Quarterly Retirement Review

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S.L. Reed & Company
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BOOSTING SAVINGS AS RETIREMENT NEARS

THE "CATCH UP" CONTRIBUTIONS

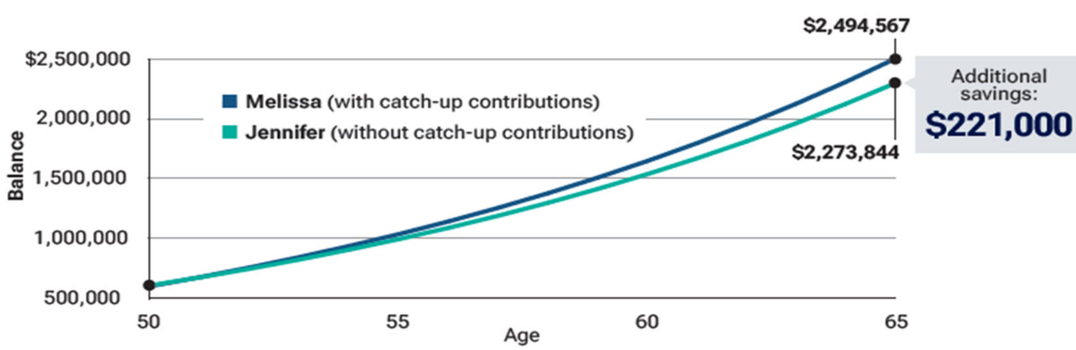
Exactly what are catch-up contributions?

They are a way to help investors save more in the years leading up to retirement.

In 2024, those age 50 or older can contribute an additional $7,500 to their 401(k) plan each year, as well as an extra $1,000 across Traditional and Roth IRAs combined. The extra boost can help investors achieve their savings targets and allow high-income earners to allocate more of their savings to tax-advantaged accounts.

The Catch-Up Effect

Melissa is able to save nearly an additional $221,000 for retirement by making catch-up contributions to her 401(k) starting at age 50.



Assumes a 7% annual return and steady contribution and catch-up limits, except for the four years between age 60 and 63 when Melissa contributes the allowable, higher catch-up amount of $11,250. All charts and tables are shown for illustrative purposes only and are not meant to represent the performance of any specific investment.

People with high incomes may have found it difficult to achieve a 15% savings target in their workplace plans due to the standard contribution limits. The availability of catch-up contributions may make it easier to set aside more funds through payroll deductions.

Source: T. Rowe Price

THE POSSIBLE IMPACT CATCH-UP CONTRIBUTIONS COULD HAVE ON RETIREMENT SAVINGS*

An investor who is able to save nearly an additional $221,000 for retirement by making catch-up contributions to an 401(k) starting at age 50.

The possible impact catch-up contributions could have on a retirement savings.

Taking advantage of the annual catch-up contribution can make a significant difference over the years left to save before retirement.

Consider the chart on page one, where two investors each earn $170,000 a year. At age 49, the investors each have $600,000 savings in their 401(k)s. They currently save up to the 401(k) contribution limits set by the IRS each year through payroll deductions of $23,000, which represents 13.5% of their salaries. When they both turn 50, however, only Investor #1 takes advantage of maximizing their 401(k) catch-up contributions, while Investor #2 continues to save only at the standard limit.

By the time both investors turn 65, Investor #1 could have saved nearly an additional $221,000 for retirement.

CAN YOU POTENTIALLY INCREASE YOUR SAVINGS?

Finding extra money in your budget to save for retirement might be difficult, but the same principles that guided your savings plan early in your career still apply when you're age 50 or older:

Save as much as you can, as early as you can.

First, ensure that you are making full use of 401(k) and IRA contribution limits to set aside 15% of your salary. This target can be achieved through a combination of saving in a Traditional or Roth 401(k) and IRA.

If needed, identify additional funds in your household budget that could be redirected toward retirement savings to reach those 2024 contribution limits and catch-up contribution limits.

If you're already a strong saver, you may have been maximizing your savings in your tax-advantaged accounts and supplemented that savings effort by setting aside money in a taxable account.

In that case, once you turn age 50 you may want to consider reallocating some of those taxable savings as catch-up contributions to your IRA or 401(k) contributions. This decision will depend on your situation, including how much you've already saved and the timing of your goals.

If you have financial goals that will occur before retirement and already have saved a substantial amount in your tax-deferred accounts, then you might want to stay flexible with your savings plan by continuing to use your taxable accounts.

**Some of the statements in this material constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, estimates, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. The forward-looking statements in this material are subject to inherent qualifications and are based on a number of assumptions. These statements are not guarantees of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements.*

INVEST IN YOUR FINANCIAL HEALTH

Investors have until April 15, 2024, to make a 2023 IRA contribution, and you can also make your 2024 contribution now. Contributing now may help to maximize the compound and growth potential of your investments.

