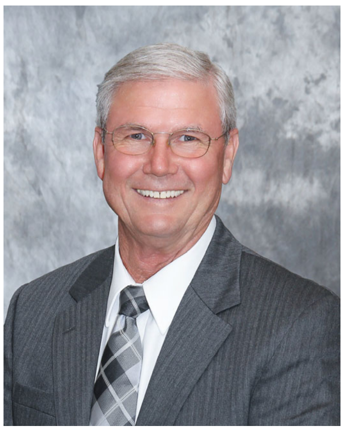
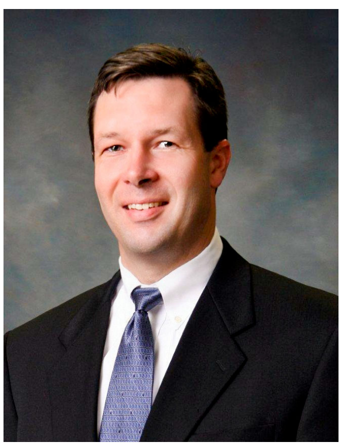
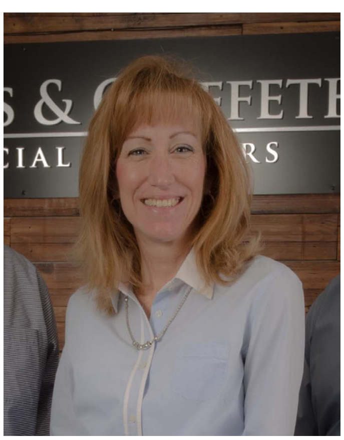
Volume 20, Issue 1

Holmes & Griffeth
Financial Planners
Trusted Since 2001

January 1, 2022







The Nest Egg

Protecting, Preserving and Building Our Clients' Assets

Why You Need an Evolving Financial Plan

Financial planning is not a set-it-and-forget-it activity. Rather, financial plans are ever-evolving based on your changing life circumstances. Your goals and priorities may shift as your career evolves and big changes like marriage, having a child, or getting a new job may warrant adjustments to your long-term plan.

Here is a look at the situations that may call for revisiting financial goals and steps to consider to adjust your long-term plan.

Changes in the Family

Marriage, divorce, the birth of a child, or a death in the family are all major life events that have an impact on your finances. When any of these events occur, it can be helpful to sit down with a financial advisor to revisit your plan.

For example, marriage may mean you combine finances with your partner and start saving for retirement and other goals with a dual income. It may also mean that you are taking on your partner's debt or other financial obligations, which could have a big impact on your ability to reach your objectives.

If you get divorced, you may need to adjust your plans to reflect a single source of income and look for ways to make up for any savings as you and your ex separate assets.

After the birth of a child, consider starting a college savings plan that provides tax-advantaged growth to help you save for education expenses.

Changes at Work

A significant change to your income, whether from job loss, furlough, a big raise, or a move to a different career, should trigger a financial check-in. If you get a new job with a significant bump in pay, for example, you may be able to save more in retirement or taxable accounts. Or you can use the extra income to pay down debt. What's more, your new employer may offer a

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different set of benefits, such as new retirement plan options, that can impact how you save.

Job loss may mean that you need to dip into your emergency fund while you get back on your feet. You'll need to come up with a plan to replace the money. You also may need to reassess your spending and determine where to scale back to continue meeting your savings goals. For example, you may no longer be able to afford pricey gym memberships or frequent vacations.

