MAKE TIME FOR A
FINANCIAL CHECKUP.
Make Time for a Financial Checkup

Like your health, it can be easy to take your financial fitness for granted. But much like a medical exam can help you catch any health risks as early as possible, a financial checkup can help ensure your financial life is sound and keeping pace with your needs and goals as you age. To help you get started, this issue of Educated Investor is dedicated to providing some guidelines and tips to help you assess your financial wellbeing.

Setting Healthy Financial Habits

Healthy habits, like eating well and getting plenty of rest and exercise, play a crucial role in our wellbeing. The same is true when it comes to our finances. Healthy financial habits, such as setting financial goals and working toward them, can help ensure you have what it takes to live the life you want not just today, but years into the future. Here are some tips to help you evaluate where you are financially.

Review your budget (or start one).

Setting spending limits and savings goals and tracking your progress towards them is one of the most effective ways to cover your costs and keep you moving toward your financial goals. Not sure where to start? Look for online budgeting tools, such as Mint.com, that can monitor your spending and saving habits.

- If you already have a budget, make sure your current monthly income is up-to-date and that you’ve listed all of your fixed costs (such as your rent/mortgage, food, utilities and transportation), as well as, your discretionary spending (in other words, the money you spend on entertainment, travel, hobbies and other “wants”).
- Update your budget whenever your personal or financial situation changes. If your saving and spending plan isn’t aligned with your needs and values, take time to revise it so that it is.

Get serious about debt.

Like many Americans, you may be carrying significant student loans and/or credit card balances. If so:

- Have you made progress this year in reducing debt or has it increased since your last financial checkup? Mounting debt could be a sign that you need to cut spending.
• Check the interest rates on each of your student loans and/or credit cards and make sure you’re paying the lowest rate possible. You may be able to save on interest charges by consolidating and/or refinancing your loans.

• If you haven’t done so already, consider signing up for auto payment. This can help you avoid late fees or higher-interest penalties. Paying regularly and on time may also help boost your credit score.

Put retirement first.

Even if you’re trying to pay down your debt as quickly as you can, don’t put saving for future goals, such as retirement, on the back burner.

• If you haven’t enrolled in your retirement plan at work, do so now. No matter where you are in your life, it’s never too early — or too late — to start investing for retirement. To learn why, watch our video, Facts on Contributions.

• If you’re enrolled in your plan, check your latest account statement to see if you’re on pace to meet your retirement goals. If not, adjust your contribution amount today. If you can’t contribute the maximum allowed in your plan, be sure to contribute enough to qualify for any matching contributions that may be available. To learn why, read our online guide, Why Hitting the Match Matters.

Check your credit reports.

If you haven’t checked out your credit report recently, go to AnnualCreditReport.com. There, you can access one free copy of your credit report from each of the three major credit reporting agencies every 12 months.

• Review your report to make sure your credit balances are accurate and check for any irregularities that might signal identity theft.

• Learn more about how to resolve identity theft incidents from the Federal Trade Commission.
Setting Priorities

Nearly three-quarters (72 percent) of Americans report feeling stressed about money at least some of the time, and 22 percent rate their stress level as extreme, according to a recent study. What can you do to lessen the impact of money concerns in your life? Making time for a financial checkup can help you prioritize your goals and balance competing demands on your money. It also can help you protect your family and your assets against unforeseen events. Consider the following tips:

**Give your retirement savings an annual raise.**

One mistake people tend to make is putting current needs ahead of long-term goals. To learn why postponing investing for retirement is a mistake, check out our Cost of Waiting calculator.

- If you received a raise or bonus this year, consider increasing your retirement contribution accordingly. Not only will you boost your investments, the added contribution may also help you reduce your federal income tax bill as well.
- To learn more, watch our video, Save the Raise.

**Add a layer of protection.**

When you think about your most valuable asset, you may immediately focus on your home, car or other expensive possessions. Have you ever considered your ability to earn an income a valued asset? Your paycheck not only helps you meet your day-to-day expenses, it also plays an essential role in meeting your goals and aspirations for the future.

- If you already have group long-term disability (LTD) insurance at work, make sure you understand what you have and how much your plan covers.
- If you don’t have a group LTD plan or your current plan doesn’t provide sufficient coverage for your needs, consider purchasing an individual disability policy on your own.

**Review your will and other important documents.**

If you have these in place, great—you’re ahead of the game. If you don’t, now is a good time to document your estate planning needs and wishes.

- Review your will, living will, trusts (if any), and healthcare and financial powers of attorney. Marriage, divorce, births, deaths and other life changes may necessitate updating these important documents.
- If you have minor children, make sure you have guardianship provisions in place.
- Check your beneficiary designations on your retirement account(s), life insurance policies and any other financial accounts you may have to make sure they protect the person(s) who are nearest and dearest to you.

**Adjust withholding.**

Make sure your tax withholding levels are correct. This is especially important if you received a raise this year that may have pushed you into a higher tax bracket.

- Use the Internal Revenue Service (IRS) free withholding calculator to determine if you may be withholding too much or too little from your paycheck to cover your anticipated taxes for this year. Consider updating your withholdings, if needed, to potentially avoid having to pay a larger-than-anticipated tax bill come April.
- If you got married or divorced or had a child this year, make sure you update your withholding with your HR department at work.

