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Financial Focus

A Monthly Insight Into Your Finances

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Tune in to Jeffrey's podcast, *Financial Focus*, by visiting
http://financialconceptsmesquite.com/podcast/

BBQ Chicken Twice Baked Potatoes

INGREDIENTS

- 4 medium sweet potatoes
- 1 tbsp. extra-virgin olive oil
- 2 c. shredded rotisserie chicken
- 1/2 c. barbecue sauce, plus more for serving
- 2 cloves garlic, minced
- 1/2 small red onion, thinly sliced into quarter moons
- 1 small jalapeño, thinly sliced
- 1 c. shredded smoked Gouda
- Salt and pepper

DIRECTIONS

1. Preheat oven to 375°. Place sweet potatoes on a large baking sheet. Toss with oil and season with salt and pepper.
2. Bake until tender, about 1 hour, depending on size. Let cool slightly, then, using a paring knife, slice along top of each sweet potato and push in both ends to create a well.
3. In a medium bowl, toss chicken with barbecue sauce and garlic. Stuff into sweet potatoes, then top with red onion, jalapeño, and Gouda. Return to oven and bake until cheese is melty and chicken is warmed through, about 15 minutes more.
4. Drizzle with barbecue sauce before serving.

https://www.delish.com/cooking/recipe-ideas/recipes/a49187/barbecue-chicken-sweet-potatoes-rec

What to Include in Your Retirement Budget

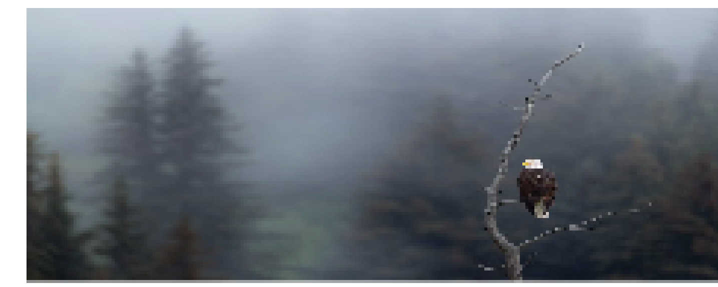
As you prepare for retirement, there are a number of things you can consider when making a budget.

A U.S. *News and World* Report article, 10 Costs to Include in Your Retirement Budget offers up some useful ideas.

Item number one is your housing, which is the largest expense for many retirees. While you may be ale to pay your mortgage off before you retire, thus relieving you of a large monthly bill, you may also want to factor in expenses like property taxes, insurance, and maintenance costs.

For some, downsizing may be a smart move. Selling your larger home and going smaller may put you a nice amount of money into your account while also leaving you with less upkeep and fewer chores.

Continued on next page…



Why Do We Call Bald Eagles Bald?

Since Bald Eagles sport a white head of feathers, where did the "bald" moniker come from? It turns out that it was a translation of the old English word "piebald," meaning "white" or "white-headed." Additionally, bald eagles don't acquire these white feathers until they are 4 or 5 years old—with about four stages of feather shedding before that.

https://chirpforbirds.com/avian-inspiration/10-amazing-facts-about-bald-eagles/

WHAT TO INCLUDE…

Eat at home, save money
Food costs in retirement is another place a little strategizing may save you money. Give up expensive pre-packaged convenience food and cook more often at home. It's cheaper and healthier. Writing out a weekly meal plan may help you stay on budget and on track.

Furthermore, being disciplined about eating at home as often as possible may also mean that when you do enjoy a dinner out with family or friends, you won't stress as much about the bill because you know the meal is a treat, not a habit.

Entertainment doesn't have to be expensive
Many museums, theaters, and movie theaters offer senior discounts, and some colleges even offer low-cost classes for retirees. And don't forget about low-cost or even free community events like summer concerts in the park, library seminars and presentations, and community education classes.

Don't underestimate how much entertainment you'll need. The 40 or 50 hours a week you spent on the job needs to be filled with something else. The good news is you have plenty of options, but you may want to work within a budget that gives you flexibility while also providing parameters.

Travel on a budget
Much like with trying new entertainment options, retirees have ample time to visit those places they've long wanted to see. But once again, the style and frequency of travel might be dictated by finances. Older folks and AARP members can take advantage of significant discounts that could really add up during the course of a week-long vacation. You can also get creative by researching house swapping opportunities.

Hotel rates tend to be noticeably higher on the weekends. But as a retiree, you don't have to wait until the weekend!

