

THE MONEY COACHES



Let's look at some of the ways you can grow your contributions and what they mean to you in retirement using the same information from our earlier example:

- A 24-year-old works and contributes to 401(k) until age 67
- They receive a 2% annual cost of living raise
- They have a base annual salary of \$40,000.00.
- Their employer matches .50 cents on every employee dollar
- They receive a 6% average rate of return from the invested 401(k)

2% with 1% company match -> At age 67 **\$306,792.00**

3% with 1.5% company match -> At 67 **\$460,187.00**

4% with 2% company match -> At 67 **\$613,585.00**

5% with 2.5% company match -> At 67 **\$766,980.00**

6% with 3% company match -> At 67 **\$920,378.00**

401(k) Contributions

7% with 3.5% company match -> At 67 **\$1,073,772.00**

8% with 4% company match -> At 67 **\$1,227,167.00**

10% with 4% company match -> At 67 **\$1,431,693.00**

These figures do not include the 3% Safe Harbor company contributions. We've illustrated it clearly and enough has been said. Take a look at your 401(k) contributions annually. It is clearly an important part of planning for your and your family's future, and one you should take seriously.

We would also encourage you to take a look at your credit score annually to determine if there are any anomalies or inaccurate information that might be damaging your credit. The best way to do that is via www.creditkarma.com or www.annualcreditreport.com.

Credit Karma will give you a credit score, but not a FICO score. Annual Credit Report won't include your credit score, but will give you a look at your report and does not cost anything. If you want to view your score, you will need to pay when you request the report.

Additionally, you should consider

getting a will on file as you do your annual review your financial plans. It is never comfortable or enjoyable to talk about, but your loved ones will be better for your foresight, so don't put it off.

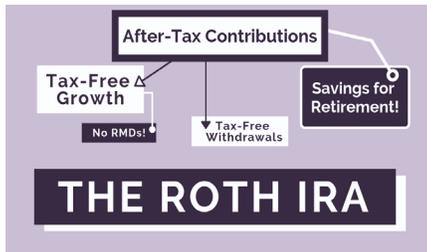
Finally, consider your life insurance needs and review those annually. Along with wills they are not enjoyable topics to dig into, but insuring that your family will be taken care of even if you are gone is an important step and one that can give peace of mind.

Thank you for allowing The Money Coaches to assist you! Ceres pays for everything we do on your behalf and every conversation with you or your family is confidential. We are looking forward to a great 2023.

If you have questions about your 401(k) or would like guidance on managing it, contact Nyhart to help walk you through it.
Nyhart - 800-428-7106

*Courtesy of www.bankrate.com

All About Roth IRAs



After you have maximized your 401(k) contributions and if you are looking at additional ways to save for retirement further, it might be time to look into a financial advisor, and possibly a Roth IRA.

A Roth IRA is a type of individual retirement account (IRA) that allows individuals to set aside money for retirement on a tax-free basis. This means that contributions to a Roth IRA are made with after-tax dollars, but the money can be withdrawn tax-free during retirement. This is in contrast to traditional IRAs, which offer tax deductions for contributions made with pre-tax dollars but require the money to be taxed as ordinary income when it is withdrawn during retirement.

There are several key benefits to utilizing a Roth IRA for retirement savings. One of the main advantages is the tax-free nature of the account. Because the money in a Roth IRA has

already been taxed, it can be withdrawn tax-free during retirement. This can be particularly beneficial for those who expect to be in a higher tax bracket during retirement, as they can avoid paying taxes on the money they have saved.

Another benefit of a Roth IRA is the flexibility it offers. Unlike traditional IRAs, which have required minimum distributions (RMDs) that must be taken starting at age 72, Roth IRAs do not have RMDs. This means that the money in a Roth IRA can be left to grow for as long as the account holder wishes and can be withdrawn at their discretion. This can be useful for those who want to leave their retirement savings to their heirs or who want to have more control over their retirement income.

In addition to the tax-free withdrawals and flexibility, Roth IRAs also offer the potential for long-term growth. Because the money in a Roth IRA has already been taxed, it can be invested in a wider range of assets without the burden of taxes on any earnings. This can potentially lead to higher returns over the long term.

There are also a few other features of Roth IRAs that make them a valuable tool for retirement savings. For example, contributions to a Roth IRA can be made at any age as long as the account

holder has earned income, and there are no income limits for making contributions. This means that even high-income earners can take advantage of the benefits of a Roth IRA.

Another feature that can be particularly useful for younger savers is the ability to withdraw contributions (but not earnings) from a Roth IRA at any time without penalty. This can be a helpful option for those who may need access to their savings in the event of an emergency.

Overall, the value of utilizing a Roth IRA for retirement savings lies in the combination of tax-free withdrawals, flexibility, and potential for long-term growth. By setting aside money in a Roth IRA, individuals can take advantage of the benefits of tax-free income during retirement, have more control over their retirement savings, and potentially earn higher returns over the long term. While there are limits to the amount that can be contributed to a Roth IRA each year, it can be a valuable tool for those who want to save for retirement on a tax-efficient basis.

The Money Coaches

Rich Keller
Cell: (765) 592-0027
rich@themoneycoaches.com

Kathy Keller
Cell: (765) 592-0285
kathy@themoneycoaches.com

Allen Cobb
Cell: (765) 731-1107
allen@themoneycoaches.com

