

FROM THE DESK OF THE LEV ROURK GROUP

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Pump Up Your Retirement Savings

Don't just give up on your retirement goals if you find you've entered middle age with little to no retirement savings. Sure, it may be harder to reach your retirement goals than if you had started saving in your 20s or 30s, but here are some strategies to consider:

✓ **Reanalyze your retirement goals.** First, thoroughly analyze your situation, calculating how much you need for retirement, what income sources will be available, how much you have saved, and how much you need to save annually to reach your goals. If you can't save that amount, it may be time to change your goals. Consider postponing retirement for a few years so you have more time to accumulate savings as well as delay withdrawals from those savings. Think about working after retirement on at least a part-time basis. Even a modest amount of income after retirement can substantially reduce the amount you need to save for retirement. Look at lowering your expectations, possibly traveling less, or moving to a less expensive city or a smaller home.

✓ **Contribute the maximum to your 401(k) plan.** Your contributions, up to a maximum of \$23,500 in 2025 and \$24,500 in 2026, are deducted from your

current-year gross income. If you are age 50 or older, your plan may allow an additional \$7,500 in 2025 and \$8,000 in 2026 catch-up contributions, bringing your maximum contribution to \$31,000 in 2025 and \$32,500 in 2026. Find out if your employer offers a Roth 401(k)

option. Even though you won't get a current-year tax deduction for your contributions, qualified withdrawals can be taken free of income taxes. If your employer matches contributions, you are essentially losing money when you don't contribute

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Fun Ways to Save

Most people don't think saving money is exciting, but there are ways to make it fun. Check out these ideas for fun ways to save:

Make It a Competition — You and your spouse, or maybe two of your teenagers, can challenge each other to a "save-off." Set a timeframe and a savings metric to determine the winner. Most people love a good challenge, and this is a great way to jump start your savings. Make sure the prize doesn't claim everything you've saved. Think of something that doesn't cost a lot of money, like the loser has to wash the winner's car or make a homemade meal.

Create a Savings Thermometer — Let the kids create a large thermometer out of poster board, then write a saving goal at the top and hang it somewhere in the house where everyone can see it. Each week, let your children color the thermometer based on how much was saved. The top of the thermometer could represent a prize that everyone in the family wants.

Have a Family Garage Sale — A great way to clean out your house is for everyone to go through their things to find clothes, toys, and other household items that they no longer use or need. Let your children help coordinate the garage sale, develop the advertising for the sale, and be part of the sales team during the sale.

Find Inexpensive Family Fun — Not every outing with your kids needs to include spending a lot of money. Go to a local park, plant a garden together, or play a family game of baseball or volleyball. The point is to spend time as a family, not to spend money. ✓✓✓

Pump Up

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enough to receive the maximum matching contribution. Matching contributions can help significantly with your retirement savings. For example, assume your employer matches 50 cents on every dollar you contribute, up to a maximum of 6% of your pay. If you earn \$75,000 and contribute 6% of your pay, you would contribute \$4,500 and your employer would contribute an additional \$2,250.

✓ **Look into individual retirement accounts (IRAs).** You can contribute a maximum of \$7,000 in 2025 and \$7,500 in 2026 to an IRA, plus an additional \$1,000 in 2025 and \$1,100 in 2026 catch-up contributions if you are age 50 or older. Even if you participate in a company-sponsored retirement plan, you can make contributions to an IRA provided your adjusted gross income does not exceed certain limits.

✓ **Reduce your preretirement expenses.** Typically, you'll want a retirement lifestyle similar to your lifestyle before retirement. Become a big saver now and you enjoy two advantages. First, you save significant sums for your retirement. Second, you're living on much less than you're earning, so you'll need less for retirement. For instance, if you live on 100% of your income, you'll have nothing left to save toward retirement. At retirement, you'll probably need close to 100% of your income to continue your current lifestyle. With savings of 10%, you're living on 90% of your income. At retirement, you'll probably be able to maintain your standard of living with 90% of your current income.

✓ **Move to a smaller home.** As part of your efforts to reduce

your preretirement lifestyle, consider selling your home and moving to a smaller one, especially if you have significant equity in your home. If you've lived in your home for at least two of the previous five years, you can exclude \$250,000 of gain if you are a single taxpayer and \$500,000 of gain if you are married filing jointly. At a minimum, this strategy will reduce your living expenses so you can save more.

✓ **Substantially increase your savings as you approach retirement.** Typically, your last years of employment are your peak earning years. Instead of increasing your lifestyle as your pay increases, save

all pay raises. Anytime you pay off a major bill, take the money that was going toward that bill and put it in your retirement savings.

✓ **Restructure your debt.** Check whether refinancing will reduce your monthly mortgage payment. Find less costly options for consumer debts, including credit cards with high interest rates. Systematically pay down your debts. And most important — don't incur any new debt. If you can't pay cash for something, don't buy it.

✓ **Stay committed to your goals.** Please call if you'd like help reviewing your retirement savings program. ✓✓✓

4 Reasons Your Child Should Work

Don't feel guilty about your child working while attending college or feel that a part-time job will only interfere with their studies. Working as little as a few hours a week can be remarkably beneficial.

It Boosts Accountability — Encouraging your child to work part-time and set a portion of their earnings away for college can give them a much better appreciation for their college education. Nonworking students can struggle to understand just how expensive tuition and living expenses are.

It Can Cut Down on Costs — Even the smallest contributions can quickly accumulate, decreasing the balance of their tuition bill, paying for the new laptop they need, or cutting down on the monthly student loan payments they'll owe after graduation.

