HOLDEN & MICKEY, INC.

Investment & Insurance Advisors

Serving Clients Since 1930

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In-Person Client Events Are Back!

After a three-year interruption due to COVID, we hosted a long-awaited client event at Forsyth Country Club this past spring. Reid Victory from Wise Man Brewing Company was our speaker and facilitator for a beer tasting. We decided to make it all fun and no business as six different types of beer were analyzed, compared, contrasted and sampled. It was wonderful to mingle with everyone again in a large setting and we noticed our clients seemed as happy as we have seen them.

Some of our prior client events have included business leaders speaking about current events and economic development in Winston Salem, higher education professionals discussing differences in generations, financial experts analyzing current economic conditions, consultants advising strategies for difficult conversations with loved ones, and Social Security and Medicare experts educating on different strategies.

It is important to us to bring our clients together for occasions that can be social and informative. We plan to do this yearly so please be on the lookout for our future events. Enjoy the rest of your summer!

▸ About Us:

Holden & Mickey, Inc. designs, implements, and monitors financial plans for high net worth individuals. Our firm has been working with clients in this area since 1930. Holden & Mickey advisors are highly credentialed and multi-generational in their focus on wealth management.

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How to save for retirement in your 40s and 50s

POSTED ON MARCH 29, 2022

By: MassMutual Staff

Will I have enough money to retire? It's a common question and one that has increased in magnitude lately - especially for people in their 40s and 50s.

Indeed, the uncomfortable truth is that only about half of Americans believe they are on track to retire when they want to, according to a recent MassMutual Consumer Sentiment Survey. And more than half worry about running out of money in retirement.

That can generate a feeling of frustration. You've been working hard for over 20 years. You've been saving as much as you can. Then, the market crashes, and your savings disappear. It's not too late to bounce back.

Even if you're 55 years old and decide that today is the day to begin saving in earnest, you still have time to build up income for retirement.

On your mark, set your priorities, go!

Determine what you want out of your retirement… what are your priorities? Sit down with a pen and paper and start a list. Empower yourself to make the important decisions today that will set tomorrow in motion:

- **When do you want to retire?**
- **Where do you want to live?**
- **What kind of lifestyle do you want to lead?**
- **Consider your current lifestyle.
Can you cut back to save more for retirement?**

These are just some of the questions you should be asking - and answering - yourself about retirement catch-up. So, take the first step and start making some decisions.

Save more, spend less.

The most obvious advice still applies: save more, spend less. But there's more to it than that.

Create a budget to help you stay on track - and actually stick to it every month. Decide where you can trim your expenses. What can you live without now so you can have more later?

If your budget isn't working, you may want to consider downsizing to a smaller home or a less expensive location to help maintain your standard of living. This may be a difficult exercise, but remember you're trying to catch up. The MassMutual Retirement Calculator can help.

Speaking of catching up, if you will be age 50 or older at the end of the calendar year, you can take advantage of **retirement catch-up contribution options** to accelerate the growth of your retirement accounts. The IRS updates contribution limits periodically; checking for the most recent information can help ensure that you are making the most of the options available to you. The bottom line: make the maximum contributions possible to your employer's retirement plan, including any available catch-up options.

Think outside the box.

There are certain financial products and savings instruments that you may not be familiar with, but that may help you get more out of your money. Many people opt to consult a financial professional to help become aware of retirement catch-up options and lay out a plan.

In addition, there may be opportunities to earn extra income, either by working extra hours or turning hobbies into side businesses, that can be considered to help catch up on retirement savings.

Delay retirement (the beach will wait for you).

People are working longer than ever before. Delaying your retirement by three years from age 62 to 65 can boost your assets significantly - thanks to the combination of making extra contributions to your employer-sponsored retirement plan, not taking withdrawals, and allowing your funds more time to grow.

In addition, if you anticipate receiving Social Security retirement benefits, it's important to understand that monthly benefits differ substantially based on when you start receiving them and the filing option you choose. For every year you postpone collecting benefits beyond your full retirement age (typically 66 or 67), you can earn an annual delayed retirement credit of up to 8 percent. That's a big bump in benefits every year up to age 70.

On the flip side, filing for benefits before your full retirement age can permanently reduce your monthly income. Benefits will decrease based on how early you retire. What's worse, if you begin receiving Social Security benefits early, your surviving spouse may not be able to receive your full Social Security benefit if you pass away.

The bottom line is that there are real steps and strategies you can take today to help secure your future. It's never too early or too late to evaluate your current retirement savings plan - or create a new one.

Retirement savings catch up: 3 moves

POSTED ON JULY 24, 2023

By: Vera Gibbons. Vera is a personal finance writer and TV commentator.