IRA Contribution Limits

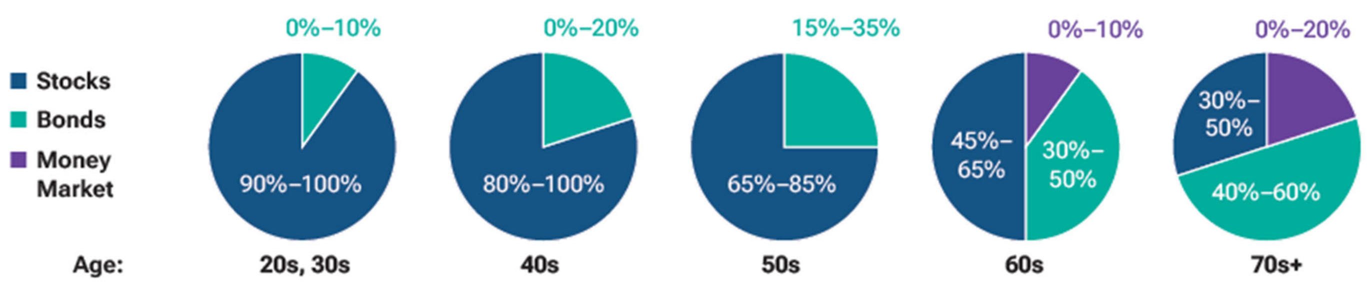
Contribution Year	Under Age 50	Age 50 and Older
2023	$6,500	$7,500
2024	$7,000	$8,000

Source: T. Rowe Price

SUGGESTIONS FOR ASSET ALLOCATIONS

Sample Asset Allocation by Age for Retirement

T. Rowe Price's sample retirement portfolios offer a good starting point for various ages and time horizons.



These allocations are age-based only and do not take risk tolerance into account. Our asset allocation models are designed to meet the needs of a hypothetical investor with an assumed retirement age of 65 and a withdrawal horizon of 30 years. The model allocations are based on an analysis that seeks to balance long-term return potential with anticipated short-term volatility. The model allocations reflect our view of appropriate levels of trade-off between potential return and short-term volatility for investors of certain age ranges. The longer the time frame for investing, the higher the allocation is to stocks (and the higher the volatility) versus bonds or cash. Investing consistent with a sample allocation does not protect against losses or guarantee future results.

Source: T. Rowe Price

2024 FINANCIAL NUMBERS TO KNOW:

2024 Financial Numbers to Know

Important figures to keep in mind throughout the year.

April 15, 2024
Deadline to make your 2023 IRA contribution[6]

Retirement Contribution Limits

Traditional and Roth IRAs

$7,000	**$8,000**
Under Age 50	Age 50 and Over

SIMPLE IRA and SIMPLE 401(k)

$16,000	**$19,500**
Under Age 50	Age 50 and Over

401(k)[1]

$23,000[2]	**$30,500**[2]
Under Age 50	Age 50 and Over

Roth IRA Income Limits[3]

Your ability to contribute to a Roth IRA depends on your modified adjusted gross income (MAGI).

Phaseout begins when MAGI hits	You cannot contribute when your MAGI hits	
$146,000	**$161,000**[4]	Single or Head of Household
$230,000	**$240,000**[4]	Married Filing Jointly or Qualifying Widow(er)[5]

Health Savings Account Contribution Limits

Maximum amount individuals with self-only plans can contribute

$4,150	**$5,150**
Under Age 55	Age 55 and Over

Maximum amount individuals with family plans can contribute

$8,300	**$9,300**
Under Age 55	Age 55 and Over

Source: T. Rowe Price

[1] The limit for 401(k) plans includes pretax and designated Roth contributions. [2] Individual plan limits may be lower. Plans may also allow after-tax contributions above this amount. [3] There are no income limits for converting Traditional IRA assets to a Roth IRA. [4] This amount refers to the taxpayer's MAGI, which does not include amounts that were converted. [5] For married taxpayers filing separately: If you did not live with your spouse at any time during the tax year, see the "single" filing status. Otherwise, your eligibility is phased out between MAGI of $0 and $10,000. [6] See IRS.gov for more information.

HAS ANYTHING CHANGED?

S.L. Reed & Company can help:

401(k) Rollover from Previous Employer
Rollover IRA out of a Retirement Plan
Traditional or ROTH IRA
Taxable Accounts
Annuities
Insurance

For Assistance Call:
Ken Kilpo (310) 893-3016

ALL INVESTMENTS INVOLVE RISK, INCLUDING POSSIBLE LOSS OF PRINCIPAL

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