Plan for the future you desire.
Making change work for you

In the last issue of Educated Investor, we presented four options for handling your retirement savings when leaving your job. We also shared why the decision you make may be crucial to your long-term financial security.

In this issue of Educated Investor, we explore ways to make change work for you. Specifically, we share tips and strategies that can help you navigate the opportunities and challenges of change in the workplace. Whether you’re moving up in your career or winding down, BMO Retirement Services is here to help you put your retirement savings to work for you.
Getting started

**Moving up: five tips to prepare for the next step in your career**

According to a recent study, the pending retirement of 80 million baby boomers (born 1946–1963) may be good news for today’s youngest generation of American workers, the so-called Millennials or Gen Y generation X (born 1980–1995). In fact, many hiring managers expect Millennials to enter leadership positions at a younger age and to see their careers fast-tracked like no generation before them.

How can you prepare for the next step in your career? Consider the following practical tips:

1. **Conduct an honest self-assessment of your professional skills.**
   
   Think about your strengths and weaknesses. Then identify what you do and don’t enjoy at work. What skill gaps do you need to fill in order to reach your next career goal and, equally important, what can you do to bridge them? Whatever action you decide to take — education, coaching or on-the-job training — make a specific plan to get what you need.

2. **Be on the lookout for chances to grow.**
   
   Be aware of the opportunities around you, starting within your own department. Look for ways to enhance or even expand your current role so that it stretches your level of responsibility. Going the extra mile in your work can earn you recognition as a team player.

3. **Learn to work independently.**
   
   In an environment where workers are challenged to do more with less, take initiative in how you approach your job. Being a self-starter will challenge you to learn and grow; it will also free your boss to concentrate on other things. But remember to keep your supervisor updated on what and how you’re doing.

4. **Make an impact.**
   
   Do you have ideas that may positively affect your company? Don’t be shy or embarrassed to share them. Choose some projects that are considered a challenge for your level and then work hard to see them through. Look for opportunities to create connections with senior staff around you. Seeking their guidance and support will position you as someone who cares about moving up the corporate ladder.

5. **Focus two steps ahead.**
   
   Don’t be content with where you are, at least not for long. Take time to work out how you want your job to grow, and share those plans with your boss. The more you enlist his or her support, the more likely your boss will be to advocate for you when the time comes to move up in the organization.

---


Staying on track
Leaving your job: five steps to get you back on track

Corporate downsizing, business closings, outsourcing and staff reductions: Regardless of how it happens, dealing with a change in your job status can be daunting. Yet, being able to do so is vital to your future. Here are five steps you can take now to help put your career back on track.

1. Do nothing.
Finding a new job is often the first priority after losing one. That makes sense: Meeting monthly expenses is a primary concern for most people. But the time immediately after leaving a job is a rare opportunity to reflect on what you feel most passionate about. Once you have a vision of what you want next for your career, create a plan to find and secure that job.

2. Examine your finances.
This essential step means reviewing any severance package you may be entitled to, assessing your unemployment benefits and looking at your emergency fund to see how long you can make your money last. If you have a budget, review it to see what you can trim to save on expenditures. If you don’t have a budget, make one now, so you can clearly see where your money is going each month. The goal is to keep your finances under control while you’re looking for work.

3. Secure health insurance.
Before you leave your job, ask your benefits department how long until your health benefits end. Also, get a certificate of creditable coverage. This document includes the dates that your health insurance began and ended, and proves that you were covered during that time. You’ll need this to apply for other health insurance plans.

Enroll in your spouse’s employer-sponsored plan, if possible. But watch the clock — you must request special enrollment into the plan within 30 days of losing your previous health benefits.

If you’re single or cannot get coverage under your spouse’s plan, sign up for a COBRA extension. Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), you may have the right to extend your current health plan for up to 18 months after you leave your job. Be aware, however, once you receive notice from the health insurance provider of your COBRA rights, you have only 60 days to enroll in the plan.

4. Work your connections.
Take advantage of any outplacement services your company offers you. Then, start making connections. Your network of contacts, both inside and outside your industry, can serve a valuable function. They can share with you their own experiences looking for a job, alert you to new opportunities, and provide essential introductions and references.

5. See the big picture.
Of course, losing a job is difficult. However, maintaining a positive attitude can help you deal with the uncertainties of change. Instead of looking back to what you could have done differently, focus on how you can leverage your existing skills and experience into a new and better step in your career.

Wherever you are in your career — just starting out, planning the next leg of your journey, or winding down toward retirement — change will happen. You can be ready for it by focusing on opportunities and having a plan for moving ahead. Keeping your retirement savings on track, no matter where you are, wherever you are going, your retirement plan will help you get there.
Roll your retirement savings into an Individual Retirement Account (IRA): it’s one of the first suggestions made when leaving a job. But if you’re age 55 or older, and are separated from service for any reason, it may make better sense to leave your retirement savings where they are — with your former employer. Here’s why.

Generally speaking, if you tap your employer-sponsored plan before age 59½, you’ll be subject both to ordinary income taxes and an IRS 10 percent early withdrawal penalty. However, if you leave your job and are age 55 or older, most employer-sponsored plans allow you to access your funds penalty-free (you’ll still owe current income taxes on the withdrawal). For qualified public safety employees (such as police officers or firefighters) who take a distribution from a government-defined benefit plan, this exception kicks in at age 50.

This so-called “separated-from-service exception” is available only if you terminate employment in the year in which you turn age 55, or later. It does not apply to people who left their employer prior to reaching age 55 and who want to pull money out at age 55.

