

Fiscal Health

Your guide to Social Security, retirement & financial well-being

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FISCAL HEALTH

KEEPING CHECK: YOU CAN NOW ACCESS YOUR CREDIT REPORT ONCE A WEEK FOR FREE, RATHER THAN JUST ONCE A YEAR

By Dave Lieber

The Dallas Morning News

If you're someone who manages the family's finances, worries about identity theft and values maintaining a good credit score, I've got the latest updates for you.

Specifically, let's dive into what credit reports and scores really mean, how you can access them and why staying on top of them is so important.

I recently tuned in to a town hall on consumerism sponsored by the U.S. Consumer Financial Protection Bureau. Much of it was old hat, but my ears perked when I heard one speaker casually mention that you could get a free copy of your credit report once a week.

Bam! It used to be you get a free copy of your credit reports every 12 months.

How did this happen? The rules were temporarily suspended during the pandemic. Afterward, they were kept in place.

It's a little confusing because the government-sponsored website — AnnualCreditReport.com — is still keeping its name. It should be WeeklyCreditReport.com, but the feds have spent a lot of time and money promoting the website.

The site itself is still confused. At the top of the home page, it states reports can get sought weekly for free. But lower on the page the outdated language is still there — “every 12 months,” it notes.

Credit reports

Have you ever asked for your free credit report? It usually comes by email and runs a dozen pages or more. Every financial account and credit relationship you have is detailed in the report.

If there are inaccuracies, under law you can get them corrected.

More to the point, if there are



any accounts on there that you don't recognize, that could be an error or, worse, an identity thief mooching off your good name.

At the start, try to get your report by going online to the three major credit bureaus: TransUnion, Equifax and Experian.

Warning

Be forewarned. When you search for these sites, a lot of imitators pop up pretending to be free and credible like AnnualCreditReport.com. These sites are fakers who try to lock you in for costly monthly subscriptions.

Credit scores

Credit reports and credit scores are two different matters, but let's talk about the scores, which are supposed to reflect your financial picture with emphasis on how likely you are to pay your bills.

The problem though is that in-

formation out there steers you to AnnualCreditReport.com to get your free score. I couldn't get that to work. So I hunted around to find a free site. Always check with your bank. They may have a plan that gives you your credit score for free.

There are a lot of ways to get a free score. I ended up on CreditKarma.com which states: “Your credit scores should be free. And now they are.”

Sure enough, for free, I got my TransUnion and Equifax scores on CreditKarma, which uses VantageScore, one of the main scoring systems.

Where could I get my third score for Experian? On its site, it offered scores for free, but tried to get me to agree to a \$30-per-month subscription. No can do.

It showed me my score. Experian uses FicoScore. I also went to the MyFico.com website. With no fuss, it showed me my

score for free.

I paid nothing but the vultures, those trying to take advantage of consumer confusion were hovering. (Note: I learned this trick with imposter sites the hard way when a decade ago my wife Karen unknowingly signed up for one of these services.)

The Identity Theft Resource Center reminds that it must be AnnualCreditReport.com — not AnnualCreditReport.net or AnnualCreditReport.com. See, it only takes one false digit for the steal. These are imposter sites that want your money and personal information.

Be careful out there.

One more point. Each of these ask for your full Social Security number or a portion. I know you don't want to share, but how else will they look you up?

What credit reports do

OK, back to credit reports. As

AnnualCreditReport.com notes on its home page, “Credit reports may affect your mortgage rates, credit card approvals, apartment requests, or even your job application.”

Plus, you can catch identity thieves early.

Also, consider running a report on behalf of your minor children under 18.

ID theft

Here, according to the Consumer Financial Protection Bureau, are warning signs that you're a victim of identity theft.

“You start getting strange calls from lenders, service suppliers and debt collectors that aren't about you.

“Your credit score drops significantly without a clear cause.

“And without warning your credit lenders abruptly cut your credit card lines.”

You don't need to get the reports every week. But the more information and data you learn on your credit report makes you stronger.

In the know

Aside from online, here are ways to contact the three credit bureaus.

If you're asking by postal mail, include in your letter your name, date of birth and Social Security number.

- Equifax
P.O. Box 105139
Atlanta, GA 30348
888-378-4329
- Experian
P.O. Box 9701
Allen, TX 75013
888-397-3742
- TransUnion
P.O. Box 2000
Chester, PA 19016
800-916-8800
- Identity Theft Resource Center
888-400-5530
AnnualCreditReport.com
877-322-8228

FISCAL HEALTH

NEW YEAR, NEW HABITS



GETTY IMAGES

With the holidays past and the new year upon us, now's the time to set those money goals for yourself.

10 TIPS FROM EXPERTS TO HELP YOU CHANGE YOUR RELATIONSHIP WITH MONEY IN 2025

By Cora Lewis and Adriana Morga
The Associated Press

With the new year upon us, you might be reflecting on financial goals for 2025.

Whether you're saving to move out of your parents' house or pay off student loan debt, financial resolutions can help you stay motivated, said Courtney Alev, consumer advocate for Credit Karma.

"Entering a new year doesn't erase all our financial challenges from the prior year," Alev said. "But it can really help to bring a fresh-start mentality to how you're managing your finances."

Experts recommend that you start by evaluating the state of your finances in 2024. Then, set specific goals and make sure they're attainable for your lifestyle.

Here are some tips from experts:

Change your relationship with money

Think about how you currently deal with finances — what's good, what's bad, and what can improve.

"Let this be the year you change your relationship with money," said Ashley Lapato, personal finance educator for

YNAB, a budgeting app.

If you feel like money is a chore, that there's shame surrounding the topic of money, or like you were born being "bad at money," it's time to change that mentality, Lapato said.

To adjust your approach, Lapato recommends viewing money goals as an opportunity to imagine your desired lifestyle in the future. She recommends asking questions like: "What do my 30s look like? What do my 40s look like?" and using money as a means to get there.

Liz Young Thomas, head of SoFi Investment Strategy, added that it's key you for-

give yourself for past mistakes in order to move into the new year with motivation.

Know your "why"

When setting your financial resolutions for 2025, it's important to establish the "why" of each, said Matt Watson, CEO of Origin, a financial tracking app.

"If you can attach the financial goal to a bigger life goal, it's much more motivating and more likely you'll continue on that path," Watson said.

Whether you're saving to buy a house, pay off credit card debt or take a summer vacation, being clear about the goal can

keep you motivated. Watson also recommends using a tool to help you keep track of your finances, such as an app, spreadsheet, or website.

Budget, budget, budget

“After three years of inflation, your pay increases are likely still playing catch up to your monthly expenses, leaving you wondering where all the money is going,” said Greg McBride, chief financial analyst at Bankrate. “Make that monthly budget for 2025 and resolve to track your spending against it throughout the year.”

McBride said that you may need to make adjustments during the year as certain expenses increase, which would require cutting back in other areas.

“Calibrate your spending with your income, and any month you spend less than budgeted, transfer the difference into your savings account, ideally a high-yield savings account,” he said.

Pay down outstanding debt

“Interest rates aren’t likely to come down very fast, so you’re still going to have to put in the hard work of paying down debt, especially high-cost credit card debt, and do so with urgency,” McBride said.

Start by taking stock of how much debt you have now relative to the beginning of the year. Hopefully, you’ve made steady progress on paying it down, but, if you’ve gone in the other direction, McBride encourages making a game plan. That includes looking into 0% balance transfer offers.

Take control of your credit card interest rate

“You have more power over credit card interest rates than you think you do,” said Matt Schulz, chief credit analyst at LendingTree. “Wielding that power is one of the best moves you can make in 2025.”

A 0% balance transfer credit card is “a good weapon” in the fight against high card APRs, or annual percentage rates, he said. A low-interest personal loan is an option as well.

You may simply be able to pick up the phone and ask for a lower interest rate. LendingTree found that a majority of people who did that in 2024 were successful, and the average reduction was more than 6 points.

Set realistic, practical goals

When planning for your financial resolutions, it’s important to consider how you’re going to make your goals sustainable for your lifestyle, said Credit Karma’s Alev.

“It really is a marathon, not a sprint,” Alev said.

Alev recommends setting realistic, practical goals to make it easier to stick with them. For example, instead of planning to save thousands of dollars by the end of the year, start by saving \$20 a paycheck.

Even when your plans are achievable, there are times you’ll get derailed. Maybe it’s an unexpected medical bill or an extraordinary life event.

When these situations happen, Alev recommends trying not to feel defeated and

working to get back on track without feeling guilty.

Don’t bury your head in the sand

“You can’t manage what you can’t see, so set a New Year’s resolution to check your credit score monthly in 2025,” said Rikard Bandebo, chief economist at VantageScore. “Be sure to pay more than the minimum on your credit accounts, as that’s one of the best ways to boost your credit score.”

Bandebo also advises student loan borrowers to make all payments on time, as servicers will begin to report late payments starting in January, and missed payments will affect borrowers’ credit scores.

Automate savings, where possible

Automated changes, like increasing workplace 401(k) plan contributions, setting up direct deposits from paychecks into dedicated savings accounts, and arranging for monthly transfers into an IRA and/or 529 college savings accounts all add up quickly, McBride said.

Slow down

Your financial goals can encompass more than just managing your money better — they can also be about keeping your money safe from scams. A golden rule to protect yourself from scams is to “slow down,” said Johan Gerber, executive vice president of security solutions at Mastercard.

“You have to slow down and talk to other people if you’re not sure (whether or not) it’s scam,” said Gerber, who recom-

mends building an accountability system with family to keep yourself and your loved ones secure.

Scammers use urgency to make people fall for their tricks, so taking your time to make any financial decision can keep you from losing money.

Focus on financial wellness

Your financial goals don’t always have to be rooted in a dollar amount — they can also be about well-being.

Finances are deeply connected with our mental health, and, to take care of our money, we also need to take care of ourselves.

“I think that now more than any other year, your financial wellness should be a resolution,” said Alejandra Rojas, personal finance expert and founder of The Money Mindset Hub, a mentoring platform for women entrepreneurs. “Your mental health with money should be a resolution.”

To focus on your financial wellness, you can set one or two goals focusing on your relationship with money. For example, you could find ways to address and resolve financial trauma, or you could set a goal to talk more openly with loved ones about money, Rojas said.

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“After three years of inflation, your pay increases are likely still playing catch up to your monthly expenses, leaving you wondering where all the money is going. Make that monthly budget for 2025 and resolve to track your spending against it throughout the year.”

— Greg McBride, chief financial analyst at Bankrate

Left: The 2025 New Year’s Eve numerals are displayed in Times Square, on Dec. 18, 2024, in New York.

JULIA DEMAREE NIKHINSON, FILE — THE ASSOCIATED PRESS

FISCAL HEALTH



PHOTO COURTESY OF METRO EDITORIAL SERVICES

BUYING A HOUSE IN 2025: YOUR HOW-TO GUIDE

By Abby Badach Doyle
NerdWallet

It won't be impossible to buy a house in 2025 — just be prepared to play on hard mode.

According to a November 2024 report from ICE Mortgage Technology, the monthly principal and interest payment on an average-priced home is \$2,385.

While that's not the highest it's ever been, it's still a sharp increase — nearly 80% — from just three years ago.

In November 2021, when mortgage rates averaged 3%, the monthly principal and interest on an average-priced home was \$1,327 per month.

So here's the key to buying in 2025: Look ahead, not back.

Regret won't help you budget for today's new normal.

"People have just been kind of sitting waiting to see what's going to happen," says Courtney Johnson Rose, president of the National Association of Real Estate Brokers, an industry group for Black real estate agents. "I'm hopeful that the new year will bring more attention to real estate, more excitement to real estate, and more opportunities for first-time home owners to get in the game."

Check the forecast

Preparing to buy a house is a lot like

dressings for the weather.

It's easier when the outlook is sunny — but with some planning, you can gear up to face any condition. Here's what housing market experts are forecasting for the new year.

First, home prices: We'll likely see more modest growth in 2025, a change from skyrocketing prices in recent years.

After 16 consecutive months of year-over-year price increases, the median existing-home sales price hit \$407,200 in October, according to the National Association of Realtors. In 2025, with more supply trickling in to temper price increases, NAR chief economist Lawrence Yun forecasts a median existing-home sales price of

\$410,700, up just 2% over this year.

Next, housing inventory: Demand still outpaces supply.

While we don't expect a return to a buyer's market, competition should be less cut-throat. Realtor.com forecasts a balanced market in 2025 with an average 4.1-month supply of homes for sale, up from an average 3.7-month supply so far in 2024. That would make 2025 the friendliest market for buyers since 2016, which had an average 4.4-month supply.

Finally, mortgage rates: After topping 8% in October 2023, the 30-year mortgage rate has slowly eased into the 6.5%-7% range.

Rate cuts from the Federal Reserve have

helped nudge that downward.

Despite earlier optimism, forecasters' latest consensus is for rates to effectively plateau above 6% throughout 2025.

That said, every year has its wild cards. In 2025, it's still uncertain how President Donald Trump and a Republican-led Congress might shake up regulations and tax policies that affect the U.S. housing market.

Set a budget

National forecasts don't analyze what matters most: Your personal cash flow. To get ready to buy, first meet with a financial advisor or use an online calculator to determine how much house you can afford. You can also get free or low-cost advice from a housing counselor sponsored by the U.S. Department of Housing and Urban Development (HUD).

Next, look into down payment and closing cost assistance from state housing finance agencies, local governments, nonprofits and mortgage lenders.

Your employer or labor union might offer assistance, too. First-time buyers with income below their area median have the most options, but repeat or higher-income borrowers can qualify for some programs as well.

"I think that there's a lot of free money being left out there," Rose says.

Find a buyer's agent

Your not-so-secret weapon for buying in 2025 just might be an experienced buyer's agent.

"Anybody can write a contract," says Sharon Parker, associate broker with Tate & Foss Sotheby's International Realty in Rye, New Hampshire. "But you need somebody who's seen the market, the ups and downs, who knows how to get creative because every transaction is different."

