WHAT'S INSIDE:

TPE TIMES

A comprehensive, wholistic guide to financial wellness.

Q2 | 2019

The arrival of spring has brought warmer weather, longer days, a renewal of life … and the yearly desire to clean out and get organized. It's also the perfect time to get your financial house in order. Here are some house- keeping tasks you can tackle to help make sure you and your money are headed the right way in the year ahead.

Update your budget. Blow the cobwebs off of last year's budget and see if there have been any significant changes to your spending or saving habits in the last 12 months. If you've gotten a raise, consider upping your contributions to your 401(k) to set yourself up better for retirement. If your spending has gotten out of hand, look for ways to rein it in.

Check your credit report. You're entitled to a free copy of your credit report every year from each of the three major credit reporting agencies. You can request a copy from each at annual creditreport. com. Look for any errors or issues that could potentially drag down your score and address them.

Evaluate your retirement account performance. You may want to do this more often than once a year — but take this opportunity to see how your 401(k) is doing. Perhaps you can increase your contributions following a pay raise. Look at your allocations and see if they're in need of rebalancing. And make sure you're on track to meet your retirement and other savings goals.

Do a deep dive on your debt. Write down all your debts including mortgage HELOCs, auto loans, student loans,and revolving lines of credit. List the balance for each account, along with the interest rate you're currently paying. You may want to put more money toward the highest-rate debt to save the most money. Or, start with the smallest balance and work your way to the largest to get the psychological boost from paying individual debts off more quickly. And consider calling creditors to see if you can negotiate a lower rate or refinance.

Join Our Quarterly Webinar June 19th Women and Money

We'll look at the 6 things that can help you take charge of your financial future, potential challenges and what can help to overcome them, and how to protect what you build.

www.theparticipanteffect.com/webinar

Retirement May Seem Like An Elusive Dream

that you don't believe you'll ever reach. Or maybe you think that because of your age, you don't need to start saving now. The Participant Effect is here to tell you that you CAN achieve your retirement goals and it's NEVER too early or too late to start.

Life Without Money Worries

Money worries can bring with them feelings of anxiety, depression, shame, guilt and inadequacy. But there are steps you can take to start taking control of your fears instead of having fear take control of you.

Identify the source of your stress. Are you worried about providing for your family, losing your job, being unable to pay off debt or retire? Once you can pinpoint the focus of your concerns you can start hashing out a plan to address them. Deal with debt. If debt is keeping you up at night, it's important to come up with a plan to get out from under it. The first step is to perform an audit of all your debt — mortgage, HELO C, car, student andother loans as well as credit cards. Get all of them down on paper along with their interest rates. You can work with your financial advisor to come up with a plan to tackle them one by one and maybe even take steps to consolidate or lower your interest rate, if if possible. Start small. You may not be able to solve all your financial problems overnight, but there probably are some small steps you can start taking to start moving in a better direction. Perhaps you can make adjustments to your budget, increase contributions to your 401 (k) or make some extra money with a side hustle or yard sale. Once you start seeing progress, you may find your money worries start to dissipate.

Evaluate How Much I Need for Retirement

Many people who are saving for retirement haven't taken the time to figure out how much they may need when they retire. Financial planners who do pension consulting point out that saving without a goal could leave you in trouble when you reach retirement. After all, how do you know if you're saving enough if you don't know how much you may need?

FINISH READING ON PG. 3

Why is any of this important to me?

You'll be responsible for a large portion of your retirement income. For generations, retirees relied heavily on Social Security and pensions to pay their bills in retirement. But today most Americans must count on their own personal savings and investments for a greater share of their retirement income.

You'll need your retirement savings to last a longer period of time. Thanks to today's healthier lifestyles and medical advances, Americans are living longer than ever before in history. In fact, there's a 50% chance that one member of an average, healthy 65-year-old couple will live to be 92 years of age. So a typical 65-year-old retiree may need retirement income for 30+ years, even more if she/he retires early.

The longer you live, the more inflation will deflate your buying power. Just a 3% annual rate of inflation can cut your buying power in half in 25 years. So it's important that you not only save more, but also earn more on your savings—at least enough to outpace inflation over time.

