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YOUR 401(K) PLAN WHEN CHANGING JOBS

If you are considering changing jobs, make sure you fully understand the impact it may have on your retirement plan. If you are not aware of your employer's retirement plan rules, you could lose thousands of dollars in matching funds, taxes, and potentially a large penalty.

Here is what you need to know about your 401(k) plan if you are thinking of changing jobs.

YOUR VESTING SCHEDULE AND STATUS

Assuming your company offers an employer match to your 401(k) as part of your employee benefits, it can significantly increase the size of your retirement account. The money you contribute to the account is always yours, even if you leave the company. The money your employer contributes to the account, however, will have a vesting schedule that defines when those contributions legally become yours.

Companies can have an immediate vesting schedule, a cliff schedule, or a gradual vesting schedule. Make sure you understand your company's vesting schedule. Sometimes, staying an extra month or a year can make a big difference in what you get to take with you when you leave the company. If you leave the company before you are completely vested, you are aware you will lose a portion of the matching funds, but the timing could make a big difference.

YOUR RETIREMENT ACCOUNT OPTIONS

Once you have decided to change jobs, you will need to decide what to do with your 401(k). Understanding your options is critical because you don't want to make the costly mistake of losing a portion of your retirement savings. When you leave your employer, you have four options for your 401(k), which are cashing it out, leaving the money in the plan,

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4 STEPS TO INCREASE FINANCIAL CONFIDENCE

When it comes to being in control of your money, confidence is one of the most important attributes you can have. Below are four simple suggestions that can help you increase your financial confidence, so you'll know you're making smart decisions for yourself, your family, and your future.

1. GET ORGANIZED. Not too long ago, it didn't take much work to organize your finances. Unless you were very wealthy, money matters were fairly straightforward — you might have had checking and savings accounts, an insurance policy, maybe some stock investments and bonds, and a mortgage. If you were lucky, you had a pension. You could easily store all your financial information in a single accordion file.

Today, things are more complicated. Credit cards, home equity lines of credit, student loans, 401(k)s and IRAs, 529 plans for college expenses — the list of information to keep track of seems endless. It's easy for things to get lost or overlooked. This can lead to mistakes that can weaken your financial confidence. Getting organized

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Your 401(k) Plan

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rolling the money over to your new employer's qualified retirement plan, or rolling it over to an IRA.

Cashing Out Your 401(k)

If you plan on rolling over the funds into another retirement account, but you have the money directly paid to you, you have 60 days to put the money into a qualified retirement account or you will have to pay income taxes and a penalty. If you intend on putting the money into a retirement account, it is better to set up a direct rollover to the new plan administrator to avoid this.

If your intention is to cash out the account and keep the money, it is important to understand the financial impact. For example, let's say you have $50,000 in your 401(k) account. The plan administrator is required by law to take out 20% for taxes; now your account is valued at $40,000. If you are under the age of 59½, you'll also have to pay a 10% penalty on the original amount in the account, which is another $5,000. Now you have $35,000.

It doesn't end there. The $50,000 distribution will most likely put you in a higher tax bracket than the 20% that your administrator withheld. Let's say you are in a 31% tax bracket; you will have to come up with the difference, which is an additional 11% or $5,500. Your original $50,000 in retirement savings is now down to $29,500. Now you have to deduct any state and local taxes, which could take another $5,000 or so depending on where you live. You could be giving up almost half of your retirement savings in income taxes and penalties.

Leave the Money in the Plan

If you have at least $5,000 in your 401(k) plan, most employers will allow you to leave the funds in their plan. This can be a good option if your new employer doesn't offer a 401(k) plan.

Rollover to the New Employer's Plan

Most employers will allow rollovers from other qualified retirement plans. You will want to understand when you will be eligible to participate in your new employer's plan, because there is typically a waiting period for participation. You should consider leaving the money in your old employer's plan until you are eligible to participate in the new plan.

To ensure you will not have to pay any taxes or a penalty, the rollover should be a trustee-to-trustee transfer, so make sure the rollover check is made out to the new plan administrator and not to you. If it is not a direct rollover, you could be in jeopardy of having to pay the taxes as well as the penalty.