Following a settlement with the NAR, buyers can now negotiate their agent's compensation up front. (Previously, home sellers took on that task.) While new norms are still shaking out, Rose says she hasn't seen too much drama since the change took effect in August.

"So as long as buyers remember that we have to talk about this in the beginning of our relationship, everything typically works out fine," she says.



PHOTO COURTESY OF METRO EDITORIAL SERVICES

Homes sales are reported each month by MRIS, a real estate listing service.

Shop and negotiate

Finally, it's time to shop for a mortgage.

To get the best interest rate, get a quote with at least three different lenders. You could also delegate the shopping to a mortgage broker, who can compare quotes and even negotiate a lower rate on your behalf.

Though brokers charge a fee, their access to more mortgage options and lower rates can often mean net savings overall.

With a mortgage preapproval in hand, it's go time. And you

don't have to wait until spring: If you're ready to buy now, buyers have less competition and more negotiating power from December through February, so you could snag a deal.

"The people who are selling and the people who are buying in the off season are very serious," Parker says. "They're not just lookie-loos."

However, lower inventory means fewer choices for buyers. So start your search prepared to compromise — a "good enough" house will still help you build equity.

Should you buy a house in 2025?

If a down payment or monthly mortgage payment is financially out of reach, there's no shame in postponing your search to pad your savings.

And owning a home isn't the right lifestyle choice for everyone, with the ongoing commitment of money and time. But once you're ready to buy — whether for the first time, or to upgrade or downsize — avoid the trap of waiting for a dip in mortgage rates.

"Nobody can predict what the

market, or the world, is going to do," Parker says. "There is no better time than right now."

Mortgage rates will always fluctuate, and if they drop significantly, you can refinance. For first-time buyers, homeownership is a major financial glow-up — and the sooner you jump in, the longer you'll have to build home equity.

"Time value of money is really, really critical when it comes to real estate," Rose says. "So I would always encourage somebody to buy as soon as you can and get the clock ticking."

FISCAL HEALTH



The Maersk Saltoro cargo ship docks at the Port of Baltimore before sunrise on Sept. 21 in Baltimore.
PHOTO BY WESLEY LAPOINTE FOR THE WASHINGTON POST

THE 2025 ECONOMY: 5 THINGS TO WATCH

By Abha Bhattarai
The Washington Post

The economy is in good shape heading into 2025. Inflation is coming down, growth is brisk, and the job market has remained surprisingly resilient.

Now economists are focused on the next big question: How long can this last?

The answer, they say, hinges on just how quickly and dramatically President Donald Trump implements a raft of new policies. Many looming uncertainties, especially related to tariffs and immigration, could disrupt the economy in unpredictable ways.

"There are definitely some storms coming our way," said Mark Zandi, chief econ-

omist at Moody's Analytics. "I suspect the luster on the economy is going to come off in 2025."

Although economists are not forecasting a recession, they say the coming weeks will be instrumental in determining the course ahead.

They are keeping a close eye on Trump's transition into the White House and monitoring the job market, inflation and consumer spending habits for clues on how things might change.

Here are five areas economists are watching closely in the new year.

1. Tariffs

Trump's plans to impose sweeping tar-

iffs will probably be one of the biggest threats to the economy, experts say.

He has vowed to penalize the country's largest trading partners by levying tariffs — an extra 10% on Chinese goods and 25% on imports from Mexico and Canada — that economists say could quickly raise prices.

The necessities that could soon be getting costlier range from big-ticket items such as cars and appliances to everyday basics such as groceries and gas. During his campaign, Trump also discussed sweeping tariffs on all imports, not just from those countries, which would affect even more goods if implemented.

"Tariffs make things more expensive,"

See related statistical charts on **Page 9**

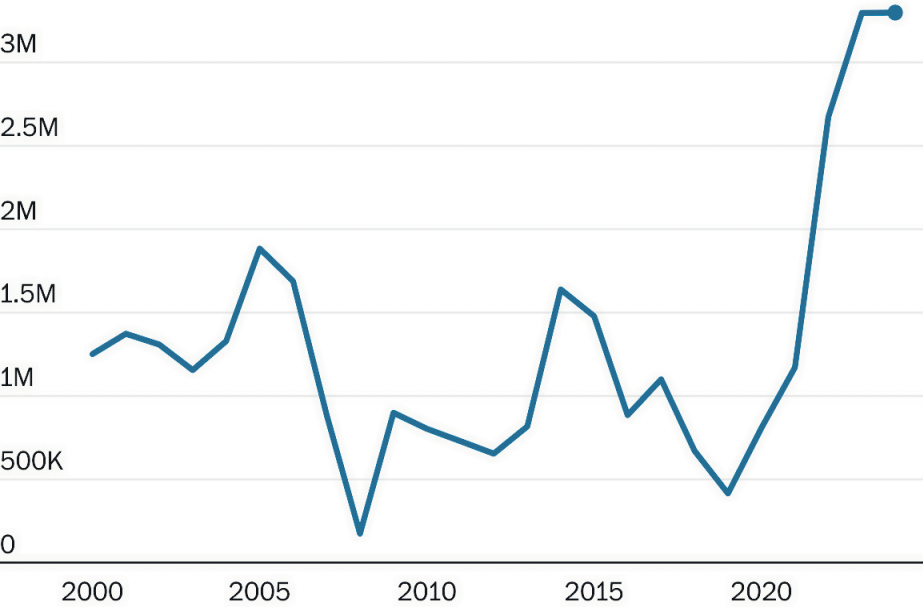
said Alex Durante, an economist at the Tax Foundation, a right-leaning think tank. "They shrink the economy, and they make people poorer."

New tariffs could cost the average household nearly \$3,000 in 2025, amounting to about 3% of their after-tax income, according to estimates from the Tax Policy Center, a nonpartisan think tank.

Members of Trump's transition team have pushed back against the idea that tariffs could spark widespread inflation.

Immigration to the United States has recently surged

Estimates include legal and illegal immigration, refugees and asylum seekers



Source: Congressional Budget Office

Inflation is coming down, but the road ahead may be bumpy

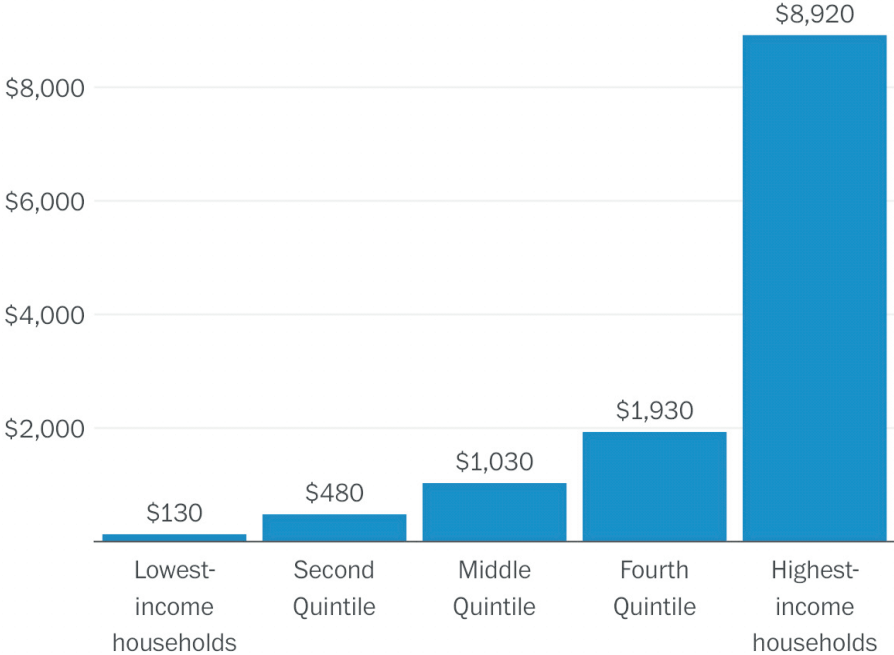
Annual inflation rate, personal consumption expenditures price index



Source: U.S. Bureau of Economic Analysis via FRED

The wealthy would benefit most from Trump's tax cuts

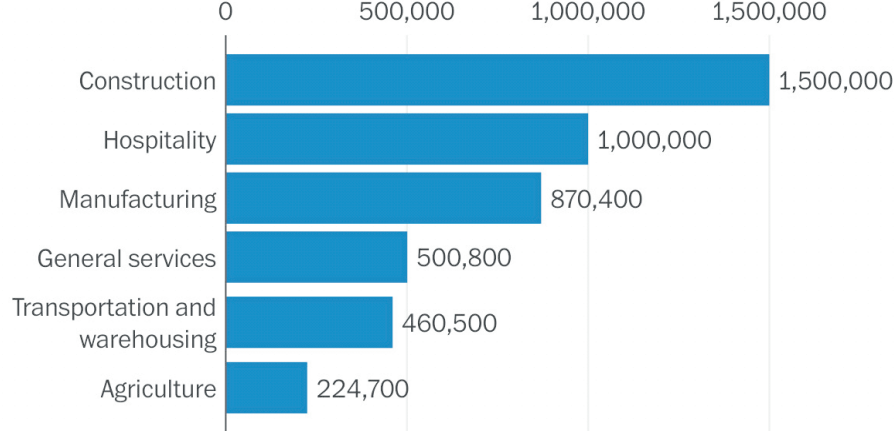
How much families would save if 2017 tax cuts are extended, by income level



Source: Tax Policy Center

Industries that would be hardest hit by mass deportations

Estimated number of workers likely to be deported under new policies



Source: American Immigration Council

Economy

FROM PAGE 8

But economists say they're bracing for an across-the-board hit that could dent economic growth, raise prices and spur job losses.

New tariffs, combined with retaliatory measures by other governments, could shave off 1.7% from U.S. gross domestic product and result in 1.4 million fewer American jobs, according to estimates from the Tax Foundation.

2. Deportations

A recent surge in immigration has helped power economic growth and boost the job market. But economists say Trump's plans to deport millions of undocumented migrants and curb immigration more broadly could hobble the labor market.

"We've had a lot of immigration under the Biden administration that provided rapid growth in the labor force and made it easier for the Fed to reduce inflation," said Douglas Holtz-Eakin, president of the American Action Forum, a conservative think tank. "But if Trump slows things down, we will not have workers to adequately fill jobs, and we'll be looking at a very tight labor market again."

A slowdown in immigration would disproportionately hurt labor-intensive sectors such as construction, hospitality and agriculture, which would probably drive up the costs of housing, food and services such as roofing and painting, economists say. As a result of mass deportations, the construction industry alone could lose 1.5 million workers, or about 14% of its labor force, estimates from the American Immigration Council show.

"We just don't know what's going to happen," said Liz Ann Sonders, chief investment strategist at Charles Schwab. "But if you go to the extreme of what Trump is proposing on immigration and mass deportations, it will unarguably put downward pressure on growth and upward pressure on inflation."

3. Tax cuts

The sweeping tax cuts Trump signed into law in his first term are set to expire at the end of 2025. Those will "almost certainly" be extended, according to Howard Gleckman, a senior fellow at the Tax Policy Center.

What is less clear, though, is what other tax policies might be in store. During his campaign, Trump promised a bevy of additional cuts to families and corporations, including eliminating taxes on tips, overtime pay and Social Security benefits. Those measures could fuel short-term economic



PHOTO COURTESY OF GETTY IMAGES

The sweeping tax cuts President-elect Donald Trump signed into law in his first term are expected to be extended.

growth and boost incomes for households and businesses. The gains, though, would be concentrated at the top: The wealthiest Americans would see the largest gains, with families making over \$450,000 reaping nearly half the benefits if existing tax cuts are extended, according to an analysis by the Tax Policy Center. Still, experts say they're not expecting an immediate tax overhaul. Given that Trump is also focused on bringing down the federal deficit, it seems unlikely that one of the first things he'd do in office is take on additional debt, said Sonders of Charles Schwab.

The Congressional Budget Office estimates that extending current tax policies would add \$4.6 trillion to the country's shortfall. And Republicans on Capitol Hill say they may try to pass border enforcement legislation before they turn to taxes.

"That math just doesn't work," Sonders said. "Tax cuts are probably a later-in-the-year story."

4. Inflation

The Federal Reserve has made strides in bringing down inflation with aggressive interest rate hikes. But lately, progress has stalled, and economists say it could unravel

even further next year if Trump moves forward on some of his more draconian tariff and immigration plans.

Deutsche Bank estimates that one measure of inflation — now at 2.8% — could rise to as much as 3.9% next year if the new tariffs are enacted, up from original estimates of about 2.5%.

Federal Reserve Board Chair Jerome H. Powell has said policymakers are parsing out how "tariffs can affect inflation in the economy, and how to think about that." The central bank this month cut interest rates for a third straight time but said additional reductions will depend on how things play out next year.

Inflation, at 2.4% using the Fed's preferred measure, is down from its peak of 7.2% in June 2022, but it's still above the central bank's 2% goal.

5. Stocks

During his last term, Trump routinely boasted about the stock market's performance, which reached new highs under his watch. But economists say a repeat performance may be tough to pull off.

Stocks continued their ascent under President Joe Biden, with all three major

indexes — the S&P 500, Dow Jones Industrial Average and Nasdaq composite index — hitting all-time highs.

That's boosted the portfolios of the country's wealthiest, allowing them to keep spending in a way that's powering the economy. But the market's heyday may soon be coming to an end: Stocks tumbled after the Federal Reserve suggested in mid-December that it is rethinking how often it will cut interest rates next year.

And economists warn that any additional curveballs, including government policies that hamper growth, could quickly reverse recent gains.

"Markets are very richly valued — even overvalued, bordering on frothy," said Zandi of Moody's. "They're vulnerable to anything that doesn't stick exactly to the script, and tariffs and deportations are certainly off-script."

A slide in the stock market, Zandi said, could quickly dent consumer spending and lead to a broader economic slowdown.

"It's the high-end consumer — powered by stock market highs — that is driving the train," he said. "If markets sell off, that would put a dagger in the heart of the economy."