It Teaches Life Skills — Whether they're answering phones or delivering pizzas, part-time jobs

provide teenagers and young adults with a different set of skills than what they'll derive in class. Because they're interacting more with adults in a real-world setting, they'll develop vital communication and problem-solving skills that they'll need in their post-college career much sooner, which could lead to greater opportunities earlier on. Moreover, regardless of whether they're in high school or college, working even a few hours a week while attending school allows them to master work-life balance, so they're better equipped for the realities of adulthood.

It Encourages Networking — There's a well-known saying that success is closely linked with who you know. Sure, they'll make friends in the dorm, but a part-time job encourages them to connect with peers on a different level that could lead to valuable opportunities in the future. A job allows them to further develop their individual talents and strengths. ✓✓✓

Should You Borrow from Your 401(k) Plan?

For many people, their 401(k) account represents one of their largest financial assets. While designed to provide a source of income in retirement, the Internal Revenue Service (IRS) allows plan sponsors to permit participants to borrow from their accounts before they retire.

But tapping into your 401(k) may jeopardize the lifestyle you're hoping for once you retire. So is it ever okay to borrow from your 401(k) plan?

The general consensus is that spending today what you've put away for tomorrow is a bad idea, especially if you're planning to spend on discretionary purchases. If you're using your account as an alternative to a credit card, it's most likely a sign that you're living beyond your means and should probably look for ways to cut back your spending.

However, under certain circumstances, borrowing from your 401(k) plan may make financial sense. Before you take out a plan loan, though, it's important to weigh the pros and cons.

The Advantages of 401(k) Loans

If your family is suffering financial distress and your credit is poor, a 401(k) loan might be your only option for a loan.

The terms can also be quite generous: you're allowed to borrow half of your account value, to a maximum of \$50,000, and the rate is generally very competitive with rates on unsecured consumer loans — typically 1% above the prime rate, although this will vary by plan.

Finally, application fees, if your plan charges them, are generally much lower than bank fees.

Plans must also allow hardship withdrawals, but specific requirements must be met to qualify. In addition, the withdrawal is subject to income taxes and early withdrawal penalties.

Because a 401(k) loan isn't subject to income tax or penalties, it's likely a better alternative.

In addition, because you're paying yourself back with interest, your loan retains some value as an asset that provides a positive return.

The Disadvantages

The first thing to realize is that you must repay the balance with interest within five years, unless the proceeds are being used to purchase a principal residence (then you can repay over a longer time period).

Next, consider how secure your job is, because if you no longer work for your plan sponsor, you may have to repay the entire loan balance within 90 days.

Otherwise, that amount is considered a withdrawal; and if you're not yet at least 59½ years old, you'll owe a 10% penalty in addition to income taxes.

A plan loan also presents some other possible disadvantages:

Opportunity Cost. Money taken out of your plan can't take advantage of bull markets. So even though your interest payments are providing some return, having your money out of the stock market could significantly reduce how much you'll have when you're ready to retire.

Suspended 401(k) Contributions. Make sure you won't have to reduce or stop new 401(k) contributions because you are struggling to make your loan payments.

Taxation. Loan payments are made from after-tax income, and interest paid on the loan is not tax deductible. Thus, other types of loans, such as home-equity loans, may be cheaper on an after-tax basis.

If you're seriously thinking about taking out a loan from your qualified retirement plan, it's important to assess its short- and long-term consequences and consider alternatives.

Please call if you'd like to discuss this in more detail. ✓✓✓



Pay Yourself First

The advice sounds simple enough — to force yourself to save regularly, treat those savings as a bill to yourself and pay that bill first every month. But when you're faced with a stack of bills, you're likely to

skip paying yourself for at least another month. Here are some ways to start paying yourself first:

✓ **Reduce spending, diverting those reductions to savings.** One way to accomplish this is to cut back on your spending. But for many people, this feels too much like sacrifice, making it difficult to stick with this strategy. Another alternative is to find ways to spend less for the same items. For instance, get quotes for your car and home insurance from several companies. Or find ways to reduce your borrowing costs.

✓ **Save all unexpected income.** Immediately save any money from tax refunds, bonuses, cash gifts, and inheritances. Put any raises into savings.

✓ **Make saving automatic.** Resolve to immediately set up an investment account that automatically deducts money from your bank account every month. As you get used to saving on a regular basis, increase the amount periodically. *(Keep in mind that any automatic investing plan, such as dollar cost averaging, does not assure a profit or protect against loss in declining markets. Because such a strategy involves periodic investment, consider your financial ability and willingness to continue purchases through periods of low price levels.)*
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Market Data



	MONTH END			% CHANGE	
	NOV 25	OCT 25	SEP 25	YTD	12-MON.
STOCKS:					
Dow Jones Ind.	47716.42	47562.87	46397.89	12.2%	6.2%
S&P 500	6849.09	6840.20	6688.46	16.4	13.5
Nasdaq Comp.	23365.69	23724.96	22660.01	21.0	21.6
Total Stock Market	67583.58	67554.23	66145.67	15.7	12.1
PRECIOUS METALS:					
Gold	4218.30	3982.20	3820.00	61.2	59.7
Silver	56.45	47.99	46.15	91.7	87.7
INTEREST RATES:	NOV 25	OCT 25	SEP 25	DEC 24	NOV 24
Prime rate	7.00	7.00	7.25	7.50	7.75
Money market rate	0.43	0.44	0.45	0.42	0.43
3-month T-bill rate	3.75	3.73	3.86	4.23	4.42
20-year T-bond rate	4.62	4.65	4.71	4.86	4.45
Dow Jones Corp.	4.92	4.92	5.01	5.45	5.23
Bond Buyer Muni	4.76	4.51	4.66	4.46	4.26

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

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