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PARTICIPANT PERSPECTIVES

RETIREMENT SECURITY IS NOT AN IMPOSSIBLE DREAM

There are multiple small steps and strategies investors can follow to help get them to a financially secure retirement.

The road to retirement security can be filled with speed bumps and detours. Some plan participants may not be concerned about retirement because it's years away. Others reduce or eliminate plan contributions due to more immediate financial obligations. And there are those who lack the confidence to effectively manage their retirement assets.

The good news is that there are many small steps you can take to shift your retirement planning into high gear and help you move closer to a financially comfortable retirement. Here are some effective strategies to consider.

PRIORITIZE YOUR RETIREMENT SECURITY

Retirement planning may not be a priority right now. Still, it's not wise to ignore the future. The reality is that the actions you take today could have a significant impact on the quality of your future life.

By setting aside some time and effort for retirement planning now, you can increase the likelihood that you'll have the financial resources available to help you enjoy a financially secure retirement.

BOOST YOUR CONTRIBUTION LEVEL

It's not rocket science: The more you contribute to your retirement plan, the greater your potential retirement savings. If you increase your contribution amount by \$200 a month, you could potentially add an extra \$92,408 to your retirement nest egg, assuming you earn a 6% average annual total return over 20 years.¹

¹ This is a hypothetical example used for illustrative purposes only. It assumes amounts are invested monthly and monthly compounding. It does not represent the result of any particular investment. Your results will be different.

Increasing the amount you contribute may be less difficult if you can take advantage of the Saver's Credit. This tax credit is available to qualifying taxpayers who contribute to an eligible retirement savings plan or individual retirement account (IRA). It is claimed as a direct offset against a taxpayer's federal income tax.

To qualify for the credit, your income must fall within a certain range, depending on your tax filing status. The credit is for 50%, 20%, or 10% of retirement plan contributions up to \$2,000. You can find more information about the Saver's Credit on the IRS's website ([irs.gov](https://www.irs.gov)).

THINK DIVERSIFICATION

You can increase your potential for retirement security when you carefully allocate your plan contributions among the major asset classes and invest in well managed, diversified funds. While diversification does not ensure a profit or protect against loss in a declining market, it can help reduce the risk that a portfolio's overall value will be impacted if one asset class suffers a decline for an extended period. In addition, a diversified portfolio is less likely to experience the volatility common in stock concentrated portfolios.

LOOK TO BOOST YOUR ANNUAL RETURN

A one percent increase in a portfolio's average annual return compounded over time can have a significant impact on portfolio growth. Compare your investments' average annual total return against the returns of other similar investments. If it appears that your investments are underperforming, you may want to consult with an experienced financial professional to determine whether you need to alter or moderate your current investing strategy.

More importantly, your financial professional can help you identify the steps you can take to move closer to a financially comfortable retirement.

TRUSTS CAN HELP ACCOMPLISH NUMEROUS GOALS

Consider the reasons why you might create a trust to further your financial and estate planning goals.

Trusts are remarkably flexible and effective planning tools that can help protect and transfer assets to loved ones and support long-term asset management goals. Here are some reasons to consider establishing a trust.

MANAGE ASSETS

Managing significant assets requires time, effort, knowledge, and patience. Yet, you may feel that your time is better spent doing something other than investing, or you may not be completely confident that you have the necessary skills and expertise. There's also the additional concern of how you could manage your assets effectively if you became ill or injured. A trust can help to alleviate these concerns by ensuring that your assets are managed by a responsible trustee focused on preserving capital for you and your loved ones.

PROTECT YOUR ASSETS

We live in a litigious society, and lawsuits have become increasingly common. One of the most effective ways to protect your assets for the next generation is to place assets in a trust for your child instead of gifting or bequeathing them.

FACILITATE CHARITABLE GIFTS

A charitable remainder trust allows you to gift assets to the charity of your choice while providing you with a lifetime income stream. On the other hand, a charitable lead trust pays income to a charity of your choice and then returns the remaining assets to an individual beneficiary when the trust ends. Both types of trusts offer tax advantages.

