



COMPASS
PLANNING ASSOCIATES

Fee-Only Financial and Investment Planning

(888) 320-9993



On Course

March 29, 2016

Volume 16, #3

Welcome! It could be a birthday, the retirement of a co-worker, or an article that makes you realize you're not where you want to be on your retirement savings. Well, that's good because the sooner you focus on it, the sooner your nest egg will begin to grow. This month, we're talking about three effective ways to jump start your efforts.

If you want advice on how to do a better job preparing for retirement, remember we're here to help you stay *On Course!*

-Jennifer Lane, CFP

In This Issue

[Retirement savings catch up](#)

[Question & Answer](#)

[What's New](#)

[Monthly Tip](#)



Jennifer's Hint

Don't forgo emergency-fund saving in order to contribute to a retirement plan. Retirement plan withdrawals are often taxable and can carry penalties, so you shouldn't rely on them for short-term expenses or emergencies. Be sure you have both emergency money in a savings account and money invested toward your retirement.

Get more tips in Jennifer's book

Catch Up on Retirement Savings

This month we're discussing three ways to help you catch up on your retirement preparations by saving more, working more, and spending less.

Ramp up your savings

- Make sure you are putting away the maximum you can in your 401(k), 403(b), Roth IRA, or traditional IRA. Take advantage of all the catch-up contributions allowed once you reach age 50.
- If you have a source of self-employed income, you can open a SEP IRA or Solo 401(k) to increase your retirement savings.
- Save as much as you can from your income -- try to put away 10 percent of your gross income.
- Get rid of all your debt, including car loans. For every dollar you pay off, you get an immediate pay back.
- Study your spending to see if you can cut chunks out of your budget by finding better insurance rates or phone and cable tv plans.

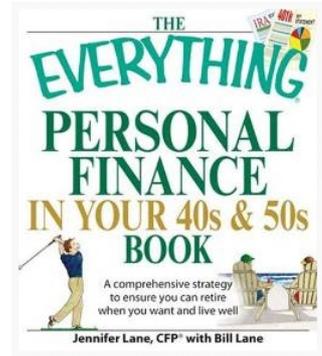
Work longer

- You may have to work longer to achieve the savings you need to retire. It's not a bad thing as it will give you more earnings and allow your old and new savings to continue to grow.
- You will be able to delay receiving Social Security until age 70, which can give you seven to eight percent higher monthly benefits each year you are able to postpone collecting Social Security.

- If you go back to work full or part time, you won't be alone as many retirees are doing just that.

Consider downsizing

- If you have built equity in your house and feel too behind on savings, you can consider downsizing.
- Selling and moving to a smaller home can really cut down on expenses.
- You could also consider retiring to a place where the cost of living will make your savings last longer.
- This tactic is the most daring of the three strategies, but, depending on your situation, it might be the right one to get you to your goal...



([click here for link](#))

Q&A

Q: I turned 70 this year, but I'm still working. I am thinking of transferring my IRA into my 401(k) to avoid having to make required withdrawals. Is that a good idea?

-- Susie, Middleborough

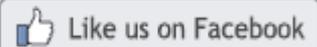
A: Susie, the short answer is that it depends. Grab your pencil! You'll need to know your current tax bracket and estimate your tax bracket later to see where your advantage is. You should also check your 401(k) expenses versus your IRA expenses, e.g., if the 401(k) expenses are higher, then it might not make sense. And, last, your social security can be taxed based on your income so do some calculations on whether you'll save money on SS taxes if you do not need to take your RMD (required minimum distribution). Good luck!!

Helpful Websites

[my Social Security](#)

[Publication 590-B](#)

[RetirementJobs.com](#)



What's New

- Jennifer's advice appears in an article, [When It Makes More Sense to Rent a Home Instead of Buying](#), which appeared in *Forbes Personal Finance*.
- Jennifer recently answered NECN viewer questions about [Getting Taxes Done](#). Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 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 2016 Compass Planning