Consider this: In order to have a decent shot at maintaining your standard of living in retirement, you should have six to nine times your salary tucked away in a 401(k) or other savings accounts by your mid-50s to early 60s.

"That's as good a general rule of thumb as any, but most people don't come close to that, and some don't have anything saved," said retirement expert Mary Beth Franklin, a Certified Financial Planner® professional and contributing editor at InvestmentNews, in an interview.

Indeed, in a MassMutual survey, less than half of respondents were confident about being ready to retire at their intended age, and fewer people have determined how much income will be needed in retirement.

Granted, it's never too late to start saving for retirement, but let's not sugarcoat this. "At this stage of the game, you would need to save 40 percent of your income to reach the equivalent of what you would have had, had you started saving just 10 percent of your income in your 20s," said Liz Weston, a columnist with NerdWallet, a personal finance site.

One popular solution to close the retirement savings gap is to work longer, and while many Americans plan to, it's not necessarily a reliable solution.

After all, "there might be an illness, a financial hardship, or you may just be pushed out of job against your wishes and trying to find a comparable salary in your 50s and 60s is challenging," said Franklin. "The only thing you can control is how much you save."

That requires a retirement saving strategy. And discipline with your money.

Of the many things you can do play catch up, here are three of the most effective, applicable financial moves that will help ensure your retirement is as you envisioned.

Max out tax-advantaged retirement accounts.

One of the most straightforward ways to catch up on retirement savings is to contribute the most money you can to tax-advantaged accounts. That means maxing out the 401(k)s (at least contribute enough to capture the company match), individual retirement accounts (IRAs), or Roth IRAs. If you're self-employed, look into retirement plan options such as a SIMPLE IRA plan, a Simplified Employee Pension (SEP) plan or a solo 401(k). Those aged 50 and older are allowed to make additional, "catch-up" contributions to these retirement savings plans.

"Anyone who has the extra cash should make these contributions," said Franklin. "Over the long term, it can make a big difference in the size of your next egg." For example, if you invested an extra $1,000 annually in an IRA starting at age 50, you'd have an extra $20,800 to $15,000 in catch-up contributions plus $5,800 in earnings - saved by age 65, assuming a hypothetical 4 percent return after inflation.

Look to your home equity.

If you've got equity in your home, you may be able to tap it for retirement money in any number of ways. One option is to downsize.

Have your kids moved out of the house? Don't really need the extra two or three bedrooms? Then moving may make perfect sense for you, said personal finance expert David Bach, author of "Start Late, Finish Rich." "And you're not only going to feel freer and lighter, emotionally and spiritually, but it's going to make a big difference financially."

continued on page 4

continued from page 3

After all, selling your house for $350,000, and replacing it with one costing $275,000 boosts your retirement nest egg by $75,000. Plus, the first $250,000 in profits are tax free ($500,000 if married).

Would you rather stay in your home as you enter retirement? Consider a reverse mortgage. These government-backed loans allow older homeowners (62 years and older) to convert some of their home equity into cash. (The bank makes payments to you, and you can use the tax-free funds however you would like.) Unlike other kinds of loans, you don't have to pay back the debt immediately. Rather, the balance must be repaid when the last surviving borrower dies, sells the home, or moves out.

Sound complex? It is.

"The reverse mortgage is certainly not without risks, either," said Weston, but unlike years past, it is no longer the loan of last resort for cash-strapped homeowners in retirement. "It's now being used as part of an overall financial strategy because there are some new safeguards and policy changes that make the product more respectful."

Be strategic about Social Security

While you may be tempted to start collecting Social Security benefits as soon as you qualify (who isn't?), try to resist this temptation, said Franklin. "If you're healthy enough to delay, delay."

After all, waiting can pay off - big time. Consider this: Between the ages of 62 and 70, your Social Security benefits rise about 8 percent for each year you defer taking them. Where else can you get such a high return (guaranteed!) in today's environment? Wait until age 70, and your monthly benefit can be 76 percent higher, on an inflation-adjusted basis, than if you claimed at age 62.

"If it's not financially possible for both you and your spouse to delay, one of you can take the benefits early to bring cash into the household and alleviate the financial pressures while the higher earner holds off until age 70," said Franklin. "His or her benefits will grow and later ensure the largest possible survivor's benefit."

"This is particularly important since the surviving spouse - generally the woman - may outlive her husband for decades," said Weston. "She may have exhausted all their assets and may ultimately end up living on Social Security, which I think of as 'longevity insurance.' It protects you from being poor in old age."

According to the Social Security Administration, people turning 65 today can live well into their 80s.

Longevity is increasing. So working on a three-way strategy with your retirement accounts, home equity, and Social Security may be timely.

This story was first published in September, 2016. It has been updated.

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