

Retirement Matters

Getting Better With Age

As the 401(k) Continues To Evolve, It Remains a Great Retirement Saving Strategy

Since their launch in 1981, 401(k) plans have grown to become the most popular company retirement plan in the United States. According to the Investment Company Institute, 401(k) plans hold \$7.4 trillion in assets, in more than 710,000 plans, on behalf of nearly 70 million active participants, former employees and retirees.

Saving in a 401(k) has never been easier. Many more employers now offer automatic enrollment with built-in automatic savings increases each year — along with robust investment decision support tools. Here are six more reasons why your 401(k) continues to be a great retirement saving strategy:

Your savings are automatic. With your 401(k), you're following the core financial planning principle of "pay yourself first." Money is deposited from your paycheck to your account without you even having to think about it. It doesn't get much easier than that.

Tax-deferred compounding. You defer paying income tax on money that you save in a 401(k). Income tax won't be due on this money until it is withdrawn in retirement. The money that would otherwise go to pay current taxes remains invested for greater long-term growth potential. As a result, any interest, dividends and capital gains you earn can benefit from the power of tax-deferred compounding.

Tax-deferred compounding: the sequel. Employees who are age 50 and older are eligible to make additional "catch-up" contributions beyond the annual Internal Revenue Service limit. This is a significant benefit, especially if you've not been able to save as much because of competing financial priorities (such as saving for a college education or supporting aging parents). Catch-up contributions that you make also benefit from tax-deferred compounding.

Free money courtesy of the employer match. You should always aim to save at least enough to get a full employer match (subject to your plan's vesting rules). A 401(k) match



of 50 cents for each dollar you save in the 401(k) plan up to 6% of pay is a 50% return on your investment. A dollar-for-dollar 401(k) match doubles your money.

Your money goes where you go. If you leave your employer for any reason, you can take your vested balance (including the employer match) with you. It's fully portable, and you can roll it into an Individual Retirement Account (IRA) or a new employer's 401(k) plan (if allowed).

Roth contribution option. If available to you, contributions to a Roth 401(k) are made with after-tax dollars (no tax deduction), but potential earnings and distributions are tax-free, as long as you have held the account for at least five years and are at least 59½ years old. If you think you'll be in a higher tax bracket during retirement, a Roth option may be a sound strategy (or consider diversifying your money between both traditional and Roth options). ☺

Will Power

Understanding the Typical Components of an Estate Plan

The topic of estate planning can be difficult to think about, but is so important to achieving financial wellness. Besides designating how you want your assets distributed, an estate plan provides your health care directives, simplifies the probate process and helps minimize taxes. It also helps protect your loved ones by minimizing conflicts and ensuring their financial security. Typical components of a comprehensive estate plan include the following:

Last will and testament. This document outlines how you want your assets distributed after your death. It allows you to name an executor who will manage your estate, pay debts and distribute your assets. You can also designate guardians for minor children.

Revocable living trust. A trust is a legal entity that can “own” assets. The document looks much like a will. And, like a will, a trust includes instructions for who is to handle final affairs and who is to receive the deceased’s assets. Today, many people use a revocable living trust instead of a will in their estate plan because it avoids court interference at death (probate) and at incapacity. To create a basic living trust, you make a document called a declaration of trust, which is similar to a will. You name yourself as trustee — the person in charge of the trust property. If you and your spouse create a trust together, you will be co-trustees. As long as you are alive and competent, you can change the trust document, add or remove assets or even cancel it.

For a revocable living trust to work properly, you must transfer your assets into it. Titles must be changed from your individual name (or joint name with a spouse or partner) to the name of your trust. Because your living trust legally holds title to the assets it holds, these assets aren’t considered a part of your estate, and therefore do not need to go through the probate process upon death or incapacitation. This makes it very easy for someone (a co-trustee or successor trustee) to step in and manage your financial affairs.

Durable power of attorney. This document designates someone to make financial decisions on your behalf if you

are unable to do so. The chosen individual can manage your assets, pay bills and handle other financial matters.

Healthcare power of attorney. Also known as a medical power of attorney, this document appoints someone to make medical decisions for you if you are incapacitated. This document ensures that your healthcare preferences are respected even when you cannot communicate them.

Living will. A living will, or advance healthcare directive, specifies your wishes regarding medical treatments and end-of-life care. It can include instructions on life support, resuscitation and other critical care decisions.

Beneficiary designations. For assets like life insurance policies, retirement accounts and payable-on-death accounts, beneficiary designations are crucial. These designations override the instructions in your will, ensuring that these assets go directly to the named beneficiaries.