FISCAL HEALTH

PHOTO COURTESY OF
GETTY IMAGES

4 TIPS TO TAKE CONTROL OF YOUR SAVINGS

Saving money is a critical financial practice that nearly everyone strives to accomplish. Yet, it is often easier in theory than reality. If you are anxious or concerned about your financial situation and your ability to save, know you're not alone.

More than one-third (36%) of the general U.S. population feels anxious about their current financial situation. Further, many households across the country do not feel in control of their finances, with 11% reporting they've "forfeited contributions to their retirement accounts," potentially impacting themselves later in life.

These figures from the World Financial Group paint a concerning picture of how people across the country feel about their current and future finances.

Consider these savings tips:

Create a budget

Every budget begins with your net income. Ensure you subtract deductions like taxes, workplace benefits, insurance or retirement plan contributions.

This way, you know exactly how much money is available each month. Next, calculate all fixed expenses, including regular monthly payments or bills. These include utilities, phone bills, rent

or mortgage, vehicle payments and anything that remains static month-to-month. Subtract those fixed expenses from your net income to create your monthly budget.

Track your expenses

Once your budget is in place, it's much easier to keep track of expenses that vary month-to-month, like gas, groceries and entertainment costs such as dining out, seeing a movie or going to a sporting event. Tracking minor expenses may seem tedious initially, but logging each purchase can help set a foundation for financial accountability.

Set savings goals

Tracking your expenses for a few months should give you a good idea of how realistic it is to save a set amount of money each month. Before you set a goal, or if you're struggling to consistently reach savings goals, take a financial literacy quiz to test your knowledge and then consider meeting with a financial services expert.

Pay down debts

Debt is one of the largest barricades people face when trying to save more money. If you feel debts are stopping you from reaching

your financial goals, know it is possible to pay off debt while saving at the same time. Make sure to prioritize debts with higher interest rates that lead to compounding costs in the future and then, if possible, make more than the minimum payment to pay them off faster.

It may limit you in the short-term but can equate to more financial freedom — and the ability to save more — in the future.

Find more expert savings advice and test your financial literacy by visiting worldfinancialgroup.com.

— *Courtesy of Family Features*

FISCAL HEALTH



There isn't one cookie cutter way to approach family savings, but there are some fundamentals that can help guide your process.

PHOTO COURTESY OF GETTY IMAGES

MAKE FINANCIAL STRIDES THIS YEAR

4 WAYS TO HIT YOUR FAMILY SAVINGS GOALS IN 2025

By Elizabeth Ayoola
NerdWallet

If you have a family, you likely have multiple savings goals — saving for your kid's college education, putting money away for retirement and budgeting for your next family vacation.

There isn't one cookie cutter way to approach family savings, but there are some fundamentals that can help guide your process.

Finance professionals and moms share some tips that can help you get started.

Plan a money date to assess your finances

Doing a financial edition of "your year in review" can be a first step to approaching family savings in 2025.

Plan a money date with your partner — or a solo date — and bring your statements and account snapshots along.

The goal here is to assess your finances from the preceding year so you know how to move forward in 2025.

Key things you want to pay attention to during your assessment are your in-

come, expenses and any major life shifts you've experienced that may have impacted your finances.

Examples may include moves, job changes, pay increases or emergency expenses. Be honest about your financial habits in 2024 and what drove them.

While this may not seem like a fun task, it also doesn't have to be dreadful if you look at the bigger picture, says Victoria McGruder, a certified public accountant and founder of FinPowered Female in Washington, D.C.

"People spend a lot of time on the non-

fun elements of financial management," McGruder says.

She adds that while it's important to do more mundane tasks like tracking your money, you should also focus on the bigger picture and your motivators for budgeting.

Those bigger picture goals may be to save for a home, create financial stability or ensure you enjoy a quality retirement.

Replenish your emergency fund

If the cost of living has been tough for you or you've had to put out several

financial fires last year, replenishing your emergency fund may be a family savings goal for 2025.

Your emergency fund should ideally contain enough to cover three to six months' worth of expenses.

You may also take this opportunity to calculate how much your emergency fund should be in 2025, especially if your financial circumstances have changed.

For example, my emergency fund amount will look different next year considering my monthly expenses have changed with my son attending a private school.

"It's crucial to prioritize building an emergency fund. Because we want to be able to borrow money from ourselves versus a financial institution," said Rianka Dorsainvil, a certified financial planner and owner of YGC Wealth in Washington, D.C., in an email interview.

It's also worth thinking about where you put your emergency savings.

A high-yield savings account can be a good candidate since it's liquid (meaning you can access your savings quickly

with limited consequences) and you can earn passive income on your money via interest.

"That interest will compound over time and is very beneficial," Dorsainvil says.

Evaluate your money management systems

Think about whether your approach to saving money last year was effective.

Did your budgeting system help you spend within your means?

Did the accounts you used to save money help you earn interest and get you closer to your goals?

Brianna Jackson, a school counselor and travel agent in Pearland, Texas, can answer "yes" to both questions. Jackson is a mom of one and has a money management system that effectively supports her family savings.

She automates her savings so a portion of her income goes into her son's Uniform Transfer to Minors Act (UTMA) account and other amounts go directly

into retirement accounts like an IRA. Since it's working for her, she doesn't plan to fix what isn't broken in 2025.

However, Jackson is considering putting some of her money in a high-yield savings account — many still offer interest rates over 4% despite Fed rate cuts last year.

If you need help developing a money management system, consider using a fee-only financial advisor to help you lay the groundwork.

Set a hierarchy for your family savings goals

All of your saving goals are important, but it can be helpful to prioritize them. It's usually a good idea for your emergency fund to be at the top of the list so an unexpected expense doesn't derail the rest of your finances.

Next, ensure you're getting any retirement saving matches from your employer like a 401(k) match, for instance.

"You have to put your financial oxygen mask on first so while there could be

goals for saving for a vacation or a home, I would not want you to take off the table prioritizing and saving for your retirement," Dorsainvil said.

Next in line of priorities may be paying down high-interest debt while saving.

If your debt has snowballed, you could consider a balance transfer, which involves moving your debt from a high-interest credit card to one with a lower APR.

This is a way to save money on interest and hopefully pay down debt faster.

If you've gotten to the end of these tips and still feel overwhelmed about mapping out your family savings goals, remember it's better to get started with what you have than to not start at all.

"The earlier that you begin, the easier it will be," says McGruder. "The longer that you push off saving for your retirement, the longer that you push off saving for your kids and their college education or whatever your goals are, the more difficult that you're going to make it for yourself to save for that particular goal."

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FIRST REPUBLIC BANK

All of your saving goals are important, but it can be helpful to prioritize them. It's usually a good idea for your emergency fund to be at the top of the list so an unexpected expense doesn't derail the rest of your finances.

Signage for Certificate of Deposit interest rates is displayed outside of a First Republic Bank branch in Santa Monica, California on March 20, 2023.

PHOTO BY PATRICK T. FALLON —
AFP VIA GETTY IMAGES

FISCAL HEALTH



JULIA NIKHINSON — THE ASSOCIATED PRESS

The New York Stock Exchange on Wednesday, June 29, 2022 in New York.

EXPERTS SHARE THE TOP OVERLOOKED INVESTMENT THEMES THAT DESERVE MORE ATTENTION IN 2025

By Brian Baker
Bankrate

Stocks were mostly been on a tear in 2024, with the S&P 500 up more than 23% as of mid-December.

But the strong performance has left stocks trading at elevated valuations, and the Federal Reserve has signaled it needs to see more progress on inflation in order to cut interest rates further in 2025.

So, what should investors look out for as they plan for 2025?

Bankrate's Fourth-Quarter Market Mavens survey asked

market pros what overlooked themes investors should consider, how monetary policy will impact stock market performance, and what risks and opportunities investors should watch out for as the GOP takes control of Congress and President Donald Trump returns to the White House.

The analysts surveyed expect a fairly normal, but slower-paced 7% return for the S&P 500 over the coming year, but there are still risks to watch out for.

"There's a world of uncertainty facing investors, including the variables of fiscal and monetary

policy here at home," says Mark Hamrick, Bankrate's senior economic analyst. "What will the president and GOP-led Congress do? How will the Federal Reserve respond? What will inflation and growth look like? It is prudent to assess both the risks and opportunities."

How will the Fed impact stocks in 2025?

Monetary policy can have a significant impact on how investors view risk assets such as stocks.

According to the latest data,

70% of survey respondents see Fed policy being supportive for stocks in 2025. Just 10% see monetary policy as a negative for stocks next year, while 20% view it as neutral.

The survey period ended a few days before the Fed's final Federal Open Market Committee meeting of the year, where it signaled a slower pace of rate cuts in 2025.

"Rate cuts tend to be supportive of equity performance, but the core driver is the growth outlook," says Dec Mullarkey, managing director at SLC Management. "With inflation down and earnings es-

timates up, that provides compelling fundamental support for stocks to do well."

Other analysts said investors should watch how long-term interest rates respond to the federal deficit.

"All else equal, a Federal Reserve removing policy restraint is a supportive factor for stocks," says Patrick J. O'Hare, chief market analyst at Briefing.com. "How much support comes through in that action will have a lot to do with how the bond market deals with deficit issues. The Fed doesn't control long rates, which



Stock traders on the floor of the New York Stock Exchange in New York.

THE ASSOCIATED PRESS

impact equity valuations. A spike in long-term rates wouldn't bode well for equities."

Chris Fasciano, senior portfolio manager at Commonwealth Financial Network, sees monetary policy as a negative for stocks in 2025.

"Rates will come down, but not to the extent the market will be hoping for," Fasciano says. "However, fiscal policy will possibly offset this impact as 2025 unfolds."

Risks and opportunities for investors as GOP takes control of Congress, White House

Investors appeared to cheer the results of the November elections, as Republicans took control of Congress and President Trump was reelected to the White House. Stocks and other assets rallied on the possibility of lower taxes and fewer regulations, but there are still risks to watch out for.

"The challenge with evaluating the GOP economic agenda is that it contains the prospects of stimulus from tax cuts and lighter regulation but also comes with off-

sets from the threat of tariffs and deportations," Mullarkey says. "That mix is hard to handicap, but markets are betting that growth will be prioritized and the net effect will be market friendly."

Other analysts are more optimistic.

"The first Trump administration slashed regulations and it seems like they are going to do it again," says Kim Forrest, chief investment officer at Bokeh Capital Partners. "It was a huge driver of the economy and we believe that it will enable companies to show higher growth again."

Still, Trump's unpredictable nature could create confusion and uncertainty around which policies will actually be implemented.

"It's difficult if not impossible to discern when President Trump is bluffing, posturing or actually pursuing policy," says Michael Farr, CEO of wealth management firm Farr, Miller & Washington. "It's purposefully disruptive and upsetting to markets. Trump can use these tools to a productive end, but the process can be very messy."

Overlooked investment ideas to consider

With stocks not far off all-time highs, driven by strong returns for large-cap growth companies, it can be difficult to find attractive investment ideas. But the analysts surveyed still see underappreciated ideas and themes for 2025.

"During periods of high growth, but high geopolitical risk, one investing style that deserves attention is large-cap high-dividend companies," Mullarkey says. "Across the S&P 500, many of the top dividend payers are real estate, financials, utilities and consumer staples. This group derives most of its revenue from domestic sources and could be a decent hedge against geopolitical risk and the threat of tariffs."

Some analysts still see opportunities around the boom in artificial intelligence.

"To date, most of the excitement (and returns) has accrued to the largest players in the space," says O'Hare. "The AI trade will remain prominent, although we expect the

AI 'underlings' to outshine the largest AI players in 2025 as investors broaden their return horizons in the AI space."

However, others are more skeptical about whether AI can deliver returns on the timeline investors expect.

"I think Wall Street is assuming that productive uses of generative AI are right around the corner and I think the timeline is too short," Forrest says. "Investors getting excited about a technology in the beginning, then disappointed that it is taking too long to show economic uses is a theme in technology investing. I think we are nearing the time when investors ask the hard questions of what problem does this solve and who is willing to pay for it."

Editorial Disclaimer: All investors are advised to conduct their own independent research into investment strategies before making an investment decision. In addition, investors are advised that past investment product performance is no guarantee of future price appreciation.

FISCAL HEALTH



PHOTO COURTESY OF
SHUTTERSTOCK—ALLIANCEIMAGES

E-COMMERCE IN 2025

5 TRENDS SHAPING THE FUTURE OF ONLINE SELLING

Thanks to the explosion of e-commerce over the past couple decades, consumers can find virtually any product or service they can think of online.

In fact, the consumer e-commerce market is expected to approach \$6 trillion by 2027, according to the International Trade Administration, up from roughly \$4 trillion in 2024.

A diverse collection of product segments is driving this growth, including everything from fashion and furniture to food and beverage.

While major marketplace retailers still lead the category, e-commerce has become

commonplace among small businesses, too. In fact, by the end of 2023, an estimated 80% of small businesses had at least basic e-commerce capabilities, according to a report by Digital Commerce 360.

However, small businesses are grappling with challenges such as inflation, supply chain issues and keeping pace with major retailers, among others, that are driving a variety of e-commerce trends in 2025 and beyond, including:

Video content

Spurred by social media, video content is in high demand on e-commerce sites,

too.

Videos that explain how to use products, offer tips for using them and demonstrate projects that were completed using a product all earn favor with shoppers. In addition, videos that highlight product features, video reviews on social media and “live shopping events” on the social channels of e-commerce retailers can provide a more appealing interactive experience for shoppers.

Inclusive of the “live shopping events” trends, livestreaming is often popular among consumers as it can create a sense of FOMO (fear of missing out), leading to

enhanced brand loyalty and engagement. Short-form videos sweeping social media also drive engagements and offer a quick, appealing way to demonstrate new or popular products.

Personalized products

E-commerce provides opportunities for shoppers who appreciate buying products that are uniquely their own.

