Q3 • 2022 | Your Retirement Planning Newsletter

Retirement Matters

Money in Motion

When it comes to old 401(k) accounts, it pays to know your options

Like most people, you're likely to change jobs several times during your working life. And you'll likely have a 401(k) account through your former employer to deal with. Here are the four options for what to do with an old 401(k) account.

1. Leave Your Money Where It Is

If the plan allows, you can leave the assets in your former employer's 401(k) plan, where they can continue to benefit from any tax-advantaged growth. There is something to be said for having familiar investment choices, and your former employer's plan may provide access to investment choices and plan services that aren't available in your new plan.

If you've just changed employers, find out if you must maintain a minimum balance in your old plan, because many plans require a minimum balance of $5,000 to remain in the plan. You'll also want to review and understand the plan's fees, investment options and other provisions, especially if you may need to access these funds at a later time.

2. Roll Your Money Into a New Employer Plan

If you're changing jobs, you can roll your old 401(k) account assets into your new employer's plan (if permitted). Many people like the convenience of having just one account to keep track of and manage. In addition, your new employer's plan may offer investment options and services not available in your former employer's plan. This option also maintains the account's tax-advantaged status.

Find out if your new plan accepts rollovers and if there is a waiting period to move the money. If you have Roth assets in your old 401(k), make sure your new plan can accommodate them. Also, review the differences in investment options and fees between your old and new employers' 401(k) plans.

3. Roll Over Your Money to an IRA

For more retirement investment options and to maintain the tax-advantaged status of the account, roll your old 401(k) into an individual retirement account (IRA). You will have greater flexibility over access to your savings (although income taxes may apply, along with early withdrawal penalties, if you don't directly transfer the funds and are

under age 59½). Before-tax assets can roll over to a traditional IRA whereas Roth assets can roll directly to a Roth IRA. Review the differences in investment options and fees between an IRA and your old and new employers' 401(k) plans.

4. Cash Out

Cashing out your old 401(k) may have significant financial consequences. Not only are those funds considered taxable income and subject to an immediate tax withholding, you may also be subject to a 10% early withdrawal tax penalty if you cash out before age 59½. Additionally, withdrawals will lose the potential for tax-deferred growth.

The Bottom Line

If possible, choose an option that allows you to continue to benefit from your savings' tax-advantaged status and preserve and increase the growth potential of your wealth. Other important factors to consider include fees and expenses, along with available services. Please consider consulting with a tax professional.

CBIZ FIT

Focused. Inspired. Transformed.

Eliminate the Guesswork

Creating an estate plan is a key component of achieving financial wellness

Most people don't spend too much time thinking about end-of-life planning on a daily basis. But you may have loved ones who will soon face those issues. While it's not pleasant to think about, you may be the one who ends up having to sort out their affairs. In addition, there will come a time when you need to think about yourself and your own family.

In a nutshell, estate planning is writing down what you want to happen after you die. This is commonly accomplished using wills, trusts, advance directives and beneficiary designations on accounts. If you don't have an estate plan when you pass away, you force people to guess what you wanted. Guessing can place a lot of stress on your family. Creating an estate plan is actually one of the most generous things you can do for them. Here are four key reasons to create an estate plan.

Choose How To Distribute Your Assets

An estate plan allows you to allocate your assets according to your wishes. If you don't have an estate plan, your money and property may not get to the correct person. In addition, some people who get an inheritance in one big sum may have the potential to spend it all pretty quickly. Creating an estate plan identifies specific inheritances for certain beneficiaries, especially those who might be young, immature or irresponsible.

In addition, if there is not a will when you die, it is called dying intestate. Each state has a succession formula for who receives money and property left behind. In most cases, if the state can't find anyone, it goes to the state where you passed away.

Set Up Care for Dependent Children

Families with dependent children should make a plan for childcare if both parents pass away. Many young couples don't think about it, but in the event of both of their untimely deaths, they need to appoint someone to be the guardian of their children. Make sure that if you have minor children, that you have named someone to be the proper caretaker. Although it can be uncomfortable having the conversation on who will be the caretaker (your parents or your spouse or partner's parents, for example), setting up an estate plan can prevent arguing among family members.

Avoid Probate

If you die without a will, your estate will go through probate. The probate process in most states takes a minimum of seven months to allow creditors to put through claims. In addition, it's a public hearing, which allows people to know your personal business. The probate process can also be expensive, and legal costs will reduce the amount your loved ones inherit. Essentially, the probate process gets in the way of a smooth transition of your assets to your loved ones.

Minimize Taxes

Some advance planning can save your heirs from getting a big tax bill. For example, depending on whether or not your heir is a spouse or nonspouse (and subject to certain rules), they may need to pay income tax on money they inherit and withdraw from a traditional IRA. However, if they inherit a Roth IRA that was funded for five years or more prior to your death, distributions can be taken tax-free. In addition, if you plan to leave behind an estate in excess of $12.06 million (based on 2022 Internal Revenue Service figures), you need to make a plan for estate taxes, or the so-called "death tax." Some states also have an estate or inheritance tax with a different threshold. You can reduce these estate taxes with an estate plan.

Global Grub

Looking to eat healthier? Look to these international influences for inspiration

We all look for healthier ways to eat from time to time, or just expand our food horizons. If you're looking to shake things up a bit, consider incorporating some of these healthy eating habits from cultures around the world.