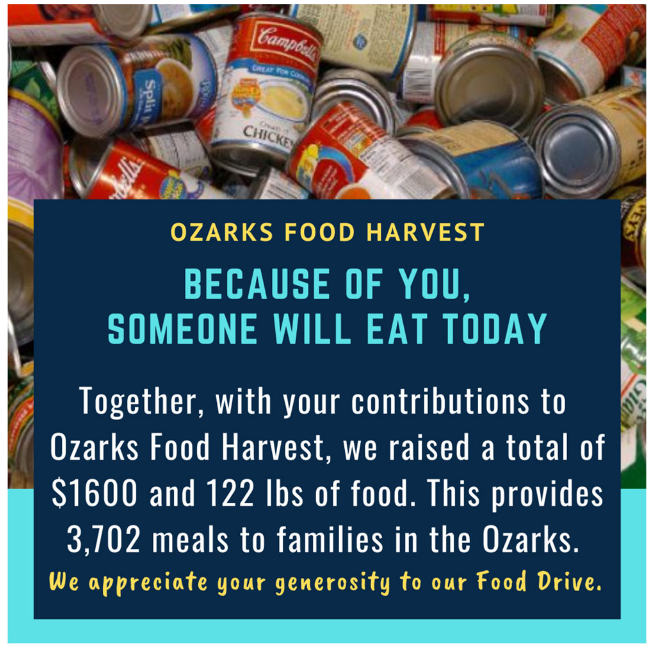
A decrease in income—perhaps due to a move to part-time work—may require you to reimagine your retirement if you aren't able to save as much as you once planned for. Find ways to trim retirement expenses, such as downsizing to a smaller home.

Shifting Needs and Goals

As you grow and change it's natural to assume that your goals, needs, and priorities will as well.
For example, as you near retirement age, your financial needs may shift from accumulating wealth to protecting your assets. This likely means reallocating portions of your portfolio into more conservative investments, such as bonds, to help shield your portfolio from risk.

It's possible you'll also change your mind about certain goals over time. Maybe you were initially planning to move to a state with a lower cost of living when you retire, but now you have grandkids nearby you want to stay close to. This change of heart may mean reassessing your estimated expenses in retirement and adjusting your savings accordingly.

In addition to revisiting your financial plan during major life events, set up regular check-ins at least annually to keep up with your current goals. A financial advisor can help you take an in-depth look at your goals and finances and determine the steps you need to take to reach your financial goals.

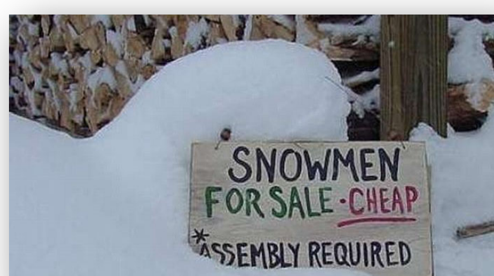


Q&A RMD's
(Required Minimum Distributions)

What is a required minimum distribution (RMD), and why should I care about it?

A RMD is the smallest amount you must withdraw from your tax-deferred retirement accounts every year after a certain age. At some point in your life, you may have put money into tax-deferred retirement accounts, such as (IRAs) and 401(k) workplace retirement accounts. The key words here are "tax-deferred." You postponed taxes on your contributions and earnings; you didn't eliminate them. Eventually, you must pay tax on your contributions and earnings. RMDs make sure that you do that.

When do I have to take RMDs?
In the year you celebrate your 72nd birthday!
(It was previously 70 ½ years, but changed in 2020.)



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HOW MUCH DO I HAVE TO WITHDRAW EACH YEAR?

You use the factor from the IRS's Uniform Lifetime Table, and the year end values of your accounts. The amount changes each year, according to your age. To calculate, you divide the year end balance by the factor.

You can take your RMD out of one account, or take bits from each one, so long as you withdraw the required minimum.

WHAT IF I DON'T TAKE MY RMD?

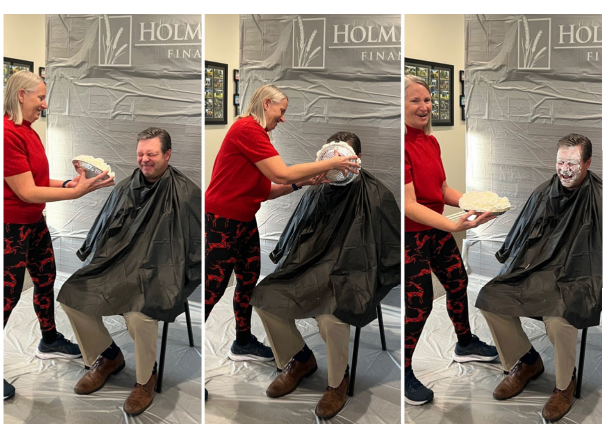
Don't skip an RMD. If you do not take any distributions, or if the distributions are not large enough, you may have to pay a 50 percent excise tax on the amount not distributed as required, according to the IRS.

WHAT'S DIFFERENT IN 2022?