**Check it out**

To learn why updating your beneficiary designations is so important, read our online article Four Things You Should Know About Designating Your Beneficiary.
Looking Forward to the Future

As retirement becomes more of a reality, you may find that your priorities have changed. Selling the family home and moving somewhere warm might not sound quite as appealing today as it did before you had grandchildren, for example. That’s why it’s important to consider both your lifestyle and your financial needs when setting and reviewing financial plans and goals.

**Imagine your future.**

If you haven’t done any type of retirement projections, now is a good time to see how close you are to reaching your retirement goals.

- Take a look at our pre-retirement videos for tips on how to get ready for the next exciting chapter in your life.
- Try our Retirement Income calculator to confirm that your retirement strategy is aligned with your retirement goals.

**Calculate your net worth.**

One of the best ways to measure your financial progress is to periodically review your net worth.

- Add up the value of your assets (house, cars, checking and savings accounts, investments, retirement plan assets, etc.), subtract your liabilities (any debt you may have) and see where you stand financially.
- Use your current numbers to adjust your retirement plan contributions, if needed. Take the opportunity to review your current goals and set new financial goals for your future.
- Be a high earner, you may have already hit the maximum for Social Security withholding. Use any increase in your paycheck to grow your retirement investments.
- If you’ve maxed out of your retirement plan, supplement your retirement savings with a taxable IRA or other investment accounts.

**Revisit your asset allocation.**

As you approach retirement, your investment needs may change.

- Check out our Asset Allocation calculator. As you move into your 50s and 60s, this handy tool can help review your asset allocation, based on your shorter investing horizon.
- Consider consolidating your accounts. You may find that managing your investment portfolio is easier if all of your accounts are in one place.

**Beef up your contributions.**

As retirement comes into focus, now is the time to do everything you can to boost financial security for the future.

- If you are age 50 or older, take advantage of the annual catch-up contribution allowance to add to your retirement account.

**Coming Soon!**

On Dec. 5, 2016, we will be launching our enhanced website. The user-friendly site design will allow you to visualize your retirement goals and track your progress toward reaching them. Stay tuned for more information on the enhanced website as we approach the launch date.
Maintaining Your Financial Wellbeing in Retirement

Good financial health is about recognizing the most important issues at all stages of your life. If you’re retired, that means taking what you’ve built and using it to support your lifestyle for the rest of your life.

**Did you turn 65 this year?**
If you’re no longer working and you turned 65 this year, be sure to sign up for Medicare.

- The initial enrollment period begins three months before you turn 65 and extends for three months after your birthday. If you miss this window, you could end up paying higher monthly premiums permanently.

**Check your mandatory withdrawals.**
If you are age 70½ or older, your annual required minimum distributions (RMDs) must be distributed from your retirement account(s) no later than Dec. 31. The one exception is your first RMD, which may be deferred until April 1 of the year following the year in which you turn 70½.

- Evaluate your RMD distribution(s) to avoid any end-of-year crunch in getting your request processed.
- It may be a good idea to sign up for automatic RMD distributions. That way, you won’t have to hassle with requesting your RMD each year.
- Go to the IRS website or consult a tax advisor for more information.

**Take full advantage of gifting opportunities.**
Assuming your estate is large enough to incur estate taxes, gifting to loved ones can be an effective wealth transfer strategy, effectively helping to reduce your net worth with potentially no tax consequences to you or your gift recipient.

- In 2016, each taxpayer is allowed to give $14,000 ($28,000 for married couples filing jointly) to any number of recipients without owing any taxes on the gift.
- Consider funding a grandchild or other loved one’s education. Any money you contribute on their behalf is outside your annual exclusion amount. There is no limit to how much you can contribute, as long as the payment goes directly to the educational institution.
- Check with your tax advisor to make sure you understand the tax impact of any gifts you make.

**Review your tax situation.**
As you start taking Social Security distributions and withdrawals from your tax-deferred retirement accounts, your taxable income may go up. To make sure you don’t run afoul of the IRS and incur a tax penalty:

- Take a look at how much you have sent in quarterly payments or had withheld from your retirement plan distributions.
- Determine how much more, if any, you expect to owe, based on your anticipated taxable income. The objective is to come as close to your actual tax liability each year as possible.

Check it out
If you have one or more Traditional Individual Retirement Accounts, the IRS provides a simple worksheet for calculating your Required Minimum Distributions.
We’re ready to help with any of your financial needs.

Access your retirement plan account online at www.mybmoretirement.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

Call the Participant Service Center (automated telephone system) at 1-800-858-3829, option 1.
- Receive your account balance
- Receive investment performance and price information
- Request account statements and forms

Contact a Participant Service Representative at 1-800-858-3829, option 2 for financial planning or rollover assistance.

Speak to a Participant Service Representative Monday through Friday from 7 a.m. – 11 p.m. Eastern Time (ET) and Saturday from 8 a.m. – 2 p.m. ET

We invite your comments and suggestions for topics to include in future issues.
Please write to: Educated Investor, 111 East Kilbourn Avenue, Suite 300, Milwaukee, WI 53202

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As an employee-owned company, Direct Supply prioritizes the success of its growing workforce—currently 1,300+ employees—starting with a comprehensive retirement plan. Employees are automatically enrolled at an eight percent contribution rate to maximize the generous company match. Today, 95 percent of employees are actively saving.

To help employees build a secure future, Direct Supply offers one-on-one educational sessions where attendees consult with a professional to create a custom retirement strategy. These strategies, along with OneAmerica’s support, ensure Direct Supply employees are financially prepared for their futures.

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