It's much the same with off-peak seasons. Want to spend a week in lake country? Book a trip in late spring or early fall, when the weather is pleasant, but crowds are smaller because families aren't traveling because of school. Even popular destinations like Disney World have times of the year when crowds are thinner and on-site hotel rooms are cheaper.

Set aside money for grandkids
Speaking of Disney World, grandkids are another part of retirement that you may want to budget for. As you welcome new grandkids into the family, chances are you may find yourself spending a bit more money, even if you aren't an overly indulgent grandparent.

Weekend getaways, trips to the local pizza joint, the latest Pixar movie … over time, these things can really add up. But being honest about how much you think you'll spend on your grandkids can help you build a budget that reflects your wishes and protects your assets.

Have an emergency fund
Retirees also need an emergency fund. When you're younger and early in your career and purchasing your first home, you're told often that an emergency fund is essential because that's the money you can use for things like urgent home repairs or unexpected travel instead of putting it on a high-interest credit card.

But here's the thing, unexpected expenses don't stop popping up just because you're retired. It's still good advice to build an emergency fund of six to 12 months of living expenses, that way unexpectedly replacing the fridge will seem more like an annoyance rather than a disaster.

SOURCE
https://money.usnews.com/money/retirement/articles/costs-to-include-in-your-retirement-budget

SECURE 2.0 ACT EXPANDS EARLY WITHRAWL EXCEPTIONS

Tax-advantaged retirement accounts such as 401(k) plans and IRAs are intended to promote long-term retirement savings and thus offer preferential tax treatment in return for a commitment to keep savings in the account until at least age 59½. Withdrawals before that age may be subject to a 10% federal income tax penalty on top of ordinary income tax. However, there is a long list of exceptions to this penalty, including several new ones added by the SECURE 2.0 Act of 2022.

Before considering these exceptions, keep in mind that the greatest penalty for early withdrawal from retirement savings could be the loss of future earnings on those savings (see chart). Even so, there are times when tapping retirement savings might be necessary.

Some employer plans allow loans that may be a better solution than an early withdrawal. If a loan or other resources are not available, these exceptions could help. They apply to both employer-sponsored plans and IRAs unless otherwise indicated.

New Exceptions
The SECURE 2.0 Act added the following exceptions to the 10% early withdrawal penalty. Withdrawals covered by these exceptions can be repaid within three years. If the repayment is made after the year of the distribution, an amended return would have to be filed to obtain a refund of any taxes paid.

- Disaster relief — up to $22,000 for expenses related to a federally declared disaster; distributions can be included in gross income equally over three years (effective for disasters on or after January 26, 2021)
- Terminal illness — defined as a condition that will cause death within seven years as certified by a physician (effective 2023)
- Emergency expenses — one distribution of up to$1,000 per calendar year for personal or family emergency expenses; no further emergency distributions allowed during three-year repayment period unless funds are repaid or new contributions are at least equal to the withdrawal (effective 2024)
- Domestic abuse — the lesser of $10,000 (indexed for inflation) or 50% of the account value for an account holder who certifies that he or she has been the victim of domestic abuse during the preceding one-year period (effective 2024)

Exceptions Already in Place
These exceptions to the 10% early withdrawal penalty were in effect prior to the SECURE 2.0 Act. They cannot be repaid unless indicated.

- Death or permanent disability of the account owner
- A series of substantially equal periodic payments for the life of the account holder or the joint lives of the account holder and designated beneficiary
- Unreimbursed medical expenses that exceed 7.5%of adjusted gross income
- Up to $5,000 for expenses related to the birth or adoption of a child; can be repaid within three years
- Distributions taken by an account holder on active military reserve duty; can be repaid up to two years after end of active duty
- Distributions due to an IRS levy on the account
- (IRA only) Up to $10,000 lifetime for a first-time homebuyer to buy, build, or improve a home
- (IRA only) Health insurance premiums if unemployed
- (IRA only) Qualified higher education expenses

Lost Opportunity
An early retirement plan withdrawal could end up costing more than you might imagine, even without the 10%penalty. Income taxes will reduce the present value of the withdrawal, and you will lose the potential long-term growth on the amount withdrawn.

Special Exceptions for Employer Accounts
The 10% penalty does not apply for distributions from an employer plan to an employee who leaves a job after age 55, or age 50 for qualified public safety employees. SECURE 2.0 extended the exception to public safety officers with at least 25 years of service with the employer sponsoring the plan, regardless of age, as well as to state and local corrections officers and private-sector firefighters.

Retirement account withdrawals can have complex tax consequences. Consult your tax professional before taking specific action.