With individuals living longer, the IRS has changed the factors in their table used for calculation. In the end, for many owners this means that you will have to pull slightly less than in previous years, which will reduce the taxation on the required distributions and provide more opportunity for account growth, since less money is being pulled out.

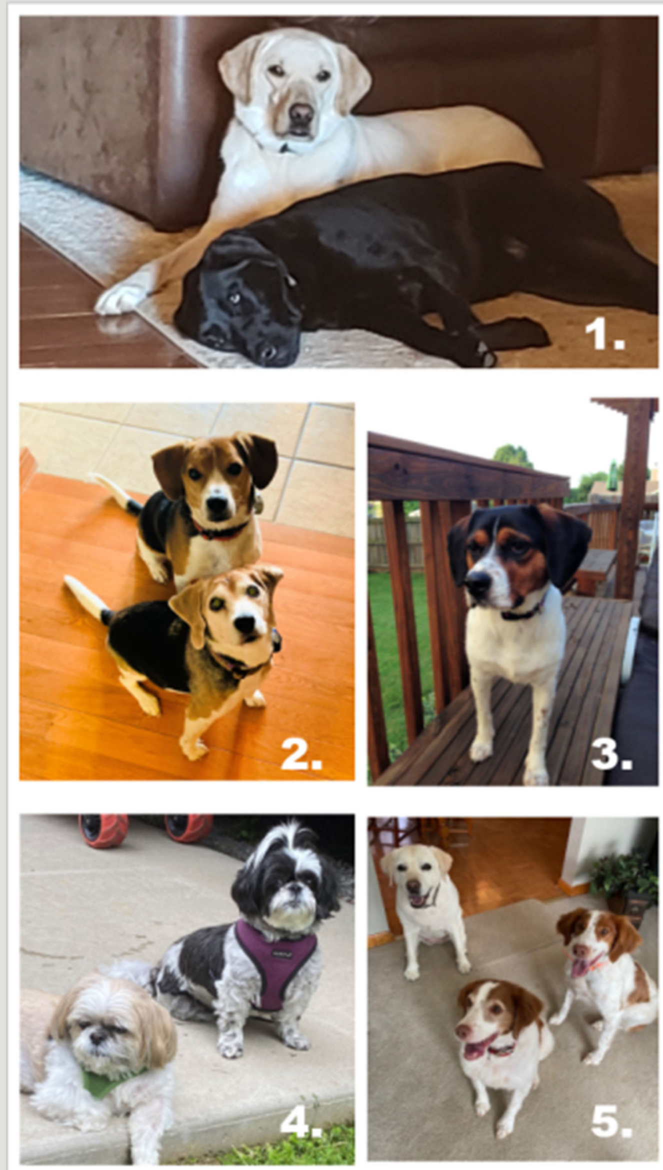
Excerpts pulled from: https://www.aarp.org/work/retirement-planning/required-minimum-distribution-calculator.html

Brian upheld his end of the bargain for the Food Drive!



You can see the video of the pie-in-the face on our Facebook page, search: *Holmes & Griffeth Financial Planners*

MEET THE DOGS OF H&G



Well, apparently we're dog people around here!
Not that we dislike cats, we just really love dogs!
Maybe one day we'll have an office dog—our own mascot,
what should we name it: Goldie, Buck, or Cash?

Can you guess who's dog belongs to who?

1. Maggie (black) & Sadie (white) Labs
2. Daisy & Duke Beagles
3. Lucy Beagle
4. Rusty (tan) & Sophie (black) Shih Tzus
5. Holly Lab, Buck & Ginger (Brittanys)

Answers: 1. Brian 2. Cathy 3. Deanna 4. Jim 5. Wendy

HOLMES & GRIFFETH
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ChFC

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Serving The Ozarks
in SW Missouri

RFC

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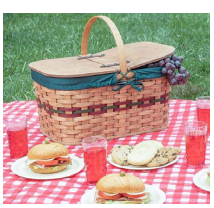
INTRODUCTIONS ARE ALWAYS APPRECIATED!

Visit us on the web at:

www.holmes-griffeth.com

SAVE THE DATE!



ANNUAL PICNIC
(IT'S BACK!)
Lake Springfield Pavilion
Friday June 3rd

SHRED EVENT
Friday April 22nd
8am—3pm