

- 
- 
- 
- 



Fee-Only Financial and Investment Planning

(888) 320-9993



## On Course

December 19, 2017

Volume 17, #12

Welcome! For the next three newsletters, we'll be talking about everyone's favorite subject: retirement. We'll be covering retirement savings, social security, and investment withdrawals and rebalancing. For this month, we're tackling retirement savings and planning.

Read on to learn more.

If you want assistance planning for retirement, remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

### In This Issue

[Retirement](#)

[What's New](#)

[Monthly Tip](#)



### Jennifer's Hint

*Remember that you can make penalty-free withdrawals from 401(k) accounts sooner than you can from IRAs. This is called making a separation from service withdrawal. If you're planning to retire no later than the year you turn 55, keeping your money in your last employer's 401(k) will give you access without the 10 percent early withdrawal penalty.*

*Get more tips in Jennifer's book*

## Retirement Savings

**Working toward retirement can be challenging. Below are some helpful tips about how to plan for saving enough money to enjoy those years worry free.**

### First things first

- What activities and interests will you be involved in?
- What kind of home do you want? And where will that home be?
- What hobbies or activities will you do with more free time?
- What transitions or changes do you foresee once you retire?

### Saving for retirement

In order to know what you will need, track what you spend now.

- Measure your current expenses. Use [Mint.com](#), Quicken, or good old pencil and paper to track what you spend for your home, your health, and your hobbies.
- While you want to make sure you have money for unexpected expenses, by tracking what you spend now, you may see that you can predict most expenses you will have in retirement.

### Traditional 401(k) vs. Roth 401(k)

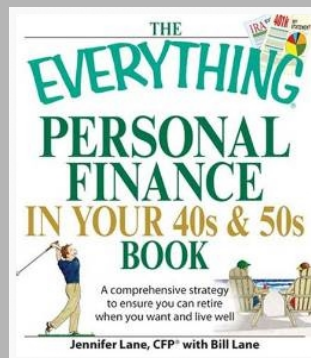
Should your employer offer a Roth 401(k) option, here are some things to consider.

- Check your tax bracket. Believe it or not, it's likely you will be in the same bracket or higher (!) when you retire.
- If that's the case, then a Roth 401(k) makes sense because, while you miss out on the deduction now, you won't pay tax on any withdrawals

later.

### Making the transition

- Look at how you spend money now, which will be easy because you're tracking your spending (see above).
- Then add in what new expenses you might have such as travel and hobbies.
- Schedule what you'll be spending on a monthly basis so you have time to withdraw or transfer monies as you need them. We'll be talking about how to withdraw from and rebalance your savings and investment in our February issue.



( [click here for link](#) )

### Q&A

**Q: I have just joined a company that offers a health savings account (HSA). What is this?**  
-- Alice, Brighton

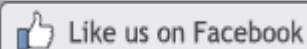
**A: Alice, an HSA (also known as a medical IRA) is a relatively new benefit that companies offer. However, don't confuse it with a flexible spending account (FSA). If you have a high deductible health insurance policy, you can deposit pretax money into the HSA to pay for medical expenses at some future date. Contributions are capped for each tax year but are not taxable when you make withdrawals to pay for medical expenses. There are no minimum withdrawal requirements. Check out [this IRS publication](#) for more details.**

### Helpful Websites

[AARP](#)

[IRS.gov](#)

[Mint.com](#)



### What's New

- Jennifer recently contributed to a **CNN Money** article "When is the Right Time to See a Financial Advisor?" Click [here](#) to read the article.
- Jennifer contributed to **The Wall Street Journal** article "The Biggest Money Mistakes We Make -- Decade by Decade." Click [here](#) to read the article.
- Jennifer recently answered NECN viewer questions about **money smart giving**. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit [www.facebook.com/AskJennifer](http://www.facebook.com/AskJennifer) and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 7:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

*All contents of this newsletter Copyright 2017 Compass Planning*

## Confirm that you like this.

Click the "Like" button.