Online buying platforms that allow for customization of products such as shoes, clothing and drinkware can create buyer engagement and earn loyal shoppers who know they can purchase the items they

want exactly to their own specifications.

In fact, a survey by McKinsey Insights found 80% of loyal customers prefer shopping with brands that offer tailored choices and personalized experiences.

From color selection and accessories to performance variations, custom options can help create a highly personalized shopping experience that allow buyers to interact more directly than they would for a standardized transaction.

Beyond the initial purchase, customized reports and shipping notifications are also becoming the norm.

Shippers can alert customers to their products' delivery status — including any delays or changes — via email, text, video message or, in some cases, a customizable dashboard where consumers can view incoming shipments tied to their account or address, request a different delivery time or location, pre-sign for packages and more.

Micro purchasing moments

You may think phenomena like impulse buys or convenience purchases are reserved for brick-and-mortar stores, but micro-purchasing trends suggest otherwise.

These purchases are typically made by someone looking for a quick solution or information in a hurry from a mobile device, such as comparing two or more similar products and clicking a “buy now” link, ordering and paying for food ahead of time to skip the line, making a hotel or excursion reservation while traveling or looking up movie showtimes and purchasing tickets from the same page.

E-commerce sites that can establish themselves as a resource, make information easy to digest and simplify the purchasing process are earning customers — and revenue.

Flexible payment options

Online purchases were once limited almost exclusively to credit card purchases, but over time, businesses have granted greater flexibility to shoppers when it comes to collecting payment.

While this trend has been growing for several years, many contemporary e-commerce sites



PHOTO COURTESY OF
FAMILY FEATURES

now accept credit or debit cards, online checks, digital wallet and mobile payment services, cryptocurrency and even installment payments via third-party providers.

By 2029, the third-party payment market is expected to almost double from \$62.5 billion in 2024, according to findings from Mordor Intelligence.

Simplified shipping options

Evolving technology isn't just improving the browsing and purchasing side of e-commerce; shipping operations are also seeing enhancements.

For example, ShipAccel, a digital platform designed by Pitney Bowes, simplifies and enhances shipping operations with advanced e-commerce technology.

The platform empowers early e-commerce brands to ship like larger companies with access to discounted carrier rates; more than 80 integrations including

leading marketplaces, data and insights to help make smarter shipping decisions; branded tracking; and return capabilities.

It features a collection of apps, widgets and application programming interfaces to easily configure new workflows and seamlessly meet the demands of business growth.

“As e-commerce becomes a mainstay, shippers must take a technology-first approach, utilizing platforms that can grow along with the business and partnering with providers who offer deep expertise in the segment,” said Shemin Nurmohamed, president of Sending Technology Solutions at Pitney Bowes.

Find more shipping support for your e-commerce business in the coming year at shipaccel.com.

Easy e-commerce shipping tips

Whether you're a buyer or a

“As e-commerce becomes a mainstay, shippers must take a technology-first approach, utilizing platforms that can grow along with the business and partnering with providers who offer deep expertise in the segment.”

— Shemin Nurmohamed,
president of Sending Technology Solutions at Pitney Bowes

seller, getting smart about shipping can help improve your e-commerce experience.

- Be cost-conscious. Buyers obviously benefit from lower costs, but as a seller, managing shipping costs means more revenue. Volume discounts and options for lower prices with longer shipping times can make a bigger impact than you might expect. A shipping partner that has pre-negotiated discounted rates with carriers can deliver significant savings to your business, too.

- Reduce package sizes. Us-

ing boxes or padded envelopes that closely fit the product being shipped can reduce weight and therefore the cost to send it to the customer.

Also avoid excess packaging that adds bulk, which adds cost and waste.

- Utilize advanced tracking tools. Keep tracking information for everything you ship or buy so you can monitor its safe delivery or, if problems arise, promptly identify and correct the issue.

— Family Features

FISCAL HEALTH

SAVINGS RATES STAY STRONG DESPITE DIPS

A 2024 RECAP AND WHAT'S NEXT FOR 2025

By **Margaret Burnette**,
NerdWallet

If you kept money in a high-yield savings account last year, congratulations.

Thanks to elevated interest rates, you probably enjoyed strong returns on those funds. And if you didn't, don't despair: Savings rates should remain solid through at least the beginning of 2025.

As we begin the new year, here's a recap of what happened with savings rates in 2024, what it means for your wallet and how to prepare for whatever changes may occur in 2025.

A high-yield savings advantage

The Federal Reserve's federal funds rate remained relatively high this year, though there were some rate decreases in the second half of 2024.

The initial elevation came after a series of 2022 and 2023 rate hikes designed to combat inflation.

This translated into better yields on bank accounts, particularly high-yield savings accounts.

Although the national average rate for savings accounts was just 0.47% in January 2024, according to the Federal Deposit Insurance Corp., many high-yield accounts offered annual percentage yields (APYs) north of 4%.

Savers with high-yield accounts had an advantage.

If you had \$5,000 in a savings account that earned 4% APY, and the rate stayed at 4% throughout the year, you would have earned about \$200 in interest by the end of the year.

In comparison, putting \$5,000 in a basic savings account with a 0.47% rate would have earned just over \$20 in interest in the same timeframe. This means you would have gained roughly \$180 by simply having your funds in a better account.

Some of the best rates tended to come from online savings accounts.

In contrast, rates at the largest national banks remained stubbornly low, earning as little as 0.01% APY.

A \$5,000 account with that yield would earn only about 50 cents after one year. If you kept your funds in a low-return account, you likely missed out on a good amount of money.



There are simple steps you can take to change your routine and boost your bank balance.

DREAMSTIME — TNS

Rate cuts in the second half of 2024

The U.S. Bureau of Labor Statistics' consumer price index, widely seen as a measure of inflation, dipped below 3.0% in July 2024. After that milestone, the Federal Reserve shifted gears. In the second half of 2024, the federal funds rate was lowered multiple times. Lower rates support economic growth, as they generally mean lower borrowing costs for loans and credit. But a drop in rates can also mean lower yields on savings accounts.

What rate cuts mean for savers

We did see some rate dips in 2024. Today, some of the best high-yield accounts earn north of 3% instead of 4%. But rates continue to be relatively strong, and you can still earn serious returns in your sav-

ings account.

Looking ahead, the consensus among financial analysts is that the Fed will continue to cut rates in 2025 as economic conditions evolve. We don't know the future, but it can be helpful to plan for likely scenarios. If there are further rate cuts, savings APYs may continue to slide. However, those rate decreases will likely be gradual, as they were in the second half of 2024. That means it's still well worth your time to make use of a high-yield savings account.

If the best rates dip mildly, say to around a 3% APY, a \$5,000 balance in a high-yield account would earn about \$150 in interest over the year. That's lower than the \$200 earned at a 4% APY, but still a nice return compared to the paltry 50 cents you'd get with a 0.01% APY. The smart money is still with high-yield accounts.

Tips to make the most of your savings in 2025

1. Shop around for high rates. If your savings account earns less than 3% APY, look for a high-yield savings account that can provide a better return for your money.

2. Consider certificates of deposit: With rates potentially falling in the future, locking in a higher rate with a CD now might be worth considering. In addition, a CD ladder — opening CDs with varying term lengths and yields — can help balance better returns with easier access to your money.

3. Confirm federal insurance. Check with your financial institution to make sure your funds are FDIC-insured. This protects your money in the event of a bank failure, up to \$250,000 per depositor, per bank.

FISCAL HEALTH

HOW DO I SUPPORT A STRUGGLING FRIEND WITHOUT GIVING HER MONEY?

By Sahaj Kaur Kohli

Special to The Washington Post

Q: D and I have been friends for 30 years, through moving, divorce and more.

She had a stroke four years ago and her husband died shortly after from COVID.

She quit her job since she couldn't handle it. I was by her side constantly — crying, laughing, always nonjudgmental and ready to do whatever she needed. Together, we went through her whole house (husband was a hoarder), she sold it and moved far away for a new start. I was devoted to her well-being these past three years.

Since then, she has blown through all the money — life insurance, sale of house and retirement — to live beyond her means without getting a job. It's not my place to judge how devastating it is to lose a spouse.

I figured that she's a smart person and would work again when she was ready. Then, she had a heart attack and is now disabled. She can't work, she can't afford her apartment, and she has no one to rely on.

Now, I am starting to feel judgmental. She's getting friends to pay her bills. I am not comfortable with that at all. She made one bad decision after another and now she's really in a bind. I'm at a loss for what to say to her. I know she wants me to offer to give her money, but I don't want to, and my husband would never agree anyway.

I am so sympathetic, but I'm also tired. I feel like an awful friend for wanting to pull away, especially since we've been through a lot together, but she's made so many bad choices.

Should I have told her all along that I didn't agree? It seems mean to point out all the wrong turns she made after the fact. How do I support her without giving her money?

— Supportive

A: Dear Supportive: It's clear your empathy for D's struggles has run out. You say you were "devoted to her well-being" which may mean you've done more



PHOTO COURTESY OF METRO EDITORIAL SERVICES

in the friendship than you've been comfortable with and now you're feeling resentful for not having better boundaries. Setting boundaries with D doesn't mean you abandon your friendship; it means you find a way to be her friend without abandoning your own needs or comfort.

You feel judgmental of D because you strongly believe there is a right and wrong way for her to be handling her struggles, but you want to take a step back and focus on your friendship rather than "pointing out wrong turns."

Yes, she needs support, but that does not mean you have to fix her problems for her. After all, there's a difference between enabling and supporting D. Enabling involves protecting her from the consequences of her actions, making excuses for her, and generally doing things for her that she should be doing herself. Supporting is about listening to D, guiding her to resources, and encouraging her independence.

This reframe may force you to interrogate this sense of responsibility you feel and the guilt that is connected to it.

Spend some time considering exactly how you're willing to be supportive to D, then communicate that to her.

You may decide you are able to offer a listening ear for only a set amount of time a week.

Or you may decide you want to encourage her to use resources available to her.

These can be things such as Social Security benefits, resources for support as a person with a disability, financial counseling and credit counseling, or even local resources in her area for food and transportation needs. Resist helping where you are not comfortable but offer support where you are.

For instance, the next time she continues to vent about the same issue on the phone you may say something like: "I know things continue to be hard for you. I want to be honest, it's really hard for me to keep talking about this. I was wondering whether you'd be open to collaboratively looking up a resource on [specific issue] together?" Or: "I want to support you in getting the help you need right now. I recently learned about these free financial counseling services. Can I share them with you?"

More generally, it sounds as if a new dynamic has emerged over the past few years in which you are always available for her to lean on, but you are not be-

Yes, she needs support, but that does not mean you have to fix her problems for her. After all, there's a difference between enabling and supporting D. Enabling involves protecting her from the consequences of her actions, making excuses for her, and generally doing things for her that she should be doing herself.

ing nurtured or appreciated in ways you need.

Be honest with yourself about how D's struggles have been impacting your friendship. For example, maybe you are worried about her and have been showing up more tentatively with her because of it. Or maybe you have more walls up because you are scared for her to finally ask you for money.

Whatever it is, it's clear you want to say something. So instead of focusing on what you think she should be doing, start the conversation with how you are feeling. This may sound like: "I want to be supportive, but I am really worried about you and it's impacting how honest I feel I can be with you." Or: "When you share about your financial struggles, I feel as if you're hoping I'll offer you money. I love you, but this is not something I am comfortable with."

If you still feel stuck with what to say, use it! Name these feelings ("I feel helpless" or "I don't know what to say ...") with her. Going back to the basics in your friendship can help you find common ground, be more honest, and integrate your needs and capacity into the dynamic. Good luck!

FISCAL HEALTH



Amea Wadsworth poses for a portrait at her home, Friday, April 19, 2024, in San Diego. Wadsworth, who moved back home after graduating college, wanted to use her first full-time job as a chance to save, and a moment to take a hard look at her spending activity.

GREGORY BULL — THE ASSOCIATED PRESS

WE HAVE ENOUGH STUFF

NO-BUY 2025 OFFERS OTHER WAYS TO FILL THE VOID

By Jenny Singer

Special to The Washington Post

Stephanie Noble was easily influenced. The 38-year-old would turn to her phone to relax and scroll. When she saw influencers exclaim that they couldn't live without a product, Noble decided she needed that product, too.

Within seconds of being on Instagram and TikTok, she would have a confirmation email and a tracking number.

"I would do no critical thinking," she remembers. "I would just click 'checkout.'"

Six months ago, Noble took stock of the

boxes filling her home, many of them unopened. Lip glosses had accumulated like bottles in a spice drawer.

Pants and vests with their tags still attached lay next to towering piles of skin-care products, including some duplicates — products she had purchased, forgotten about and bought again. Looking at the piles of stuff, she didn't feel that her life had been filled with the ease and beauty that the influencers had promised. She felt disgust.

"What is the point of all of this?" she wondered. She thought about not only the money but also the waste, the carbon

emissions, the weirdness of pursuing some kind of dream life by buying stuff recommended by strangers. "This isn't who I am," she thought. "It's not what I value."

That day, Noble embarked on a no-buy year, a self-imposed austerity measure that, along with its cousins low-buy and low-spend, has been in the zeitgeist for years.

But the challenge has increasingly found purchase on social media, tucked between influencers touting sponsored content and directing followers to check out links in their bios.

No-buy doesn't mean abstaining from

all purchases, but rather picking specific categories to avoid.

For Noble, the rules are: No new clothing. No new shoes, accessories or jewelry. No new makeup or skin care, unless she is out of every product in that category.

More than six months have passed since Noble began her experiment.

She hasn't purchased anything on her no-buy list. She has so much excess that she hasn't run out of makeup or skin care. Consuming content from influencers is "almost like you're buying the lifestyle that they're selling to you," she said. "I kind of fell for that a lot."

She is done falling for it.

"There is something more in this piling high than the quantity of products: the manifest presence of surplus, the magical, definitive negation of scarcity," French philosopher Jean Baudrillard wrote in his 1970 book, "The Consumer Society."

