan should cover all aspects of your financial life, from investing and taxes to planning for retirement.

- Life events, such as getting married or having a baby, can prompt a reassessment of your financial plan. Be sure to consider any significant changes in your life and how they may influence your plan.
- Prioritizing retirement savings is crucial, especially given that 28% of Americans have no retirement savings, and only 31% of non-retirees thought their saving was on track, according to a 2022 Federal Reserve survey. Your plan should evaluate retirement savings options, whether through a 401(k) plan or a traditional or Roth Individual Retirement Account (IRA), to ensure you're contributing at the right level.
- Consideration of asset allocation and fees is also important. Fees can significantly impact your savings over time. A 2019 study by the U.S. Department of Labor estimated that a 1% difference in fees and expenses could reduce your 401(k) balance by 28% over the course of 35 years.
- Managing taxes is vital. If you've sold any securities in the past year for a profit, you need to be prepared to pay capital gains tax when you file your return in April. Harvesting losses by selling off holdings that have been on a downward slide can be an effective way to offset the impact of gains, but you'll have to make your move before the end of the year.
- To secure additional income for retirement, think beyond traditional investment accounts. Explore opportunities like purchasing a rental property, starting a side business, or investing in other businesses to supplement your income. If you're concerned about not saving enough for your retirement years, look for ways now to maximize your income later.
- Choosing the right financial planning tools can make a big difference in managing your money effectively. Regularly assess whether your current software meets your needs or explore alternative options for smoother financial planning.

While creating your annual financial plan may require some time and the courage to face financial realities, the end result is empowering. Once your plan is in place, you can take specific steps toward ensuring your financial affairs are well-organized and running smoothly, paving the way for a more financially secure future.



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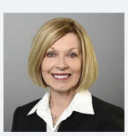

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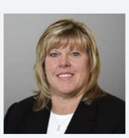

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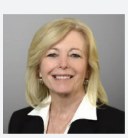

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Questions or concerns? Please call Midland Retirement Plan Services at (815) 231-2816 to speak to your retirement specialist or e-mail us at retirement@midlandsb.com.