Rollover the 401(k) to an IRA

If you can't or don't want to leave your retirement funds in your old employer's plan or if your new employer doesn't offer a retirement plan, you can open a rollover individual retirement account (IRA) at most financial institutions.

Rolling your 401(k) into an IRA is a great option because you will have more investment options. Most employer retirement plans offer limited investment options to keep down costs; however, they often have higher administrative fees that impact the value of your account. ❍❍❍

Assess Your 401(k) Plan

At least annually, you should thoroughly review your 401(k) plan. Some items to consider include:

❍ **Have your goals or objectives changed?** Take time to reassess your goals and objectives, which can impact how much you contribute and how you invest those contributions. Calculate how much you'll need at retirement as well as how much you should save annually.

❍ **Are you contributing as much as you can to the plan?** Look for ways to increase your contribution rate. One strategy is to allocate any salary increases to your 401(k) plan immediately, before you get used to the money and find ways to spend it. At a minimum, make sure you are contributing enough to take full advantage of any matching contributions made by your employer.

❍ **Are the assets in your 401(k) plan properly allocated?** Some of the more common mistakes made when investing 401(k) assets include allocating too much to conservative investments, not diversifying among several investment vehicles, and investing too much in the employer's stock. Saving for retirement typically encompasses a long time frame, so make investment choices that reflect that time period.

❍ **Do your investments need to be rebalanced?** Use this review to ensure your allocation still makes sense. Also review the performance of individual investments, comparing the performance to appropriate benchmarks. Review your allocation annually to make sure it is close to your desired allocation. If not, adjust your holdings to get your allocation back in line.

❍ **Are you satisfied with the features of your 401(k) plan?** If there are aspects of your plan you're not happy with, such as too few investment choices or no employer matching, take this opportunity to let your employer know. ❍❍❍

4 Steps to Increase

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will restore a feeling of control.

There are numerous strategies for getting organized. The best approach for you depends on your specific situation and your personality. Some people stick with that old-fashioned accordion file. Others go completely digital, taking advantage of apps and online document storage to keep everything straight. Whatever solution you choose, you need to know all the details of your finances.

2. Get educated. When you start a new job, you may feel nervous. There's a lot to learn, and you may not be confident you'll succeed in your new position. But if you commit yourself to learning new skills and the ins-and-outs of how your new organization functions, your confidence will gradually increase. The same holds true for your finances. Simply taking the time to learn more about finances and managing your money can do wonders for how you feel about your life.

Many community colleges, churches, and nonprofit groups offer classes, or you can sign up for a class online. If you don't want to go back to school, consider watching videos or reading articles that review financial concepts.

3. Get a financial plan. If you don't have any idea what might (or what you want to) happen, you're not likely to be very confident about your future. To achieve true financial confidence, you need a plan. Having a financial plan will also help you prepare to cope with an uncertain world.

Why is a financial plan so important? It brings together all the threads of your financial life. Having a solid plan in place that covers everything from preparing for emergencies to planning for retirement is key to boosting your financial confidence.

4. Get help. Getting reliable advice from an outside expert can greatly improve your financial confidence. Just like a doctor supports and guides you in making decisions about your health, and a personal trainer is there to encourage and motivate you to get fit, a financial advisor is there to make sure you're sticking to your financial plan. ❍❍❍

Keep Saving after Retirement

You shouldn't stop saving just because you're retired. Carefully managing your money and looking for ways to save will help ensure you remain financially fit during retirement. Consider these tips:

- ❍ **Construct a financial plan.** Most retirees fear they'll run out of money during retirement. To ease those fears, create a financial plan detailing how much money will be obtained from what sources and how that income will be spent. Make sure your annual withdrawal amount won't cause you to deplete your savings. Review your plan annually to ensure you stay on course.
- ❍ **Consider part-time employment.** Especially if you retire at a relatively young age, you might want to work on at least a part-time basis. Even earning a modest amount can help significantly with retirement expenses. However, if you receive Social Security benefits and are between the ages of 62 and full retirement age, you will lose $1 of benefits for every $2 of earnings above $22,320 in 2024. You might want to keep your income below that threshold or delay Social Security benefits until later in retirement.
- ❍ **Contribute to your 401(k) plan or individual retirement account (IRA).** If you work after retirement, put some of your income into a 401(k) plan or IRA. As long as you have earned income and meet the eligibility requirements, you can contribute to these plans.
- ❍ **Try before you buy.** Want to relocate to another city or purchase a recreational vehicle to travel around the country? Before you buy a home in an unfamiliar city or purchase an expensive recreational vehicle, try renting first.
- ❍ **Keep debt to a minimum.** Most consumer loans and credit cards charge high interest rates that aren't tax deductible. During retirement, that can put a serious strain on your finances. If you can't pay cash, avoid the purchase.
- ❍ **Look for deals.** Take the time to shop wisely, not just at stores, but for all purchases. When was the last time you compared prices for auto or home insurance? Can you find a credit card with lower fees and interest rates? When did you last refinance your mortgage? ❍❍❍