Since Baudrillard published those words, online shopping has removed the brakes from spending so that you move at crushing speed toward a purchase: Websites remember your credit card information, delivery is free, a convenient button urges one click to buy. The entire universe of shopping malls sits tidily in our pockets, thanks to our phones — only the scent of Cinnabon is missing.

Since launching a shopping function last year, TikTok, once a thrilling mishmash of the fun and absurd, has homogenized, taking on a strange, sickly feeling of a 24/7 home shopping network with an endless parade of hosts holding up wares to the camera and speaking in the fluent patter of salespeople.

Online shopping sales soared during the pandemic — on a line graph, the jump looks like the spike of a high heel you ordered online during a prolonged daydream — and they are now at an all-time high.

The result, no-buyers point out, is carbon emissions, clutter and credit card debt. The answer, they say, is to stop buying more stuff.

In a 2020 article in *Nature*, researchers from the University of New South Wales agreed.

"Long-term and concurrent human and planetary well-being will not be achieved in the Anthropocene if affluent overconsumption continues," they argued.

The researchers considered solutions as seismic as eco-anarchism, and changes as small as not buying so much stuff.

The no-buy conversation feels like a kind of counterprogramming against the overwhelming force of overt and covert advertising. On social media, it is a conversation dominated by women.

Creators document their no-buy and low-buy years, sharing their tips and their savings.

They subvert the aesthetic de-

As a consultant, she made enough money to buy everything she wanted: luxe winter coats, splashy trips, generous gifts for her younger siblings. She just didn't make enough money to do that while living independently of her parents and saving for the future. This month, she completed a low-buy year — no clothes, no makeup, fewer meals out. She saved enough to move out of her parents' home and to max out her individual retirement account. "The biggest thing I have taken away is that I do not have to live the life that I see online. I am just a regular person. I don't have to curate my life for an audience," she said.

mands of social media by making content about "underconsumption core" (buying less stuff), and participate in the "pan project" (using makeup until you hit the metal pan that holds it).

They recite in the world-weary tone of a parent talking to a teen: "You don't need this lip gloss. You don't need these shoes. You don't need 12 water bottles."

No-buy isn't a new idea, but its renewed popularity feels like a quiet backlash against hyper-consumerism and an attempt to assert control in an uncertain economy, when the average credit card balance is the highest it has been among Americans in a decade.

"We're truly living in unprecedented times where it is so easy to get new stuff into our homes," said Melissa Welch, a professional home organizer whose clients are often overwhelmed by their own belongings. "It's something we've never really been taught how to resist." Despite the ease of online ordering, she said, shopping for stuff is time-intensive, and filling our homes with new things can make our lives worse.

"Consuming the way we consume is a full-time job in itself. You don't notice until you stop because it's so incredibly normalized," said Aja Barber, the author of "Consumed."

The same people who say thrifting takes too much time, she noted, spend their evenings scrolling through thousands of products on the H&M website, deliberating over their digital shopping cart.

Shoppers believe that the online marketplace is convenient and somehow thriftier, Barber said, "when in actuality we're donating a large portion of our

salary and a large portion of our time on Earth to it."

Buying can be seamless.

Breaking the habit of buying things can be treacherous. Noble, a substance-use disorder counselor, said she used the skills she practiced in her own early recovery to get through the first days of her no-buy period.

She put a "days since I bought" counter on her phone and focused on exercise, journaling and spending time with other people. Slowly, she said, the desire to buy stuff evaporated.

Welch prepared for her no-buy year by deleting her credit card information from online stores she frequented, removing all shopping apps and unsubscribing from marketing emails.

She paid attention to accounts on social media that pushed shopping links, and unfollowed them.

The process is plodding and agonizing, but the results, believers say, are transformative.

Angela Szot, a 32-year-old baker, said she paid off \$35,000 of debt in a year and a half through a combination of downsizing her apartment and doing a prolonged no-buy period.

Her spending habits, while not exorbitant, were constant: endless tchotchkes from Target and HomeGoods. Instead of decorating her apartment, she wanted to focus on saving for her dream home.

"I didn't want to live in this pattern anymore — just paying the minimum payment, and then it's building so much awful interest," she said.

She got a smaller apartment and made a list of no-buy rules. Through not buying things, she said, "your whole mindset changes: I go into Target now

and I'm like: 'This is all awful! None of this is good-quality. None of this makes me feel serotonin.'"

This is the no-buy gamble: that you might flip an internal switch that makes not buying feel more satisfying than buying.

"Being able to walk past those things gives me more serotonin than buying it now," Szot said. "It makes me feel so powerful."

Every no-buyer has a different set of rules: Szot's rules allow her small pleasures, such as a single candle at a time and takeout once a week.

Welch, the organizer, believes "that everything we need has already been produced and is somewhere on Earth." During her no-buy year, she will focus on thrifting needed items, including clothing and shoes for her toddlers.

Barber worries that no-buy sets people up to fail. "I just know that cold turkey doesn't work for everyone," she said. "I tell people to make achievable goals."

She recommends starting off with a month of low-buy, or trying to buy more than half of clothing secondhand.

No-buy lacks the realism of a budget — it risks being something closer to an abstinence-only education.

There are other pitfalls of no-buy: squelching small joys, cementing the feeling that poverty is your own fault, the unexpected purchases that come up when caring for other people.

But acolytes argue that the extreme nature of no-buy is a match for the extreme nature of consumer culture. We are not merely keeping up with the Joneses — the Joneses have crawled into bed with us and are telling us that we would feel better if we

upgraded to Brooklinen sheets and installed blackout curtains.

Thaddea Ampadu, a 24-year-old in Chicago, grew up in a low-income home and credits unfettered internet access with her long-held goal of being "this high-rise-living corporate baddie with the latest designer items."

As a consultant, she made enough money to buy everything she wanted: luxe winter coats, splashy trips, generous gifts for her younger siblings. She just didn't make enough money to do that while living independently of her parents and saving for the future.

This month, she completed a low-buy year — no clothes, no makeup, fewer meals out.

She saved enough to move out of her parents' home and to max out her individual retirement account.

"The biggest thing I have taken away is that I do not have to live the life that I see online. I am just a regular person. I don't have to curate my life for an audience," she said.

She likened watching a TikTok video and then buying everything in it to going to Ikea for a lamp and buying everything in the showroom.

The people on her "For You" page look like her — young, ambitious, trendy. Because of that, it feels as if she might be one or two purchases away from having their lives. But it's an illusion, Ampadu said.

"They're doing it for their audience. They're getting paid to do it," she said. "Whereas I don't have an audience. I'm not getting paid to do it. At the end of the day, I'm the one whose pockets are hurting."

When Noble thinks about buying something but doesn't do it, she sometimes takes the money she would have spent and transfers it into her savings account. Watching it grow has been a pleasure, she said, bolstered by feeling less anxiety and more gratitude for the things she already owns.

Not buying "makes you so mindful and aware of how much abundance you have in your life," said Barber. "It's amazing how you get out of the habit of consuming when you're living your life using the things you already have."

FISCAL HEALTH



Then Republican presidential candidate former President Donald Trump speaks at the Bitcoin 2024 Conference on July 27, 2024, in Nashville, Tenn.

MARK HUMPHREY — THE ASSOCIATED PRESS FILE

2025 CRYPTO FORECAST: BITCOIN PRICE PREDICTIONS

By James Royal
Bankrate

Traders love to hear projections about their investments, whether it's stocks, cryptocurrency or something else entirely. But crypto traders follow forecasts even more closely than the average investor because crypto prices thrive on optimism. Without increasing levels of optimism, cryptocurrency would be worthless — and literally thousands of crypto coins have substantially no market price.

Here are where some traders are saying crypto prices are going and why these price projections are vital to sustaining the

Every single one of these predictions is just an out-and-out guess based on the belief that more money from new investors will flood in and purchase Bitcoin and other cryptos.

crypto market.

Bitcoin price predictions for 2025

Bitcoin went on a nice run to end 2024, and the presidential election win of crypto-friendly Donald Trump has also helped drive crypto prices higher. Other fundamental issues have helped boost crypto prices.

For example, the approval of Bitcoin ETFs in January 2024 helped more money move into the sector by making it much easier and cheaper to buy Bitcoin.

While crypto price projections are always rife with optimism, the climate is encouraging even more bullish estimates. Crypto traders and analysts have come up with any number of price projections for

their favorite cryptocurrencies in the coming year:

- Investment manager VanEck projects Bitcoin will rise to \$180,000 in 2025.
- Financial giant Charles Schwab predicts Bitcoin could reach \$1 million if the U.S. establishes a strategic Bitcoin reserve.
- Noted venture capitalist Tim Draper estimates a year-end 2025 price of \$250,000 for Bitcoin.
- Standard Chartered projects a \$200,000 Bitcoin price target in 2025.
- Analyst Tom Lee of Fundstrat Global Advisors predicts Bitcoin will hit \$250,000 in 2025.
- Venture capitalist Chamath Paliha-



A bitcoin logo is seen during the Bitcoin 2022 Conference at Miami Beach Convention Center on April 8, 2022, in Miami, Florida.

MARCO BELLO — GETTY IMAGES/TNS

hapitiya suggested Bitcoin could reach \$500,000 by October 2025 and tossed out a \$1 million projection by 2040.

▪ But why not go bigger? One analyst at Fidelity Investments projects a \$1 billion price target by 2038 or so.

It's clear there is a massive amount of optimism in the crypto arena right now.

Why cryptocurrency price projections are like trying to guess the number of drops in the ocean

Every single one of these predictions is just an out-and-out guess based on the belief that more money from new investors will flood in and purchase Bitcoin and other cryptos.

But isn't this just the same thing that stock analysts do when they put a target price on a stock? No. Projections of crypto prices differ in a key fundamental way from projections for stock prices.

A stock price can be broken down into two parts: the underlying company's earnings per share and the multiple that investors are paying for those earnings.

Multiply those two numbers and you get the stock price.

Earnings are an objective fact, but what investors will pay for those earnings changes depending on factors such as their optimism, whether it's a bull market or bear market, whether the economy is growing, and so on.

Analysts can come up with decent estimates for earnings, but they're mostly just guessing about what investors will pay for those earnings.

Here's the key difference with cryptocurrency: Crypto has no earnings nor indeed anything that backs its value. Stocks are backed by the company that issued them, and if the company grows its earnings, the stock will go up over time.

In contrast, crypto prices rely exclusively on traders deciding to pay more for the crypto. So anyone who offers a crypto price projection is just pulling a number out of a hat, and that figure is almost always higher than today's price.

What drives cryptocurrency prices

Cryptocurrency prices are driven only

by sentiment, with the notable exception of stablecoins, which are actually backed by hard assets held by a fiduciary.

Because of this setup, what crypto traders need more than anything is willing crypto buyers.

The way to get them is by spreading optimism about crypto's prospects and how it's going to be worth much more in the future.

Crypto prices are fueled exclusively by sentiment, and various crypto traders are trying to juice sentiment by naming ever-higher crypto price targets.

Of course, Bitcoin has demonstrated a strong history of "up and to the right" price performance for well over a decade now. And yes, of course, plenty of analysts are making good-faith estimates of what Bitcoin and other cryptos will fetch.

But it all plays into the euphoria needed to boost crypto prices higher and higher.

While crypto proponents say that Bitcoin's total fixed issuance of 21 million coins gives the asset value, that's misleading.

There are many things that are much

rarer but that don't have value at all (the glasses in your cupboard, for instance). What makes crypto (or anything) valuable is the demand for it, and that's why maintaining an extremely optimistic outlook is important.

Yes, Bitcoin's fixed issuance is important, but only in the context of increasing the level of demand.

Bottom line

Traders need to understand where the value of their investment comes from, and with crypto, the value driver is optimism. Because crypto is not backed by anything solid, its price relies entirely on sentiment, which is why prices move so violently when news changes traders' perceptions.

Editorial Disclaimer: All investors are advised to conduct their own independent research into investment strategies before making an investment decision. In addition, investors are advised that past investment product performance is no guarantee of future price appreciation.

FISCAL HEALTH



EMILY ELCONIN — GETTY IMAGES

Travelers wait in line for departures at the Detroit Metropolitan Wayne County Airport on Dec. 1, 2024.

TAKING OFF: AIRLINES STOCKS BEAT MARKET BY MOST IN A DECADE AS TRAVEL BOOMS

By Peyton Forte
Bloomberg

A record year for travel in the U.S. is pushing airline stocks to a soaring annual outperformance, and the prospect of sustained earnings power points to a bullish outlook for 2025.

The S&P Supercomposite Airlines Index jumped 60% in 2024, compared with a 27% gain for the S&P 500 Index.

It's the best year for the industry gauge since 2014, which is also the last time it beat the broader market by this amount.

United Airlines Holdings Inc., the air-

line gauge's top performer, was up 144% in 2024, making it the fourth-biggest gainer in the S&P 500.

Americans have been flying in unprecedented numbers, with the top 10 travel days in the Transportation Security Administration's history coming in 2024, according to the U.S. Department of Transportation.

The travel itch is one reason the stocks have rebounded from a mid-year slump. The other side of the equation is that there's been limited growth in capacity, partly because carriers are cutting back on unprofitable routes.

Barclays Plc sees seat growth below 3% for U.S. airlines in 2025, short of long-term pre-pandemic trends.

Investors also see the shares as trading cheaply, say Barclays analysts led by Brandon Oglenski.

He favors legacy carriers like United and Delta Air Lines Inc. because of their premium travel offerings and international exposure, as well as Alaska Air Group Inc. and Frontier Group Holdings Inc. for their revamped frequent flyer programs.

It's a backdrop that bodes well for the year ahead, according to Barclays.

"We see airline fundamentals consid-

erably improving into 2025, supporting a strong margin and earnings outlook for many carriers in the sector," Oglenski wrote in a research note.

Boosting forecasts

The rosier outlook has already started showing up in financial updates.

