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FROM THE DESK OF THE LEV ROURK GROUP

U P D A T E

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Retirement Planning: Decade by Decade

Retirement planning is a lifelong process. Below are some of the key retirement planning actions you need to be taking from your 20s through your 60s.

Your 20s

Start saving. The sooner you can start saving for retirement, the less you'll have to save overall. If you start saving $5,000 per year at age 25, you'll have just under $775,000 by age 65, assuming annual returns of 6%. Wait until age 35 to start saving and you'll have about $395,000 — more than $300,000 less. Also, since you're still decades away from your retirement date, don't be afraid to take some risk with your investments. You'll have to stomach some ups and downs, but earning higher returns from equity (or stock) investments now means more money (and less to save) as you get older.

Other steps to take when you're young: start budgeting, avoid debt, and save for other goals, like buying a house. Even if you're not earning a lot right now, adopting healthy money habits today will pay big dividends later in life.

Your 30s

As you enter your 30s, your income is probably heading upward and your life is beginning to stabilize. You may find you can contribute more to your retirement savings accounts than you could in your 20s. As your income increases, consider increasing your retirement contributions by the amount of your annual raise so you don't fall behind on saving. Reassess your savings rate and consider meeting with a financial advisor to make sure you're saving as much as you can — and investing it well.

Your 40s

You're at the halfway point to

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5 Reasons to Start Saving

If you're interested in getting started with saving, or if you want to save more, here are five reasons to help keep you motivated.

1. You'll Be Prepared for Emergencies. Without cash on hand to cover these irregular but inevitable costs, you're more likely to turn to credit cards or loans when the need arises.

2. You'll Be More Independent. With a healthy amount of savings, you can feel more free to take risks, like starting your own business, heading back to school to train for a new career, purchasing a home of your own, or moving to a new city.

3. You'll Be Able to Reach Your Goals. Whatever your dreams, they likely have one thing in common — you're probably going to need some money if you want them to become a reality. Few of those dreams are achievable if you don't save for them.

4. You'll Be Able to Earn More Money. Depending on where you save and invest your money, you can earn more just by being diligent about saving, rather than spending. And because of the power of compounding earnings, even relatively small amounts can grow significantly, provided you don't touch your principal.

5. You'll Be Happier. No one wants to suggest that money is the only thing that can make us happy. But there's also evidence that *saving* money, even in small amounts, can make you happier. In contrast, having debt (often a consequence of a lack of savings) tends to lead to more unhappiness. ✔✔✔

Retirement Planning

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retirement. If you've been saving for the past 10 or 20 years, you should have a nice nest egg by now. If you haven't gotten serious about saving, now is the time to do so. You'll have to be fairly aggressive, but you still have some time to build a respectable financial cushion. Whether you're an accomplished saver or just getting started, you may also want to consider meeting with a financial advisor to help you make sure you're saving enough to meet your goals and investing in the best way possible.

A special note: people in their late 40s and early 50s are often looking at steep college tuition bills for their children. Don't make the mistake of sacrificing your retirement goals to pay for your children's college educations. Stay focused and on track, so your children don't have to jeopardize their financial future to support you as you get older.

Your 50s

Once you turn 50, you have the option to make catch-up contributions to retirement savings accounts like 401(k)s and IRAs. You can save an additional $7,500 a year in your 401(k) plan and $1,000 a year in your IRA in 2025. That's great news if you're already maxing out your savings in those accounts.

Your fifth decade is also the time to start thinking seriously about what's going to happen when you retire — when exactly you're going to stop working, where you want to live, whether you plan to work in retirement, and other lifestyle items. It's also the time to take stock of your overall financial situation. You'll still want to keep saving as much as you can, but you may also want to make an extra effort to be debt-free at retirement by paying special attention to paying off your mortgage, car loans, credit card debt, and any remaining student loans.

Your 60s

Retirement is just a few years away. If you haven't already, you'll want to dial down the risk in your portfolio so you don't take a large loss on the eve of your retirement. You'll also want to start thinking about a firm retirement date and estimating your expected expenses and income in retirement. If your calculations show you're falling short, it's better to know before you stop working. You can make up a shortfall in a number of ways — reducing living expenses, working a bit longer, and even delaying Social Security payments so you get a larger check.

Whatever your age, the key to retirement is having a plan and consistently executing that plan. Not sure how to get started? Please call so we can discuss this in more detail. ✔✔✔

Discuss Your Estate with Your Family

It is essential to have this conversation with your family so they know what to expect, understand why you made certain decisions, and have time to absorb and accept your decisions.

Choose the Right Person for the Right Job — Try to take the emotion out of your decisions and select the people who will be best at certain tasks. The roles can range from being the executor of the estate, to the guardian of your children, to making medical decisions on your behalf.

Prepare the Appropriate Documents — These documents may include: your will, trust, durable power of attorney, healthcare power of attorney, and guardianship designations.

Before you have the conversation, you should have the proper paperwork with copies for all involved individuals, so there is no room for misinterpretation.

Prepare for the Conversation — You'll want to take the time to think through this conversation and anticipate the questions people will have. You will want them to understand what your goals are for the estate plan, what the various roles are and what they entail, and why certain people were chosen for certain roles.

It is important to think through your family dynamic in approaching this conversation. Should it be a more formal conversation that includes an attorney or financial advisor to help explain the roles and your choices? Should it be more casual discussion around the dinner table with only family?

Either way, you will want to make sure you set ground rules to avoid confrontation. You will want people to express their thoughts but if it becomes argumentative, let them know the meeting will be canceled until it can be discussed rationally.