Don’t think you have to withdraw all your retirement savings. Your employer’s plan may permit you to take all or part of your savings, and there is no requirement to receive further distributions. The ability to tap only part of your account can be advantageous if you want to preserve your retirement savings, but have a short-term need for cash to help bridge between jobs.

Here’s what’s important to understand about the separated-from-service exception: it does not apply to funds in a rollover IRA — even when the IRA is composed entirely of assets rolled over from an employer-sponsored plan. Any withdrawals taken from a rollover IRA are subject to a 10 percent early withdrawal penalty and current income taxes. That’s why you want to think carefully about your choices before making any decisions about your retirement plan assets when leaving a job, especially when you’re age 55 or older.
When should you apply for Social Security?
The age at which you start taking benefits can have a significant impact on the cash flow you may have throughout your golden years. Generally, you can claim Social Security any time from age 62 to 70; however, the longer you wait (up to age 70), the larger your monthly check typically will be. To learn how your benefits would be impacted at different ages, go to ssa.gov/retire2/ and click on “Discover Your Retirement Options” for the Social Security Administration’s (SSA’s) helpful retirement benefits estimator.

At first glance, it seems that everyone should wait until age 70. Not necessarily. The best time to start taking Social Security benefits depends on a number of factors, including when you stop working, how much you have in savings, whether you are healthy, whether you are single or married, and whether your spouse earns more or less than you. To help decide when to sign up for Social Security, consider five key questions:

1. Are you working?
If you are, you probably shouldn’t claim early retirement benefits, unless you really need the money to meet current expenses. That’s because until you reach full retirement age, for each $2 you earn above $14,640 in 2012, you’ll lose $1 in benefits.

If you reach age 66 in 2012, you can earn $38,880 in the months before you reach 66 without losing benefits. However, for each $3 you earn above that ceiling, you’ll lose $1 in benefits. After 66, benefits aren’t reduced no matter how much you earn. The SSA provides an online calculator at ssa.gov/OACT/cola/RTeffect.html to determine whether working will lower your retirement benefits.
2. How’s your health?
If you have been fortunate enough to remain healthy as you’ve aged, it may be worth waiting until at least full retirement age to begin collecting Social Security. This will enable you to maximize your monthly benefits. However, if you have reason to believe that you’ll have a shorter lifespan than your peers (because of family history, past illnesses or other reasons), it may not make sense to delay taking benefits. For a look at your life expectancy, go to socialsecurity.gov/OACT/population/longevity.html.

3. Are you married?
If so, when you claim benefits, you’ll be eligible for what you yourself have earned, or up to half of your living spouse’s full retirement benefit, whichever is higher. But here’s where deciding when to take benefits can get complicated.

Because married couples often combine their incomes, they can estimate their life expectancy and strategize about the best age for each to sign up for Social Security. This may enable you to maximize your benefits as a couple or for the surviving spouse. For example, if you are the higher-earning spouse, it may make sense for you to wait longer, at least until full retirement age, to claim benefits. That way, if you die first, your spouse can claim your full benefit.

4. Do you need the money now?
Claiming early benefits may make sense if you need the money to help cover essential expenses. However, don’t take Social Security early unless you’re sure you need it. Once you file for benefits, you have only 12 months to change your mind.

5. Do you have dependents?
If you do, their dependent and survivor benefits may be reduced if you claim early retirement benefits.

There are advantages and disadvantages to taking Social Security benefits at different times. That’s why it’s important to fully explore all your options.

At BMO, we’re ready to help with any of your financial needs.

Access your retirement plan account online at miretirement.com.
- View your account balances and activity
- View your personal rate of return
- View investment performance and price information
- Access tools and calculators
- View account statements and request forms

Use the My BMO Retirement Line (automated telephone system) by calling 1-800-858-3829, option 1.
- Receive your account balance
- Receive investment performance and price information
- Request account statements and forms

Speak to a BMO Retirement Services Specialist 24 hours a day by calling 1-800-858-3829, option 2.

Contact a BMO Distribution and Retirement Planning Specialist at 1-800-770-5741 for financial planning or rollover assistance.

You’re partnering with a winner!
BMO Retirement Services was ranked the #1 Retirement plan provider for the fifth year in a row! We are proud to share the results of an independent survey that was conducted with over 40 of the country’s leading retirement plan providers. Each year PLANSPONSOR® magazine conducts a survey directly with clients asking them to rank their retirement plan provider in 23 different service categories, from educational programs, online tools/services, and enrollment assistance, to knowledge and expertise, and statement accuracy.

Once again, BMO received the most Best-in-Class awards given to those providers ranking in the top quartile. For the fifth year in a row, BMO exceeded all competition, winning 78 awards; 35 more than the next competitor.

We are proud to be recognized by our clients in this way and remain committed to bringing you best-in-class service in all we do.
Insteel Industries is the nation’s largest manufacturer of steel wire reinforcing products for concrete construction applications. Insteel manufactures and markets prestressed concrete strand and welded wire reinforcement, including engineered structural mesh, concrete pipe reinforcement and standard welded wire reinforcement. Insteel’s products are primarily sold to manufacturers of concrete products that are used in nonresidential construction. Headquartered in Mount Airy, NC, Insteel operates nine manufacturing facilities located in the United States. For over 15 years, Insteel has successfully partnered with BMO Retirement Services to offer employees a best-in-class retirement plan, employee education and plan administrative services.