GREECE. The health benefits of the Mediterranean diet are frequently documented in medical journals and the general media. Traditional Mediterranean cuisine includes lots of fruits, veggies, whole grains, and legumes, plus small amounts of meat, fish, dairy and olive oil.

MEXICO. Traditional Mexican culture includes almuerzo, a midday feast that's the largest meal of the day. Recent research suggests that eating a big meal late in the evening could be a culprit behind gaining weight. Consider making breakfast or lunch your biggest meal of the day.

SWEDEN. Swedish cuisine tends to go lighter on the veggies, but it still has several healthy elements. Rye bread is a staple — and it's loaded with fiber, which helps keep you fuller longer. Try making a sandwich on rye for a fiber-rich alternative to white or whole-wheat bread.

INDIA. Indian cuisine features tons of spices, which add great flavor, appealing color and several health benefits. Spices like turmeric, ginger and red pepper may help to lower cholesterol. Frequently used aromatics like onions and garlic can also lower your risk of heart disease.

ETHIOPIA. Injera, a traditional Ethiopian flatbread made of teff flour, is high in fiber, vitamin C and protein. Traditional Ethiopian cuisine emphasizes root vegetables, beans and lentils, and it's light on dairy and animal products.

JAPAN. Japan's Ministry of Health, Labor and Welfare and Ministry of Agriculture, Forestry and Fisheries recommend an inverted-pyramid style of food consumption, with whole grains on the top, and sugar and sweets on the bottom, supplemented by regular exercise and hydration. Japan is home to one of the densest populations of people aged 100 years or older in the world, the island of Okinawa. Residents here also have less cancer, heart disease and dementia than Americans. They rely on fresh food, mostly vegetables, to surpass the life span of most of the world.

ICELAND. People in Iceland consume an average of 250 grams of seafood per day, according to the United Nations, compared to 60 grams in the United States. As a result, Icelanders are getting much more heart-health-boosting omega-3 fatty acids. According to the American Heart Association, omega-3 fatty acids can reduce your risk of heart attack, stroke and death from coronary heart disease.

SOUTH KOREA. The bacteria in fermented plant products contribute to healthy gut bacteria and ease inflammatory responses in the body. In South Korea, kimchi, fermented cabbage and radish, are served at every meal.

Sources: SelectHealth.org; American Heart Association; WebMD; Kmotion Research.

Retirement in Motion

Tips and Resources That Everyone Can Use

Knowledge is Retirement Power

Many people use the 4% rule to guide their retirement withdrawals once they stop working. The rule proposes that withdrawing 4% from a retirement fund in the first year, followed by inflation-adjusted withdrawals every year after, should ensure money is available to last for a 30-year retirement. For example, a retiree with a $1-million nest egg would withdraw $40,000 the first year. The next year, they would adjust that $40,000 to reflect the rate of inflation and take out that amount. When your retirement comes, consider talking to a financial advisor about a withdrawal rate that is right for you, and customized to your age and life expectancy.

Q & A: How often should I check my retirement plan balance?

For most long-term investors, once or twice a year is generally adequate. The closer you get to using the money (within two to three years of retirement, for example), the more you should check — just to make sure you remain on track to reach your savings goal.s also apply to savers with a 403(b) plan and most 457 plans.

Quarterly Reminder

Looking for some hot summer savings ideas? Check out these tips to help you save money and improve your budget.

- Wash your car at home versus taking it to your local carwash.
- Use your heat-generating appliances such as the dryer or dishwasher at night.
- Consider using cold water to wash your clothing.
- Hang your laundry outside to dry.
- Check out yard and garage sales first for things you need (or have one yourself).
- Avoid using your oven and stove by grilling outside as much as you can.

Tools and Techniques

If you are considering investing in stock funds within your retirement account, here are some ways to help make sure you are well-diversified:

Size: Consider a fund that invests in stocks of small, medium and large companies, because different-sized companies tend to lead the market at different times.

Style: Consider funds with different investment strategies, such as growth and value. Holding both types may help minimize volatility in your portfolio, and potentially benefit in all types of environments.

Sector: You may want to include funds that hold investments tied to many different parts of the economy.

Geography: You may want your portfolio to include a fund that has exposure to domestic and international stocks, including those from emerging markets. Financial markets around the world respond differently to regional and global events.

Need additional retirement plan support?

CBIZ is a retirement plan advisor who has been engaged by your employer to help. Schedule a virtual consultation with one of our financial professionals.

ONLINE SCHEDULER:

fitconnect.cbiz.com

ADDITIONAL CONTACT OPTIONS:

fit@cbiz.com 1-866-CBIZFIT

Investment advisory services provided through CBIZ Investment Advisory Services, LLC, a registered investment adviser and a wholly owned subsidiary of CBIZ, Inc.

Kmotion, Inc., 412 Beavercreek Road, Suite 611 Oregon City, OR 97045; 877-306-5055; www.kmotion.com

©2022 Kmotion, Inc. This newsletter is a publication of Kmotion, Inc., whose role is solely that of publisher. The articles and opinions in this newsletter are those of Kmotion. The articles and opinions are for general information only and are not intended to provide specific advice or recommendations for any individual. Nothing in this publication shall be constued as providing investment conseling or directing employees to participate in any investment program in any way. Please consult your financial advisor or other appropriate professional for further assistance with regard to your individual situation.

CBIZ®