JetBlue Airways Corp., Southwest Airlines Co. and American Airlines Group Inc. have all raised their earnings forecasts for the fourth quarter, reflecting strong demand for holiday travel, higher airfares

FISCAL HEALTH

TIPS TO AVOID FALLING INTO DEBT DURING TIMES OF INFLATION

Debt may seem unavoidable in a time marked by high inflation, when the cost of everything from groceries to entertainment has increased significantly. Thankfully, various strategies can help individuals avoid falling into debt.

- **Prioritize an emergency fund.** Unforeseen expenses, whether it's major auto repairs or unexpected medical bills, can quickly land consumers in financial hot water. In fact, a recent survey from the Kaiser Family Foundation found that more than half of all adults in the United States report going into debt in the previous five years due to medical or dental bills. Roughly one in five respondents indicate they don't ever anticipate paying off such debts. One way to avoid such a fate is to prioritize building an emergency fund that can be accessed whenever sizable, unforeseen expenses threaten to derail your finances. Resist any temptation to tap into an emergency fund during nonemergencies, and continue to grow the fund with routine contributions each month.

- **Utilize automatic transfers via your bank.** Banks enable account holders to set up automatic transfers, which make it easier than ever to save money and thus avoid debt. Consumers can examine their finances and determine how much from each paycheck they can automatically transfer into a savings or retirement account. Once that

number is determined, set up the transfers so you are not tempted to spend the money come payday.

- **Build and maintain a good credit rating.** A strong credit rating is advantageous for many reasons, not the least of which is the cost savings associated with such a reputation. When borrowing money for big-ticket items like homes and vehicles, individuals with high credit scores generally receive better lending terms, including lower interest rates. Over time, the money saved by earning a lower interest rate on a mortgage can equal tens of thousands of dollars, and those cost savings can help consumers avoid utilizing credit cards to pay for unforeseen expenses like home repairs or medical bills.

- **Become a disciplined consumer.** Online shopping has made it easier than ever to spend beyond one's means. A new wardrobe and expensive concert tickets are only a few mouse clicks away, and that accessibility can tempt consumers to spend beyond their means and accrue a substantial amount of debt. By resolving to remain a disciplined, savings-first consumer, individuals can avoid the pitfalls of debt.

Tips to save when inflation is high

The online financial re-

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PHOTO COURTESY OF METRO EDITORIAL SERVICES

Tips

FROM PAGE 25

source Investopedia notes that the inflation rate is the percentage change in the price of products and services from one year to the next. Data from the U.S. Bureau of Labor Statistics indicates the inflation rate reached 8% in 2022, or four times the 2% rate of inflation the Federal Reserve aims to maintain through its various monetary policies.

Though the U.S. Inflation Calculator indicates the inflation rate cooled to 2.5% by the end of summer 2024, that may not comfort consumers who are still confronting high prices on various items, including housing. Indeed, inflation continues to affect people from all walks of life. However, consumers can consider various strategies to save even when inflation is keeping costs up.

- Use rewards to your advantage. Consumers now have an array of ways to pay for products and services at their disposal.

Conventional wisdom has long suggested credit cards should be used only in emergencies, but consumers who are confident they can pay off balances in full each month can consider using rewards-based credit



PHOTO COURTESY OF
METRO EDITORIAL SERVICES

cards to their advantage.

Such cards return a certain percentage of each purchase (typically around 1% to 2%) to consumers, and they can be used to purchase everyday items like groceries and gas. Of course, this only benefits consumers if they pay off their balances in full each month. If not, the interest charges on credit cards will

almost certainly exceed the 1% to 2% cash back consumers earn.

- Open a high-yield savings account. The days of earning significant interest on savings accounts may seem like a distant memory, but high-yield savings accounts are still available at many financial institutions.

Consumers intent on building their savings in the

face of a higher cost of living can look into high-yield savings account options at their own bank or another financial institution.

High-yield savings accounts typically mandate account holders maintain a minimum balance that is considerably higher than the minimum balances on accounts with lower interest rates, so this might not

be an option for everyone.

But consumers who have already squirreled away a significant sum in their savings accounts may be able to grow their money, and thus overcome inflation rates, by transferring the balance to a high-yield savings account.

- Examine your spending. Perhaps the simplest way to save when inflation

is high is to periodically assess your spending habits and make tweaks designed to save money.

Such assessments can include everything from identifying ways to save at the grocery store to determining if entertainment and other types of subscriptions are worth the investment.

— *Metro Editorial Services*

Airlines

FROM PAGE 24

and lower fuel prices.

There's also optimism that the regulatory back-drop under President Donald Trump will support the group.

Industry executives view Trump's pledges of deregulation and lower taxes as likely to boost demand further and be more friendly toward mergers than President Joe Biden's adminis-

tration, which pressed carriers on issues like automatic refunds, and blocked a tie-up between JetBlue and Spirit Airlines Inc.

Grace Lee at Columbia Dividend Opportunity Fund says it's unlikely that a drastic shakeup in air travel is high on Trump's priority list.

The fund held a position in Southwest as of November, an airline Lee says has improved following Elliott Investment Management's activist campaign.

"In general I am more

confident, and a lot of the management teams we've talked to seem to have more optimism about business and economic activity improving," said the portfolio manager.

Airlines struggled to match capacity with demand coming out of the pandemic, scrambling to expand routes to keep up with the so-called revenge travel boost, and then dialing back growth plans after the surge faded.

That imbalance was most pronounced among domes-

tic-focused discount airlines, which are now pivoting into more upscale flight experiences to attract travelers with bigger budgets.

Deutsche Bank predicts the gap between the industry's haves and have-nots will be wide, estimating that Delta, American and United will command roughly 90% of 2025's operating and pretax profits. What's clear is that the sector has undergone a dramatic turnaround in the waning months of 2024, and there's still some

ground to make up.

Costs stemming from keeping older planes in circulation due to aircraft delivery delays at Boeing Co. and volatility in the price of oil remain key risks, keeping many investors on the sidelines. Even with US airlines' latest rally, the industry index is still down more than 10% from early 2020 levels.

Meanwhile, the \$1.1 billion US Global Jets ETF — the largest exchange-traded fund tied to international travel — has seen

short interest soar, signaling that some money managers aren't convinced its 36% rally this year is sustainable.

Morgan Stanley analyst Ravi Shanker notes that institutional ownership of airline stocks remains low among long-only investors, though he says hedge-fund and retail positioning has picked up.

The bar to beat investor expectations "is no doubt higher than it used to be 12-18 months ago," he says, but "it is still low overall."

FISCAL HEALTH



Photo courtesy of Getty Images

PLAN FOR A SECURE FINANCIAL FUTURE BY FOLLOWING THESE TIPS

A bumpy economy and rising cost of living have Americans rethinking their finances.

In fact, about 36% of households feel anxious about their current financial situation, according to the Financial IQ Study by World Financial Group.

Although short-term pressures and demands can make it difficult, developing a financial strategy based on both literacy and resilience is key to establishing a solid financial future. To many, financial literacy and financial resilience mean the same thing. In fact, financial literacy refers to knowledge, while resilience means you are more likely to be prepared for unexpected financial events.

Wondering where to start? Here are some tips to help build a more financially sound future.

Review your current financial situation

Having a firm grasp on your current

income and expenses can provide insight into adjusting your finances to reach your goals. Most households believe the day-to-day cost of living is a key short-term financial priority. While meeting your immediate needs is essential, so is planning for the future. Determining what money is coming in and what you owe each month tells you how much is left for discretionary spending and saving.

Start saving now

It's never too early to start saving. Even a modest amount set aside every month will grow into a more meaningful account balance over time. A common rule of thumb is 20% of your overall income. You can stretch your income further by taking advantage of options like employer retirement savings programs that deduct funds before taxes, especially if the employer matches your contributions.

Consult a financial professional

You don't have to be a financial whiz to

create a smart plan for your future. Financial professionals can help design a strategy tailored to your specific needs. They specialize in helping individuals and families find financial confidence through life insurance, retirement and wealth-building strategies. You can take a financial literacy quiz to assess your financial resilience and measure your readiness to withstand economic challenges.

Prepare for unexpected expenses

Unexpected events can have catastrophic impacts on household finances. For example, leaving the workforce early due to illness could mean years of lost earning power, which could impact your short- and long-term priorities. Other examples, like unplanned home repairs or medical expenses, can also make a major dent in your financial plan. Creating an emergency fund, separate from a savings account, can help offset the impact of unexpected expenses.

Safeguard your family

Losing a family member can bring much more than heartbreak, especially if that person's income factors heavily into the household budget. However, different types of life insurance are designed to help safeguard your finances and can accommodate different budgets and lifestyles. Term life insurance offers individual life insurance protection for a specified number of years. It's usually less expensive than permanent insurance with the same face value. Permanent life insurance, including whole-life coverage, remains in effect until the policyholder's death as long as premiums are paid. Most permanent life insurance policies also offer some type of savings component that builds cash value over the life of the policy.

Learn more and test your literacy and financial resilience at worldfinancialgroup.com.

— Family Features

FISCAL HEALTH



A study published last year found more than 40% of departing workers cashed out at least part of their 401(k)s, and most of those drained every dime.

PHOTO BY PAUL J. RICHARDS — AFP VIA GETTY IMAGES

NEW JOB? YOU MAY BE LEAVING BEHIND THOUSANDS IN 401(K) SAVINGS

By Hannah Ziegler
The Washington Post

For people starting a new job that pays better, it's tempting to rejoice over the salary bump.

But what many job switchers don't see is the thousands in retirement savings they stand to lose each year thanks to a 401(k) pitfall, a new study has found.

On average, people receive a pay raise of about 10% when they switch jobs, but the amount they stash in their 401(k) retirement savings accounts drops on average by 0.7% afterward, according to a recent report by Vanguard, the country's largest fund manager.

The reason: When workers enroll in new 401(k) plans, they tend to sign up at a lower annual contribution rate than they did at their previous employer.

If you start your career earning \$60,000 and switch jobs eight times, you can lose up to \$300,000 in savings, the report found.

Paradoxically, this pitfall is due to two 401(k) features that are meant to make retirement planning easier: automatic enrollment and automatic escalation. Survey data on the popularity of these features varies, but in Vanguard's 2024 How America Saves report, about 59% of employers that offered 401(k) plans in 2023 automatically enrolled their workers, while 69% used auto-escalation, which means

that the amount you contribute goes up each year.

These two innovations have helped millions of Americans plan for retirement because they make it easy to follow employer recommendations.

A recent college graduate may start their first job with an annual savings rate of 3%, but if they spend a decade automatically escalating their contributions by 1% each year, their savings rate hits double digits by their early 30s.

If they switch jobs, though, they might not notice that they're starting off with a lower contribution rate — say, only 3% — which in turn knocks thousands off their nest egg in the years ahead.

These plan features, in short, can quickly become a double-edged sword for frequent job switchers, experts warn.

Given that the average worker in the United States cycles through 12 to 13 jobs in their life, it makes a huge difference if you keep track of that savings rate across your career.

Here's what you need to know about keeping retirement savings on track when changing jobs:

What should you look out for when you switch jobs?

Vanguard's report points to the majority of workers — 6 in 10 — who are “pas-

sive” savers who often follow their company’s default savings rate.

About two-thirds in this group reduced the percentage of their income they saved after a job switch, and those who had automatically escalated their savings rate in a previous job experienced the biggest drop in savings.

The catch with such automatic plan features is that they don’t account for individual needs, says Kelly Hahn, Vanguard’s head of retirement research and co-author of the report.

But many employees assume their company’s default savings rate constitutes investment advice and are often reluctant to change course, experts say.

The fact that automatic plan features keep workers on retirement autopilot means that people often aren’t aware of 401(k) changes until it’s too late to offset the impact.

Even the most engaged 401(k) participants face savings declines after switching jobs, with about 57% of “active” savers — those who choose their own savings rates — also experiencing a slowdown, Vanguard found.

“What’s really interesting ... is that (these savers) choose something that’s a little bit higher than what the employer had chosen as part of the default, but they’re still choosing a rate that is lower than what they were saving at before,” Hahn said. “This constant resetting can happen as people move through their jobs when plan features don’t necessarily line up.”

What should you do to protect your savings?

Ahead of a job switch, information is power, experts say.

Employees have more discretion over their retirement savings than they think, said Brigitte Madrian, the dean of Brigham Young University’s business school.

While it’s easy to accept a new employer’s default savings rate, workers can revise this percentage during their job’s onboarding.

But many miss that reminder as they set up payroll, meet colleagues and scout the best lunch spot near their office.

When preparing for a job switch, it’s therefore crucial to determine your current 401(k) savings rate by either checking your current pay stub or asking your employer.

But a “stunning number of people” who are automatically enrolled in their company’s 401(k) plan don’t know they’re automatically escalating, according to David John, a senior policy adviser at AARP — so make sure this is also something you check at the start.

Workers should also find out what



DREAMSTIME — TNS

Dealing with an inherited 401(k) can bring a lot of complications, so it can be valuable to consult with a trusted financial adviser before making any decisions.

will happen to the savings accrued under the previous employer ahead of their job switch, especially if that company matches employee contributions.

At some companies, workers own those matched contributions immediately, but at others, gaining full ownership could take up to five years.

If your 401(k) contributions at a previous job amount to less than \$1,000, employers can cash out your savings without your permission.

A previous employer can also hold any size savings balance for years after you stop working there or roll your money into a retirement account they select if they aren’t instructed otherwise.

That’s why workers need to tell their previous employers what to do with the 401(k) savings they built up there, Madrian said.

“Your previous employer has options,” Madrian said. “If you don’t make any choices, something will happen by default, and that may or may not be the

thing that would be your preferred alternative.”

Does the design of 401(k) retirement plans need to change?

Experts are mixed on whether 401(k) plans need a revamp.

Because 401(k) accounts are tied to employers, rather than employees, it’s hard for people to maintain savings momentum.

This was part of the original design: Employers began offering 401(k) plans as “icing on the cake” on the traditional U.S. pension system, so policymakers never discussed the best way to optimize them to help people reach their savings goals, Madrian said.

Automatic 401(k) features help millions save when they otherwise might not, but requiring workers to keep track of their savings rates and transfer funds between jobs is too daunting, John said.

