



Let Freedom Ring!

4 Tips for Financial Independence in Retirement

The 4th of July is just around the corner, and we are looking forward to joining our friends and family in celebration of our great country's independence. With this anniversary of "Life, Liberty and the pursuit of Happiness," we shift our attention to helping you accomplish your individual dreams and freedoms for retirement. To tackle the complex battle of maintaining financial freedom throughout retirement, consider these four tips:

Save More

This truth may be self-evident, but it is a fundamental that bears repeating. The more you can set aside for savings and the sooner you can start, the better off you will be in retirement. If your company provides a retirement program with matching contributions, don't leave "free money" on the table! This is considered part of your compensation package, so aim to contribute at least as much as their match. The 2016 contribution limit for 401(k)s is \$18,000, (\$24,000 for those age 50+.) If you have maxed out your plan for the year or do not have a company plan available, IRA and Roth IRAs can also be funded up to \$5,500 (\$6,500 for age 50+) for 2016. Bonus Tip: You can contribute up to this amount for yourself as well as for a spouse if you file joint taxes and have at least as much earned income for the year.

Reduce Taxes

In addition to the tax deductions and advantages inherent in your retirement accounts, there are a number of considerations to build a more tax-advantaged retirement, because it is not just about what you make—it is *what you keep*. The majority of retirement savings for Americans has been accumulated in traditional pre-tax accounts. This leaves a significant tax bill to be paid when dollars are withdrawn that may have a surprising impact on take-home retirement income for those who are unprepared. From required minimum distributions (RMDs) that will start at age 70.5 to the tax implications and options of inherited IRAs for loved ones, tax planning should be a major consideration in designing a comprehensive retirement plan today to maximize the bottom line for your hard-earned dollars.

Remove Emotion

Throughout the cycles of the market, it can be easy for emotions like fear or greed to take charge; however, fireworks are best saved for celebration! Emotions tend to prompt impulsive decisions that can be counter-intuitive to long-term investment success. Rather than relying on market timing, consider a comprehensive, goal-based investment strategy rooted in professional research, analysis and oversight to help you navigate your dollars with purpose.

Create Your Own Pension

One of the greatest challenges of retirement independence today is the increasing burden on the individual to fund their own needs. Company pensions are going by the wayside, and Social Security is merely intended to serve as supplemental income, both of which are largely underfunded leaving the future of programs uncertain. To help transition a portion of your savings to fill this need for predictable lifetime income, consider building your own pension as part of your plan. Fixed indexed annuities are the vehicles that underlie pension payouts, and they come in all shapes and sizes. Fixed indexed annuities are great producing a guaranteed lifetime income stream, but do come with a surrender period that you need to be aware of. As part of your plan for financial independence, an independent financial professional can be an asset in helping you shop the best options for your needs and explaining the considerations.

With these four tips, you will be on your way to a retirement worth celebrating. To discuss how we can be of help on your journey to financial independence, please give us a call today at (256) 715-0094.

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