Financial Data

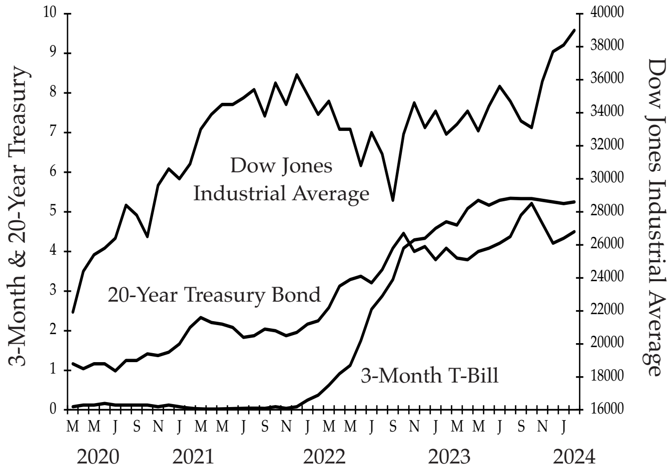
Indicator	Dec-23 (Month-end)	Jan-24 (Month-end)	Feb-24 (Month-end)	Dec-23 (Month-end)	Feb-23 (Month-end)
Prime rate	8.50	8.50	8.50	8.50	7.75
Money market rate	0.48	0.50	0.51	0.48	0.47
3-month T-bill yield	5.26	5.21	5.26	5.26	4.75
10-year T-bond yield	3.88	3.99	4.25	3.88	3.92
20-year T-bond yield	4.20	4.34	4.51	4.20	4.10
Dow Jones Corp.	5.17	5.31	5.49	5.17	5.65
30-year fixed mortgage	7.09	7.14	7.47	7.09	7.07
GDP (adj. annual rate)#	+2.10	+4.90	+3.30	+3.30	+2.60

Indicator	Dec-23 (Month-end)	Jan-24 (Month-end)	Feb-24 (Month-end)	YTD (% Change)	12-Mon. (% Change)
Dow Jones Industrials	37689.54	38150.30	38996.39	3.5%	19.4%
Standard & Poor's 500	4769.83	4845.65	5096.27	6.8%	28.4%
Nasdaq Composite	15011.35	15164.01	16091.92	7.2%	40.5%
Gold	2068.67	2053.25	2048.05	-1.0%	12.2%
Consumer price index@	307.05	306.75	308.42	0.4%	3.1%
Unemployment rate@	3.70	3.70	3.70	0.0%	8.8%

\# — 2nd, 3rd, 4th quarter @ — Nov, Dec, Jan Sources: *Barron's, Wall Street Journal*

4-Year Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield

March 2020 to February 2024



Past performance is not a guarantee of future results.

News and Announcements

Be Prepared

What would happen to your family if you suddenly became seriously ill and could not work for several months or several years? If you passed away at this time, what would happen to your family's finances? How would your family be impacted if a member had to go into a nursing home?

These are not things we want to consider. In fact, most of us don't want to think about them at all. Many of us think we are immortal and will go on working and providing for ourselves and our families until normal retirement age and beyond. We think of premature death or physical disability as something happening to someone else's family.

Even current retirees need to consider the financial risk of a serious illness or nursing home confinement. The time to do that checkup is now, while you are currently healthy. If you wait until a change in your health, it may be too late. You may then be uninsurable or your options might otherwise be limited by not having been prepared. The financial consequences could be catastrophic. ❍❍❍

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George Reichl