Plan providers need to implement substantial changes, but there’s no need to “throw everything out and start over” as they search for ways to simplify the 401(k) system, he added, suggesting one example could be a single account that moves with you from job to job.

In their report, Vanguard researchers also proposed some solutions. One is to increase the default savings rate for all workers.

Another is an age-based default savings rate, which takes into account the fact that older workers face a larger savings slowdown after switching jobs.

Employers could also automatically remind workers of their latest savings rate before they leave, Madrian said.

“If part of the communication when employees left was a very clear note about what your current savings rate is, that might help some employees,” Madrian said. “It anchors people psychologically on what they were saving previously.”

FISCAL HEALTH

BACK TO THE CLASSROOM

MORE COLLEGES OFFERING FREE TUITION TO MIDDLE-CLASS FAMILIES

By Danielle Douglas-Gabriel and Susan Svrluga

The Washington Post

The burden of student debt and the difficulties gauging college costs have reached such a fever pitch that more schools are taking big steps to make college less expensive.

A desire at some schools to fulfill promises related to affordability and the dire need at other schools to offset declining enrollment have resulted in a boon for families earning upward of six figures: More schools are offering free tuition to middle-income families.

If your family earns less than \$75,000, Brandeis University, the University of Illinois at Urbana-Champaign and the University of Richmond will cover your child's full cost of tuition starting fall 2025.

The same will be true for students enrolled at the nine University of Texas campuses whose parents earn below \$100,000.

Starting fall 2025 at the Massachusetts Institute of Technology and the University of Pennsylvania, students from families earning up to \$200,000 a year — a cutoff that includes the vast majority of American families — will pay no tuition.

At MIT, students were

happy about the news of the aid, said Enoch Ellis, who is student body president. But he has also heard complaints that their school, and ones like it, are “middle-class killers”: painful to students who are too poor to pay full tuition, but too wealthy to receive generous financial aid.

Amir White is one of those whose family was squeezed in the middle.

He was happy for his friends and others who have been getting generous financial aid, but his family's income was above the former threshold, and he has struggled to pay for MIT.

He expects to leave school with more than \$50,000 in student loans. “It's nice to see so many low-income people have access to these resources,” he said. “But for those of us who are middle class, it is stressful.”

His family would meet the new cutoff. “Many people will benefit from this,” he said.

Schools are fundraising and using endowment funds to cover the increase in financial aid.

At some schools, the initiatives are new, while others have expanded on or simplified existing efforts. University leaders say they are sending a clear message that their institutions are affordable for a large and

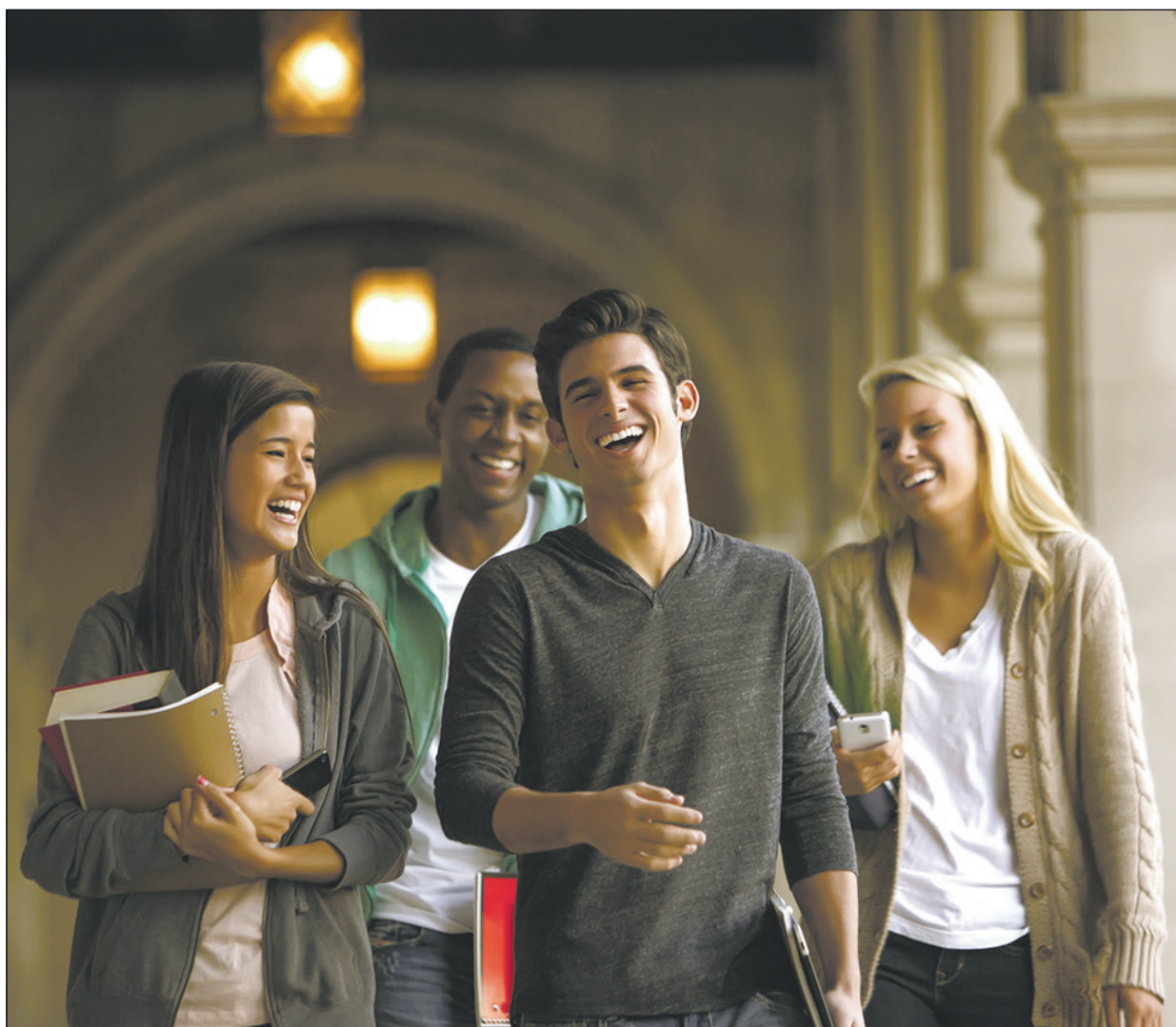


PHOTO COURTESY OF METRO CREATIVE CONNECTION

According to CreditKarma, in 2022 the average tuition at public colleges in the United States was \$10,577 per year, while private college tuition cost \$33,230.

important portion of the college-going public.

“Many families look at the sticker price and they think, ‘Wow, I can’t afford that.’ And they don’t realize the amount of financial aid that they can get awarded,” said Stuart Schmill, dean of admissions and student financial aid at MIT. “Policies like what we’ve enacted can help communicate affordability.”

Vanderbilt University expanded its aid this year as well, offering full-tuition scholarships to students whose families earn \$150,000 or less. “We want to be a destination for the

most promising students, irrespective of their financial circumstances,” said Daniel Diermeier, Vanderbilt’s chancellor. “I think it has transformed the university.”

Across the board, colleges and universities have made significant investments in financial aid in recent years. Institutional grant aid grew by 30% between 2013-2014 and 2023-2024, according to the College Board. The money schools provide now accounts for a larger share of their students’ financial aid than state and federal dollars.

The undergraduate tuition programs announced in the past year vary in size and scope. Many plans provide funding after state and federal grants are taken into account — what’s known as a last-dollar model. Some have academic requirements or are open only to area residents.

All have earnings thresholds — between \$55,000 and \$200,000 — that capture families in the middle of the income spectrum.

The Census Bureau pegged the median household income at \$80,610 in 2023. Families that earn between two-thirds and dou-

ble that figure — or \$53,740 and \$161,220 — are considered middle income, according to the Pew Research Center.

Efforts to promote college affordability have long focused largely on students from households at the lower end of the income scale.

While families in the middle can qualify for financial aid, they are receiving a smaller share of grants and scholarships and absorbing a larger portion of the cost of attendance.

The latest federal data from the Education Department shows students from

families earning between \$75,000 and \$110,000 received half as much in grants and scholarships as those whose parents made less than \$48,000 in the 2021-2022 academic year.

At the same time, the share of middle-income undergraduates on college campuses has been slipping. Data released by the National Student Clearinghouse Research Center in October shows that students from middle-income neighborhoods account for about 20% of the decline in 18-year-old freshman enrollment.

Still, higher education experts say policies to support families in the middle must not come at the expense of those who have even fewer resources to cover the cost of college.

Schmill at MIT said the school's increased support for middle-income students "doesn't diminish the need to offer robust financial aid for low-income students," which he called a necessary first step. He said the private research university already offers generous scholarships for low- and middle-income students but wanted to communicate that more clearly.

MIT, where tuition for the 2024-2025 school year was about \$62,000, will lift the income threshold for free tuition from \$140,000 a year to \$200,000 in fall 2025.

Students whose families earn less than \$100,000 will also get their housing and dining expenses covered, up from the current level of \$75,000.

Penn is taking a similar approach to MIT by upping its threshold for free tuition from \$140,000 to \$200,000.

The Ivy League university will also pay for room, board and books for students whose families make less than \$75,000 a year.

In addition, Penn will no longer count home equity in its calculation to determine financial aid, a change Penn estimates will result in affected students receiving an average increase of \$4,000 in grant aid from the university.

"One of the things we hear most frequently from families is, 'You're penalizing us for the equity that we've built up into our home,'" said Mark Dingfield, vice president for finance and treasurer at Penn. "Taking that part of the calculation off the table will give families a better sense of their capacity to pay."

There was a lot of excitement about the news on campus, said student Shivani Desai. The senior who works as a peer educator counseling Penn classmates about finances knows the concern many have about affording college and navigating the forms required for aid.

"It is something that's always in the back of your mind," she said. Now, she said, that burden will be reduced for those who qualify.

For years, wealthy universities have



used their considerable resources to cover expenses for undergraduates of modest means. Harvard University began waiving tuition for families earning below \$40,000 a year in 2004, while Penn and Yale University instituted similar policies in 2008.

Now some schools are signaling to students with more resources that they can also expect significant financial support.

Ultra-wealthy private schools are not the only ones making that calculation.

In October, the University of Massachusetts said tuition and fees at all four of its campuses would be fully covered for in-state undergraduates whose families earn less than \$75,000, while the University of Wisconsin made a similar announcement in August for students whose families earn less than \$55,000.

Last year, the University of Texas System announced it would waive tuition at all nine campuses for Texas residents making under \$100,000 starting this fall.

In the case of UMass and UT, the public systems are bringing parity to campuses across their institutions, many of which al-

ready had tuition guarantees.

The Texas Board of Regents established a \$167 million endowment in 2019 to cover tuition and fees at UT Austin for in-state students from families making up to \$65,000.

Three years later, they expanded the program to all UT institutions, with income thresholds ranging from \$65,000 to \$125,000.

As one of the largest state university systems in the country, with more than 256,000 students, UT's expansion of its financial aid could have a far-reaching impact.

"We have been looking for ways over the past several years to send a strong message to Texans that college is affordable," James Milliken, chancellor of the UT system, said. "And we've become convinced that this is one of the clearest ways to deliver that message."

Large public institutions have struggled to maintain similar tuition commitments as the popularity of the programs stretched resources too thin or state sup-

port dwindled. Wisconsin had to retool the tuition policy it debuted in 2023, which initially covered students whose families earned \$62,000, after state lawmakers refused to fund a second year.

Several schools that have made tuition commitments this year are small, private liberal arts institutions in New England, a region teeming with colleges and competition for a declining population of high school graduates. Tuition pledges offer a way to stand out and attract high achievers who have their pick of private and public institutions.

The University of New England in Maine, a private research university, will provide free tuition to students who hold a 3.8 GPA and hail from families earning less than \$100,000 starting next fall.

"We're dealing with a population of students who tend to gravitate toward the publics," said James Herbert, president of the University of New England in Maine. "All we're trying to do is get them to take a look at some of the privates they may not have heard of but may be a better fit."

FISCAL HEALTH



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METRO EDITORIAL SERVICES

INVESTING 101: REAL ESTATE, INDEX FUNDS PROVIDE GROWTH OPPORTUNITIES

Investors look for various opportunities they hope will help them grow their wealth.

Some invest in the stock market directly by buying stocks and bonds, while others choose a more passive form of investing like index funds.

Certain investors prefer to back enterprising entrepreneurs, and some people determine that real estate is the avenue to pursue.

There are several different ways to invest in real estate, including buying a home. Investing in real estate can be lucrative, although the return on such investments can be affected by high interest rates.

When interest rates fall, investors often come out of the woodwork. Investors considering real estate have many options to

choose from.

Become a landlord

NerdWallet says buying a property with the intention of renting it out is one of the most common ways to invest in real estate. However, this could be one of the more labor-intensive real estate investment options, as it requires property owners to field calls from renters and always be available to tackle issues that inevitably arise.

Plus, if renters are not properly vetted, landlords may end up with less-than-ideal tenants.

While there are management services that can offset some of the work, farming out tasks comes with expenses that can cut into profits.

Still, when a successful renter-landlord

dynamic is established, this option can provide significant long-term income.

Flipping properties

Buying a property and “flipping it,” which means renovating and putting it up for sale shortly after, is another real estate investment venture.

Flipping requires a lot of work and perhaps even some extraordinary skills.

First, it involves finding up-and-coming neighborhoods and then renovating within a reasonable budget so that you can sell the home at a premium. Remodeling costs can run high, and the time involved in flipping may be longer than investors anticipated.

Buying your own home

Building equity in a home creates a nest

egg that homeowners can tap into at a later time, particularly when they choose to sell. Bankrate says banks treat owner-occupied properties more favorably, giving borrowers lower mortgage rates and requiring lower down payments.

Purchase REITs

REITs are real estate investment trusts that enable investors to invest in real estate without actually touching physical real estate properties, advises NerdWallet.

