Dear Clients, Family and Friends:

As the first quarter of 2017 comes to a close, we are seeing a lot of volatility on the economic and political fronts. Volatility often creates a general feeling of uneasiness and as our country sets the economic and political agenda for the next few years, one thing is certain: every individual needs to enhance the way they save for the later years in their life. Costs of goods, healthcare and taxes all seem to be rising, yet household incomes are having difficulty keeping pace. In our opinion, our workforce must employ every tool available in order to help lower their current taxable base, save those hard-earned dollars and then have that money grow at a rate that keeps pace with inflation and rising costs.

Given these factors and the many unknowns, we decided to focus our February series on employer-sponsored retirement plans – specifically, the types of plans available to us, why we need to take advantage of them and how we see this area evolving over the next few years.

When I made the decision to join our practice, I took some time to analyze the common thread or tool that was really helping our retirees succeed in their post-career life. I found that an overwhelming majority of those success stories came from a group that started investing in their employer-sponsored retirement plans early on in their career, as little as $25/week, steadily increased those contributions over time and did not take early withdrawals/distributions. The successful formula was not rooted in how much they could contribute at any one moment, but in starting with a realistic dollar amount and then staying consistent over time. This is why in most meetings with our clients, our team always advocates participation in these plans, because we know they work over time if you are willing to follow the process and understand that it's a long-term investment.

What is available in the market today and how should you assess which plan is right for you?

If you are an employer, then you decide what plan you should offer and how it will benefit the owners and your team members. As an employer, you want to consider the type of plan, the amount you will be allowed to contribute, your responsibilities to match those contributions and how it will help your team members save for retirement. For employers, I have attached a good resource that outlines the types of plans and their benefits: Small Business, Big Opportunity.

For employees, the choice is more streamlined, because you are limited to what your employer offers. When evaluating a retirement plan, you should consider the amount you can contribute on an annual basis, how the employer will participate in the plan (either through a match or profit sharing) and if those contributions are subject to a vesting schedule. It will also be important to evaluate the investments in the plan, the fees and expenses that will be incurred and what options align best with your risk tolerance. An immediate benefit of these plans is that they allow the employee to reduce their annual taxable income by what they are contributing to the plan and provide for tax-deferred growth until the employee wishes to take withdrawals/distributions.

Some employers also offer after-tax options, such as a Roth IRA, which is great for employees to contribute to, because it will grow tax-free, as well as help you offset the tax liability that is built up in a Traditional IRA and/or tax-deferred retirement plan.

If I leave my employer, what should I do with my existing plan?

In today's marketplace, it is very rare that an employee will have one place of employment throughout their entire career and they will often switch companies several times. Therefore, you need to consider if you should leave the balance in your previous employer's plan, move it to the new company's plan or consolidate into an investment platform that sits outside of your employers.

Many employees struggle with the options, so either consult the current plan's advisor or your own. If you decide to move the retirement assets to your new employer or another platform, there could be tax consequences if not done properly, so make sure you evaluate all your options thoroughly.

Why is this important for everyone?

Whether you are an employer or employee, the reality is the same for us all. We are facing rising costs on all fronts and few resources to help us build for the future. Social Security was meant to keep individuals out of the poverty line, not as a main fixture in funding retirement income; thus, it is up to us to start early, save consistently and stay disciplined in doing so year after year.

The benefits of using a retirement plan are clear: they allow us to save on income taxes today, take advantage of either a company match or profit sharing, allow those dollars to grow on a tax-deferred basis and receive compounded interest over time.

We must assess retirement in a different way now and that is going to require us to take a multi-faceted approach that draws on several income streams that we build through our personal investments, corporate plans, the assistance we receive from Social Security/Medicare and then what may be left to us through a legacy. It will be necessary for us to actively adjust our Investment and Retirement Plans to ensure we are maximizing our efforts across all these areas.

The need for multiple sources of income has only reinforced how critical it is for us to utilize the corporate plans available to us and make them a significant portion of retirement savings efforts.

How can our team help you navigate this critical process?

In addition to our Individual Investment and Retirement Planning practice, our firm has over thirty years of experience in either managing or consulting on employer-sponsored retirement plans. Similar to our individual planning process, we help our clients assess the corporate benefits available in the plan, the investment options within the plan, the education/plan resources that may be available to you, fees/expenses that you are incurring and what your objectives should be over the long term. Our team understands how critical these platforms are to your Investment and Retirement Planning objectives and the importance of aligning the efforts to your specific results-based plan.

As a take-away, I have attached a guide that we often provide to employers, which helps reinforce what they should be doing to get their team members thinking about planning for the future and how a retirement plan will help them take meaningful steps in that direction: Retire Ready.

Looking forward

We hope you found this resource helpful as you continue to evaluate your Investment and Retirement Plan for 2017.

As we move towards wrapping up the first quarter of 2017, it is important to analyze how market volatility may be impacting your portfolios. In conjunction with our research partner, Tower Square, we have enclosed an article that addresses market volatility in 2016 and why diversification is still important given the economic outlook for this calendar year: Do Not Give Up On Diversification.

*A diversified portfolio does not assure a profit or protect against loss in a declining market.

If you have any questions regarding employer-sponsored retirement plans or anything related to your Investment and Retirement Planning efforts, please contact us or click on the following link to schedule a review using our new online booking tool: Book Review Today.

We look forward to the next opportunity to assist you in financially preparing for your future.

Thank You,

Matt