Keep the Conversation Going — Let your family know this will be an ongoing discussion as circumstances change, such as new marriages, new children, divorce, etc. By having regular conversations, you can avoid the "Mom would have wanted this" argument. Setting this expectation can help prevent future family tension. ✔✔✔

Take Charge of Your Debt

One of the surest ways to sabotage your financial goals is to take on an excessive amount of debt. If debt is hampering your ability to pursue your financial goals, consider these strategies:

✔**Get a handle on your debt.** List all your debts and monthly payments, sorting them from highest to lowest interest rates. Then calculate your debt ratio, which equals your monthly debt payments (excluding your mortgage) divided by your monthly net income. The general rule of thumb is your debt should not exceed 10% to 15% of your net income. Yet don't become complacent if your debt is in this range, since even that amount consumes a large portion of your monthly income.

✔**Watch your credit card debt closely.** Credit card balances typically carry higher interest rates that are not tax deductible. The best strategy is to only use credit cards if you can pay the balance in full, thus eliminating interest payments. If you can't manage that, at least make sure to pay more than the minimum payment. If you carry a balance on your credit card, call the company and ask for a lower interest rate. Those having difficulty controlling credit card purchases should consider more drastic measures, such as refraining from using credit cards until debt is under control. Instead, only use cash or a debit card, which automatically deducts charges from your bank account.

✔**Don't prepay your mortgage unless all other debts are paid in full.** In general, interest paid on mortgages that originated in 2018 or later with balances of up to $750,000 and mortgages that originated before 2018 with balances of up to $1,000,000 is deductible on your federal tax return, provided you itemize deductions. Interest on up to $100,000 of a home equity loan is also deductible as long as the proceeds were used to buy, build, or substantially improve the home that secures the loan. Also, interest rates on mortgages and home-equity loans are typically lower than rates on other consumer debts. Thus, you should pay off your consumer loans before paying down your mortgage. Start by paying extra on the card with the highest interest rate. Once that debt is paid in full, move on to the next highest interest rate, continuing until all your debt is paid in full.

✔**Be cautious when using a home-equity loan to pay off consumer debts.** While it may be a good strategy in theory to replace higher interest consumer debt with a lower interest home-equity loan with tax-deductible interest, the danger is that you will just run your consumer debts up again. Only use this strategy if you make sure not to overuse your credit cards in the future.

✔**Work on your spending habits.** Face it, you're probably in this situation because you have trouble controlling your spending. Put yourself on a budget and stick to it. Look for ways to reduce spending, so you'll have more money to pay down debt.

✔**Compare interest rates at several lenders.** Interest rates can vary significantly among lenders, so periodically review all your debt to see if less expensive options are available.

✔**Don't purchase items on credit that don't appreciate in value.** Use cash for items like clothing, vacations, entertainment, and dining out. Most people find it harder to spend cash than to charge a purchase on a credit card. Hopefully, that will cut down on your spending, but if not, at least you won't be paying interest on top of it.

✔**Consider using savings to pay off consumer debts.** Since you don't get a tax deduction for interest payments on consumer debts, paying off a credit card balance with an 18% interest equates to a 24% pretax return for those in the 24% tax bracket. If you aren't earning at least that amount on your savings, pay down your debt.

Managing your debt wisely can have a significant impact on your financial situation. Please call if you'd like help getting your debt under control. ✔✔✔

Your Parents' Estate Plans

Estate planning can be a difficult subject to discuss with your parents. You don't want to seem concerned about how much money they may eventually leave you, while they may fear you are interfering with their finances. You don't need to know the specifics about who will receive what, but you should find out:

✔ **Where important estate planning documents are located.** Make sure documents are in place so their wishes will be carried out. Find out if they have a durable power of attorney and a health care proxy. With a durable power of attorney, they designate someone to control their financial affairs if they become incapacitated. A health care proxy delegates health care decisions to a third person when your parent can't make the decisions.

✔ **How to contact their advisors.** Ask for a list of names, addresses, and phone numbers of lawyers, accountants, and financial advisors.

✔ **Their rationale for distributing their estate.** Often, when heirs understand why an estate is being distributed in a particular manner, it can prevent problems among those heirs.

✔ **Preferences for the future.** Find out where your parents would like to live if they're not physically able to live in their current home. Do they want to move in with relatives or live in an assisted-living facility? Discuss in detail what procedures they want performed to prolong life in the event of a terminal illness. Determine their preferences for funeral arrangements. ✔✔✔

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Market Data

	Month End			% Change	
Stocks:	Apr 25	Mar 25	Feb 25	YTD	12-Mon.
Dow Jones Ind.	40669.36	42001.76	43840.91	-4.4%	7.5%
S&P 500	5569.06	5611.85	5954.50	-5.3	10.6
Nasdaq Comp.	17446.34	17299.29	18847.28	-9.7	11.4
Total Stock Market	54949.64	55374.92	58939.00	-5.9	9.8
Precious Metals:					
Gold	3302.05	3115.10	2834.55	26.2	43.1
Silver	32.72	33.83	31.07	11.1	23.8
Interest Rates:	Apr 25	Mar 25	Feb 25	Dec 24	Apr 24
Prime rate	7.50	7.50	7.50	7.50	8.50
Money market rate	0.45	0.45	0.41	0.42	0.48
3-month T-bill rate	4.20	4.21	4.20	4.23	5.25
20-year T-bond rate	4.68	4.62	4.55	4.86	4.90
Dow Jones Corp.	5.38	5.37	5.24	5.45	5.84
Bond Buyer Muni	4.93	4.62	4.38	4.46	4.48

Sources: Barron's, Wall Street Journal. An investor may not invest directly in an index.

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