PROTECT THE INTERESTS OF A MINOR

A trust can be used to manage assets for the benefit of a child or grandchild. It can be particularly helpful if you have concerns about the maturity or spending habits of a beneficiary, allowing you to stagger the trust's distributions throughout the individual's adulthood.

PROVIDE FOR A LOVED ONE WITH SPECIAL NEEDS

You can create a trust designed specifically to take care of a special needs child or adult relative after your death. A Special Needs Trust allows you to appoint and change the trustee if necessary — providing a level of assurance that your wishes will be closely followed.

TRUSTS ARE FLEXIBLE

Trusts offer individuals and families a high degree of flexibility. A trust established during your lifetime is called a living trust. One that is established within a will is referred to as a testamentary trust.

Living trusts can be revocable or irrevocable. A revocable living trust generally names you or you and your spouse as trustee(s) and beneficiaries. The creator of the trust, also known as the “grantor,” can change the trust's terms, add or withdraw funds, and end the trust if desired. With a revocable living trust, the grantor retains control over the assets.

An irrevocable trust is intended to benefit someone other than the trust's creator. In the trust agreement, the creator specifies who the trust will benefit, the manner of its operation, and the name of the person(s) (or institution) who will manage the trust. In general, you cannot change the terms of an irrevocable trust once it has been created.

Your financial professional can explain in greater detail the many ways a trust can support your financial and estate planning goals.

THE ANIMALS OF WALL STREET

How investors can identify the characteristics that define a bull market and a bear market and use that knowledge to better manage their investments.

Bulls charge and bears hibernate. Remembering that phrase can help you understand the difference between a *bull market* and a *bear market*. Investments generally perform well during a bull market and are stagnant or lose value during a bear market.

- **Bull market.** A bull market is earmarked by rising securities prices and positive market performance over a period of months or years. Investor confidence and optimism that the upward trend will continue usually accompany a bull market and often signal a strengthening economy.

But what goes up must come down, so a bull market is often followed by a . . .

- **Bear market.** A bear market is a decline of 20% or more, generally lasting 60 days or longer, in any broad equity index — such as the Dow Jones Industrial Average®, the S&P 500®, or the NASDAQ. A downturn in the economy, often associated with high unemployment and rising inflation, may lead to investor pessimism and a decreasing demand for stocks.

- **The good news.** Instead of worrying over bull or bear markets, remember that having a long-term investment horizon may help you ride out any market downturn. While past performance is no guarantee of future results, historically, the stock market has always recovered its losses over the long term.

REBOUNding BEARS

Consider these recent bear markets, how long they lasted, and the market's eventual rebound.

PERIOD OF DECLINE	FALL FROM PREVIOUS HIGH	DURATION IN MONTHS	SUBSEQUENT INCREASE
8/25/1987–12/4/1987	–33.51%	3.3	60.68%
7/16/1990–10/11/1990	–19.92%	2.8	232.74%
3/24/2000–10/9/2002	–49.15%	30.5	20.87%
10/9/2007–3/9/2009	–56.78%	17	79.93%
2/19/2020–3/23/2020	–33.90%	1.1	106.78%

Source: ChartSource®, DST Retirement Solutions, LLC, an SS&C company. The subsequent increase is measured from the bottom of the market to the next peak (last as of December 31, 2021). Stocks are represented by the daily closing price of the S&P 500 index. It is not possible to invest directly in an index. Index performance does not reflect the effects of investing in costs and taxes. Actual results would vary from benchmarks and would likely have been lower. Past performance is not a guarantee of future results.

Greenberg, Wexler & Eig, LLC
(301) 656-0660 | gwellc.com

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M Financial Group | 1125 NW Couch Street, Suite 900 | Portland, OR 97209 | 503.238.1813 | fax 503.238.1815 | mfin.com