

From retirement resolution to reality

January 5, 2025

Are you on track to build a strong retirement fund in 2025? If not, now is the time to take decisive action. Money management consistently ranks high among New Year's resolutions. A cornerstone of successful retirement planning is starting as soon as possible — now is the time!

Here are some tips on how to maximize your retirement savings efforts this year so you can increase your chances of achieving your financial goals.

Max out contributions

- **401(k)/403(b)/457:** These plans often include employer matching contributions — essentially free money! Take full advantage of this valuable benefit by contributing at least enough to receive the full match. Consider contributing the maximum amount allowed by your plan, especially if you're eligible for catch-up contributions (available to those who turn 50 and older this year).
- **IRA:** IRAs offer valuable tax advantages. Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59½ may result in a 10 percent IRS penalty tax in addition to current income tax. A Roth IRA offers the potential for tax-free withdrawals in retirement, which can be especially beneficial if you expect to be in a higher tax bracket later in life.

Reduce expenses

- **Track spending:** Track your spending closely. Identify and cut back on costly expenses like dining out, subscriptions, and entertainment. This can help free up more money for retirement savings.
- **Embrace an economical lifestyle:** You can embrace an economical lifestyle by exploring more affordable alternatives for entertainment, travel, and daily living. Enjoy free or low-cost activities like hiking, biking, visiting local parks, and attending community events. Consider traveling during the off-season or opting for road trips instead of expensive flights. Explore low-cost grocery stores, cook at home more often, and utilize public transportation or carpooling when possible.

Stay informed

- **Monitor your progress:** If you overspend in an area, don't get discouraged. Regularly review your spending, identify the root cause of the overspending, and adjust your plan accordingly. These experiences are valuable learning opportunities that will help you refine your financial strategies.

- **Stay updated:** Continuously learn about personal finance. Read books, listen to podcasts, or attend workshops to improve your financial knowledge and skill. This will help empower you to make informed decisions and achieve your long-term financial goals.
- **Speak to a financial advisor:** An advisor can help you create a personalized roadmap for your retirement; considering your income, expenses, risk tolerance, and financial goals. They can provide ongoing guidance and support, helping you navigate market changes and stay on track toward your retirement goals.

Staying motivated requires a deep understanding of your resolution's purpose. Why is saving for retirement important to you? Connecting with the "why" will help you overcome challenges and stay on track when things get tough.

Every dollar you save today is an investment in your future wellbeing. Years from now, you'll look back and appreciate the foresight and discipline you demonstrated this year. Your future self will thank you for prioritizing your retirement savings. Here's to the new year and your new retirement reality!

Need help with financial goal setting and accountability? Learn more about our Inspired Wealth program here: <https://www.liveinspiredwealth.com/offer>.

Julia Carlson is a registered representative with and securities and advisory services offered through LPL Financial, a registered investment advisor. Member FINRA/SIPC.

Information in this material is for general information only and not intended as investment, tax, or legal advice. Please consult the appropriate professionals for specific information regarding your individual situation prior to making any financial decision.