Creating an estate plan involves careful consideration and documentation to ensure your wishes are honored and your loved ones are taken care of after your death. Consulting with an estate planning attorney can help you navigate the complexities and create a comprehensive plan that meets your needs. ☺



Dear Diary

Consider the Benefits of Journaling To Boost Your Mind and Spirit

Journaling is the practice of writing down your thoughts, feelings and experiences — a pen, pencil, keyboard or any other writing tool you have available will do. It serves as a personal outlet for self-expression and reflection, allowing individuals to explore their inner self. There are many types of journaling, each with its unique benefits. Here are three popular types:

- **Freewriting** involves writing whatever comes to your mind by just letting the thoughts come and putting them onto the page without any filters or concern about grammar, spelling or storyline.
- **Gratitude journaling** is writing down things you feel thankful for. This can be as simple as a sunny day, a good meal or a smile from a stranger. The key is to focus on the positives — the things that bring you joy and comfort.
- **Reflective journaling** is a process of recording and analyzing personal experiences, thoughts and feelings. It can serve as a tool for self-exploration, helping you to uncover insights into your own motivations, values and beliefs that you may not have been consciously aware of.

Growth and Popularity of Journaling

Journaling has seen a significant rise in popularity over the past few decades. This growth can be attributed to increased awareness of mental health and the benefits of

self-care practices. Studies have shown that journaling can reduce stress, improve mood and enhance overall well-being. The digital age has also contributed to its popularity, with numerous apps and online platforms making it easier for people to start and maintain a journaling habit.

5 Best Practices

To help maximize the benefits of journaling, here are five best practices to consider:

1. **Consistency.** Make journaling a regular habit. Whether it's daily or weekly, consistency helps reinforce the practice and its benefits.
2. **Honesty.** Be truthful in your entries. A journal is a private space, so allow yourself to be vulnerable and authentic.
3. **Focus on positivity.** Incorporating elements like gratitude or positive affirmations can shift your mindset and promote well-being.
4. **Don't overthink.** There's no right or wrong way to journal. Allow your thoughts to flow freely without judgment.
5. **Review and reflect.** Periodically reviewing past entries can provide insights into your growth and patterns in your thinking. ☺



Retirement in Motion

Tips and Resources That Everyone Can Use

Knowledge is Retirement Power

For nearly 60 years, Medicare has been the program that retired Americans turn to for their health care coverage. In 2023, it helped more than 65 million people pay for everything from hospital stays to doctor visits to prescription drugs. You become eligible for the program at age 65. However, prior to enrolling, you'll need to set aside time to review the many options offered and sign up for the coverage that best meets your health needs and budget. You can start signing up three months before you turn 65, and you'll have until three months after your birthday month to complete your enrollment. If you miss that deadline, you may end up paying higher premiums. If you are still working and have employer-sponsored health coverage, you can likely wait to sign up. For more information, check out [AARP's Medicare Enrollment Guide](#), a step-by-step tool for first-time Medicare enrollees.

Q & A

What is the most I can save this year in my 401(k) plan?

401(k) savers can contribute up to \$23,500 in 2025 (an increase from \$23,000 in 2024). The annual catch-up contribution for savers age 50 and older remains at \$7,500 in 2025, for a potential total contribution of \$31,000. Under a change made in SECURE ACT 2.0, a higher catch-up contribution limit applies for employees aged 60-63. For 2025, this higher catch-up contribution limit is \$11,250 instead of \$7,500, for a potential total contribution of \$34,750. These limits also apply to savers with a 403(b) plan and most 457 plans.

Quarterly Reminder

When was the last time you reviewed your beneficiary designations for your major assets — including your retirement plan? The start of each new year is a good time for some financial housekeeping. Make sure your current designations still match your wishes, especially if you have had any major life changes such as marriage, divorce or the birth or adoption of any children.

Tools and Techniques

According to a survey by [U.S. News & World Report](#), nearly half of Americans believe that carrying a credit card balance improves your credit score. Unfortunately, carrying a balance will likely lower your score — and cost you money in interest payments. That's because an important factor in your credit score is how much of your available credit you use (known as your credit utilization ratio). Aim to use less than 30% of your available credit. For example, if you have a \$5,000 credit limit, try to keep your balance under \$1,500. It's a sign to creditors that you aren't stretching yourself too thin. ☺

Need additional retirement plan support?

CBIZ is a retirement plan advisor who has been engaged by your employer to help. Schedule a virtual consultation with one of our financial professionals.

ONLINE SCHEDULER:

 fitconnect.cbiz.com

ADDITIONAL CONTACT OPTIONS:

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