Debt and Retirement - How to Handle Both When Nearing Retirement!

An increasing number of Americans are facing an uphill battle just trying to save enough and earn enough on their savings to be able to retire on time. Carrying much higher debt burdens than previous generations, many pre-retirees have had to put their savings on the back burner to focus on debt reduction, which, for practical purposes is smart, but it is also the primary reason why some will need to delay retirement or drastically downsize their retirement lifestyle. In retirement, cash is king, and every dollar of debt is a direct drain on your cash flow. But, it's never too late (nor too early) to take counter measures that will help you get back on track.

FINISH READING PG 4

Evaluate How Much I Need for Retirement

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Expenses that may go down include income taxes, mortgage payments (par- ticularly if you downsize), utilities, and expenses for children. Also, you may save money on commuting expenses (including gas, tolls, car payments, and insurance) and other work-related costs like clothing. Expenses that could go up include travel and entertainment costs and health care. While joining Medicare can reduce your expenses, you may need additional insurance and your costs may go up if your health declines.

Most financial advisors believe you'll need about 80percent of your current income in retirement to maintain your current standard of living.

Review Your Income

You'll need to assess any income you're going to receive in retirement, such as Social Security, a pension, rent from property you may own, or other recurring income you receive. Once you add up your income and subtract your expenses, you'll know how much you need have saved by the time you reach retirement.

Crunch the Numbers

While these calculations can seem daunting, there are a number of online calculators that can help you assess your retirement finances and see how much you need to save. To help plan participants get ready for retirement, Fiduciary First, a pension consulting firm, leverages the power of The Participant Effect℠, a program that uses behavioral finance to help participants make better financial decisions.

Debt and Retirement -
How to Handle Both When Nearing Retirement

Should I try to pay off my mortgage before retirement?

The days of mortgage-burning parties are nearly a thing of the past. As a result of the home refinancing hey days of the last five to ten years, 67% of homeowners in their 50s and 60s are now carrying mortgage debt well past the age of 70. Financial planners are divided on whether it's a good idea to try to pay down your mortgage as soon as possible. There are those who say that it may be a disadvantage to lose the mortgage interest deduction. The reality is, however, that many retirees don't have enough personal deductions to be able to use their mortgage deduction with most only qualifying for the standard deduction. Also, if you enter retirement with 10 or 20 years paid on your mortgage, the interest portion has declined to the extent that it's not generating enough of a deduction for many people. The answer is, yes, you should try to pay down your mortgage by making extra principal payments when you can. The alternative, which is becoming more of preference for an increasing number of retirees, is to simply downsize and sell your home and apply the equity to a more affordable living space.

Do I save for retirement or pay down credit card debt?

Sadly, this is turning into a classic dilemma faced by a majority of Americans. Unquestionably, you should try to pay off all high interest debt before retirement. If your retirement assets are earning less than 6% a year, even 9% credit card debt will cost you vital cash flow. This is the time to get deadly serious about your credit card debt. Every penny you are paying towards debt needs to go towards your financial security, so you can't begin implementing your debt payoff plan soon enough!

Get on a budget: Set a monthly target for debt payments (and make it a stretch goal) and then budget everything else around that. Eliminate non-essential expenditures. Find ways to stretch your essential expenditures. Downsize yourlifestyle now. Your goal should be to pay off your debt completely within a year. Oh, and STOP USING YOUR CREDIT CARD!

Pay off smaller balances first: It's easier and more motivating to check off the smaller targets first. It will help you build momentum as you tackle the bigger ones.

De-clutter: It's probably time to get rid of a lot of stuff anyway. You can raise more money than you think by getting rid of clothes, appliances, old cell phones, CDs, furniture and half the stuff in your garage by putting it all up for sale on E Bay.Save any excess cash flow: If you find ways to generate additional income it should be applied to savings. As soon as you reach your debt pay off goal, apply the budgeted debt payment to savings and don't look back.

Thank you for being a part of The Participant Effect

If you have any questions or would like to learn more please call or e-mail us at:

1-888-968-9168
wellness@theparticipanteffect.com

Don't forget...

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June 19th

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