

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

The Year in Finances

Do you wait for March to take down your holiday decorations? Coast up to the gas pumps with your tank on empty? Put off grocery shopping until the only food in the fridge is leftover meatloaf? Then chances are you're a procrastinator.

When it comes to managing your finances, procrastination can put you at risk financially and keep you from reaching your goals. If your financial checklist seems overwhelming, remember that you don't have to do everything at once. Performing tasks throughout the year can make managing your finances easier.



The Winter Months

Reviewing and updating your spending plan in January can get the year off to a good start. Track last year's income and expenses and adjust your plan accordingly. Determining your net worth -- your assets minus your liabilities -- at the same time each year provides a snapshot of your finances.

By February, you should have your W-2 from your employer(s). Gather the rest of your tax documents -- property tax receipts, mortgage interest, donation receipts, etc. -- so you're ready to meet with your tax advisor as soon as you have all your information. If you're getting money back, filing in advance of the April deadline can mean an earlier refund.

March might be a good time to check your retirement and other investment portfolios and compare their performance with a benchmark index. And if your asset allocation has changed, rebalancing can bring it back to its original mix. Note that rebalancing a portfolio may create a taxable event even if done outside of a retirement account.

Spring Ahead

Federal income tax returns are due on or around April 15. You have until the tax filing deadline to contribute to an individual retirement account (IRA) for the prior year. You have until April 1 to take the required minimum distribution (RMD) from your retirement plan account if you turned age 70½ last year and didn't take your RMD by December 31 of the prior year.

Consider designating May as "check your credit report" month. You're entitled to one free credit report annually from each of the three major credit reporting agencies: TransUnion, Experian, and Equifax. Check each report at different times of the year at www.annualcreditreport.com to stay on top of changes or suspicious activity.

In June, review your estate plan, beneficiary designations, and the individuals you've named as executor and guardian for your minor children. Changes in your family situation might require adjustments to your plan.

The Good Old Summertime

July is a good time to schedule an appointment with your financial professional to check that you're on track with pursuing your goals.

Make sure your summer fun didn't upend your budget with a review of your credit card accounts and personal loans in August. If you're not making progress with reducing your debt, come up with a plan to pay down your balances faster.

September is Life Insurance Awareness Month, so review your coverage to make sure it's adequate for your family's needs. Check your disability coverage as well, and consider buying an individual policy to supplement employer-provided coverage.

Fall Into Good Year-End Habits

October is generally the time for reviewing employee benefits and making choices for the coming year. Contributing to a flexible spending account for health and/or dependent care can lower your tax bill.

Begin year-end tax planning by November to take advantage of strategies that may help minimize your income tax obligation. Waiting too long can deprive you of opportunities.

Consider donating to charitable organizations before year-end. Contributions charged to a credit card or paid by check by December 31 may be deductible on this year's tax return.

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