

Investment Options for Retirement Planning

If you're still working and earning a paycheck, we believe it's critical that you put a healthy percentage of your earnings into a retirement account. One option might be a 401(k). For many people with a 401(k), their contribution can be automatically deducted from their paycheck.

As the idea of retirement shifts from "someday" to "almost there," we typically recommend that you're maxing out contributions to your retirement accounts. The more you contribute now, the more you'll have later, when you've traded your grinding daily commute for fun road trips with your grandkids.

Think of your retirement investments as lockboxes. Inside each box are different types of retirement assets.

Taxable money. The money in this lockbox is your taxable income and includes things like your paycheck, stocks, bonds, and Social Security.

Tax-deferred money. This lockbox utilizes money that isn't taxed until you take it out. It includes your 401(k), 403(b), IRA stocks, bonds, and similar assets. Because a 401(k) is funded with pre-tax dollars, the money isn't taxed until you begin using it.

Tax-free money. Your tax-free lockbox includes indexed universal life insurance cash accounts, and life insurance benefits. Tax-free money may also include loans or partial withdrawals from a life insurance policy with cash value. When you take a loan or partial withdrawal from a life insurance policy, it's typically not subject to taxation. Policy loans and withdrawals may reduce available cash values and death benefits and may cause the policy to lapse. Additional premium payments may be required to keep the policy in force. In the event of a lapse, outstanding policy loans in excess of unrecovered cost basis will be subject to ordinary income tax. Policy loans are not subject to income tax unless the policy is classified as a modified endowment contract or MEC. However, withdrawals or partial surrenders from a non-MEC policy are subject to tax to the extent the amount distributed exceeds the owner's cost basis.

As your income increases, so do your contributions, which fuels growth in your lockboxes. Early investing also powers steady growth because your money compounds for many years. Understanding and fully harnessing the power of each lockbox is the most effective way to meet your retirement goals.

You can boost your Social Security income by earning as much as possible during your career and then waiting longer to retire. At Strategic Wealth we use the Social Security Maximization Report to help you determine the best time to file.

Here's something everyone should know: The more money you make while you're working, the greater your Social Security benefits will be. But something that isn't quite as universally

known, is that the older you are when you file for Social Security, the more your monthly check will be.

And remember at Strategic Wealth you have a secure location to view all of your lockboxes in one place. With Generational Vault, simply log in to view your financial details twenty-four hours a day, seven days a week, with our secure portal that uses a 2048 bit encryption.

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