REITs are like the mutual funds of the real estate realm, and include companies that own commercial real estate. REITs can pay out high dividends, making them popular retirement investments. Dividends

FISCAL HEALTH



A \$105T INHERITANCE WINDFALL IS ON THE WAY FOR HEIRS

By Daniel Neligh, Maria Clara Cobo and Andre Tartar

Bloomberg

The largest intergenerational wealth transfer in U.S. history is about to take place — though the vast majority of Americans are unlikely to inherit much money at all.

About \$105 trillion is projected to be passed down from older generations over the next quarter century, according to research firm Cerulli Associates, an amount roughly equal to global gross domestic product in 2023.

Rising stock markets and home prices, as well as inflation, have fattened the estates that members of the baby boom generation, born between 1946 and 1964, are expected to leave their heirs.

The latest inheritance projection by Cerulli is 45% higher than the 25-year forecast the firm made only three years ago.

U.S. gifts and inheritances are expected to total \$2.5 trillion next year alone.

“About 80% of the wealth held today is going to be in motion,” Chayce Horton, the lead author of the Cerulli report, said in an interview. “The ratio of wealth expected to be changing hands in the next 25 years is significant, and much greater than what we even saw a decade ago.”

Yet even as the assets of millions of aging Americans are passed on, the share of the U.S. population that will benefit from inherited money has remained static, a sign of how accumulating family wealth has become more concentrated among the most affluent households.

At the same time, money passed down from one generation to another accounts for a growing share of the overall wealth of heirs, rising relative to income from work or investments.

Inherited money represented about a quarter of the net worth of households

that received it, a Bloomberg analysis of the Federal Reserve’s 2022 Survey of Consumer Finances found, up from roughly 10% in the late 1990s.

“We’re becoming less of an economy that promotes entrepreneurship and production and more of an economy focused on inheritance and dynasty,” said Chuck Collins, director of the program on inequality and the common good at the Institute for Policy Studies.

Collins, whose great grandfather founded the hot dog and lunchmeat maker Oscar Mayer, gave up his inheritance when he was in his 20s.

He is now a member of the Patriotic Millionaires, a nonprofit group of affluent Americans that pushes for the wealthy to pay higher tax rates.

Receiving any funds from a deceased family member remains the exception in the US, not the rule.

Just one in five American households

have received a substantial gift, trust or inheritance in recent decades, according to Bloomberg’s analysis.

Inherited wealth is expected to become increasingly concentrated among the most affluent, according to Cerulli. The firm estimates that more than half of the wealth transferred between generations through 2048 will come from households with at least \$5 million in investable assets. Only about 2% of U.S. households meet that threshold.

The figures lend support to an idea that has long had currency among economists but that has been difficult to confirm — that the share of overall wealth derived from inheritance is far higher than it appears.

A 2017 paper argued that inherited money had accounted for more than half of total wealth in the U.S. and Europe since

Heirs

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the 1990s, and that “self-reported inheritance flows are implausibly low.”

“Inheritance is still the most important factor in terms of wealth concentration,” said Kaushik Basu, professor of economics at Cornell University and former chief economist at the World Bank.

The trillions of dollars set to be passed on in coming years could create more social mobility for younger generations, even though its greater concentration among the wealthiest Americans is likely to create more obstacles for lower-income households and exacerbate inequality.

“Markets may still flourish, and overall economic growth may continue, but the polarization between the born-poor and born-rich will become more acute,” Basu said.

He added that many of the economic advantages of family wealth are conferred indirectly, through access



AL GRILLO, FILE — THE ASSOCIATED PRESS

to education and other opportunities.

As more members of the massive baby boom generation die, the annual rate at which wealth is being passed on is expected to increase until the end of the decade.

Millennials, born between 1981 and 1996, are expected to inherit more than \$45 trillion by 2048, including some \$3.9 trillion that year alone. Generation

X, sandwiched between the baby boomers and millennials, will see their annual inheritance levels peak in 2038 at just shy of \$2 trillion, according to Cerulli.

Wealth isn't only cascading down to younger generations, it also is moving sideways.

Before reaching younger heirs, inheritances are often transferred to surviving spouses and partners. Since women tend to out-

live men, they are expected to receive a large share of the fortunes being passed on.

“A significant amount of the wealth that is held today is believed to be controlled by men,” said Cerulli's Horton. As those men die, “we expect that wealth to be much more equitably distributed on a gender basis.”

Cerulli estimates that women will inherit nearly

half of the total projected value of inheritances over the next 25 years.

U.S. tax policy has made it easier for wealthy heirs to hang on to more of the money they inherit.

President Donald Trump wants to extend part of his 2017 tax-cut package that doubled the estate-tax exemption from \$5.49 million to \$11.18 million.

For many older Americans, money handed down from previous generations has shaped their own planning.

Alan Jewett, a 75-year-old retiree in Delaware, and his wife received an inheritance of nearly \$3 million from her childless aunts in 2014, after the couple had already put both their children through college and bought a home.

“Having money changes the way you look at things in the sense that it gives you and your family a feeling of security,” Jewett said. He and his wife gave part of the inheritance to their kids and set up an irrevocable trust for their three young grandchildren.

Some heirs say they

have used inherited money to prepare for their own health and elder-care expenses.

Lee Robin Gebhardt, a 63-year-old wine seller living in Putnam County, New York, said she invested a \$150,000 retirement account that she received from her father, who died in 2020, in her long-term care. Gebhardt, who plans to work for at least another two years, has enough money put away to last her until she's 110.

“That will take some pressure off my children,” she said.

Other relatively wealthy baby boomers have decided to pass on some of their wealth while they're still able to see its effects for themselves.

“I've seen an increasing focus on ‘giving while living,’ where people provide for their family's needs during their lifetime,” said Jared Jones, senior advisor at Omega Wealth Management. “There's definitely a big focus on not waiting until one passes away to help and witness the benefits of the wealth from the family.”

Investing

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can be reinvested to grow your money further.

Housing not your thing?

Investing in a more traditional route, like stocks and bonds, is a skill that some people develop over time.

When just starting out, novice investors might not be comfortable choosing individual stocks.

In these instances, options like index funds merit consideration.

Investopedia advises that an index fund is a type of mutual or exchange-traded fund (ETF) that tracks the



PHOTO COURTESY OF METRO EDITORIAL SERVICES

performance of a market index like the S&P 500 or the Russell 2000.

The index fund holds the same stocks or bonds as the index, or a representative

sample of them. Some index funds track specific stock sectors, company sizes or additional qualifying parameters.

Index funds do not

change very often, and will only do so when the makeup of the index they are tracking changes.

Index funds are popular investment vehicles for many reasons.

Here's a look at why it can be advantageous to invest in index funds.

- **Lower costs:** Because index funds do not have fund managers who actively buy and sell assets regularly, they typically have lower fees in the form of expense ratios, which are the costs of running the fund.

- **Passive investing:** Index funds are a long-term strategy that utilizes passive investing so that an investor doesn't have to pick securities or time their choices to the market.

- **Diversification:** Index

funds enable investors to enjoy broad market exposure across various sectors and asset classes according to the benchmark indices they follow.

- **Reduced bias or error:** According to Fidelity, professional investment managers may make mistakes during stressful market conditions. Index funds don't require a manager to make decisions beyond tracking the index.

- **Reduced taxes:** People who invest in actively managed funds that sell frequently tend to owe more taxes than investors in funds that sell less often. Index funds tend to not sell often.

Although there are many perks to index funds, there are some determinants,

as well. Some funds put a lower limit on how much an investor needs to invest. And while index funds are low-cost, they aren't always no-cost. A fund's expense ratio needs to be examined to ensure that the smallest cut of returns goes to the fund manager.

Investors choosing index funds may earn a lower return than if they had chosen their own best-performing stocks.

Index funds include both high- and low-performing stocks and bonds.

Whatever you're investing in, do your research and if needed, seek out professionals to answer your questions before spending any of your hard-earned money.

— Metro Editorial Services

FISCAL HEALTH

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METRO EDITORIAL SERVICES

A FIRM FOUNDATION: FINANCIAL TIPS FOR YOUNG PROFESSIONALS

Young adults confront something of a juggling act once they begin their professional lives.

For many, that challenge begins with landing and starting a first job, arranging a payment plan for student loans, finding a place to live, and determining savings and personal finance goals. Although entering the workforce and taking a big step toward financial independence can be exciting, it also comes with financial responsibility.

Setting a strong financial foundation as early as possible helps establish long-term financial security.

These tips can help young professionals manage their money more effectively:

- Take a money management course. Young professionals may be tired of heading to class or making the grade at this point in life, but educating oneself about some of the basic rules of personal

finance can help bridge knowledge gaps in this arena. Many young adults have never been taught the basics of applying for credit and staying out of debt. If you've been riding your parents' financial coattails throughout school, now is the time to learn more, whether it's through an online course or reading up on the subject.

- Set SMART goals. The acronym SMART stands for Specific, Measurable, Achievable, Relevant, and Time-bound, and can serve as a roadmap to achieving various goals, including those related to money. Develop a clear plan for your money, which can make it easier to budget and achieve savings-related goals.

- Minimize debt. The Education Data Initiative says university graduates owe an average of \$28,244 on student loans after they leave school, with a monthly payment between \$200 and \$299. Some graduates have even more debt and

higher payments. Managing debt is vital to anyone's finances. Create a debt repayment plan at the earliest opportunity. With a "snowball" strategy, borrowers pay off their smallest debts first. Once a debt is paid off, the payment amount for that debt is then applied to the next smallest debt, gaining momentum with each payment. The "avalanche" approach involves paying off the debt with the highest interest rate first.

- Aim to pay with cash more often. Unless you can afford to pay off the balance in full every month, using credit cards a lot can contribute to debt accumulation. Buying items with cash or debit will reduce the likelihood of spending what you don't have, offers Investopedia.

- Set up an emergency fund. It might be challenging to set aside a lot of money right now when you have an entry-level position and some debt. But setting

aside as little as \$1,000 for unexpected life events separate from your own personal savings can shield you from issues that arise from unexpected expenses.

- Participate in employer benefit plans. Look for the various ways that your employer can help you save money. This may include participating in retirement plans (including those with employer contribution matches), health spending accounts, gym memberships, and additional opportunities.

- Start saving and investing now. According to SmartAsset, if you start investing \$150 a paycheck at age 25 and your investments have an average annualized return of 8%, after 40 years you'll have about \$1.1 million in your account. Investing the same at age 35 means cutting nearly half of that total simply by procrastinating.

— Metro Editorial Services

FISCAL HEALTH



FINANCIAL LITERACY 101: UNDERSTANDING AND PREPARING TO EASE YOUR MIND

Financial anxiety is on the rise in the United States, making financial literacy — simply put, the ability to understand and effectively utilize various money management practices including budgeting, investing and saving among others — as important as ever.

In fact, 36% of the U.S. general population feel anxious about their current financial situations with 26% feeling strained, according to research from World Financial Group.

Taking steps to become more financially literate and manage money more effectively can help.

While there isn't one "right" way to gain financial literacy, these steps can help grow your understanding and confidence around your finances.

Understand your finances

Understanding your finances and how your financial decisions impact your future self is essential for making appropriate choices.

Without this understanding of your income and expenses, you become vulnerable to making the wrong decisions and can put yourself at greater risk in the future.

To further expand your knowledge base, consider taking a financial literacy quiz to test your understanding of concepts such as compounding interest, inflation and risk diversification. If necessary, don't be afraid to seek the advice of a professional before making important financial decisions.

Take control and plan with confidence

To take control of short- and long-term financial priorities and aspirations, individuals should plan ahead. Establishing these goals is the first step to effective planning, whether lifestyle goals, hopes for retirement or specific items you wish to acquire, such as a new vehicle or home.

This approach provides a target for building your savings and protection plans.

Prepare and plan for life's unexpected events

If not adequately prepared, unexpected events can have catastrophic impacts on household finances.

For example, having to leave the workforce early due to illness could mean years of lost earning power, which could impact your short- and long-term priorities and aspirations.

Therefore, it's essential to ensure backup plans, such as a retirement account or life insurance that includes income protection if unable to work, are in place, if the unexpected happens.

This "cushion" can contribute to greater confidence in your future financial outlook and stronger feelings of security going into waves of economic uncertainty.

Test your literacy to assess your understanding and confidence around finances at worldfinancialgroup.com.

— Family Features

FISCAL HEALTH



COMMON QUESTIONS ABOUT REVERSE MORTGAGES

Homeownership is a dream for millions of people across the globe. The National Association of Realtors indicates real estate has historically exhibited long-term, stable growth in value.

Money spent on rent is money that a person will never see again. However, paying a traditional mortgage every month enables homeowners to build equity and can be a means to securing one's financial future.

Homeowners typically can lean on the value of their homes should they need money for improvement projects or other plans. Reverse mortgages are one way to do just that.

Who is eligible for a reverse mortgage?

People near retirement age are eligible for a specific type of loan they can borrow against. Known as a "reverse mortgage," this type of loan can be great for people 62 or older who perhaps can no longer make payments on their home, or require a sum of money to use right now, without want-

ing to sell their home.

In addition to meeting the age requirement, a borrower must live at the property as a primary residence and certify occupancy annually to be eligible for a reverse mortgage. Also, the property must be maintained in the same condition as when the reverse mortgage was obtained, says Fannie Mae.

How does a reverse mortgage work?

The Consumer Finance Protection Bureau says a reverse mortgage, commonly a Home Equity Conversion Mortgage, which is the most popular type of reverse mortgage loan, is different from a traditional mortgage. Instead of making monthly payments to bring down the amount owed on the loan, a reverse mortgage features no monthly payments. Rather, interest and fees are added to the loan balance each month and the balance grows. The loan is repaid when the borrower no longer lives in the home.

What else should I know?

With a reverse mortgage, even though borrowers are not making monthly mortgage payments, they are still responsible for paying property-related expenses on time, including real estate and property taxes, insurance premiums, HOA fees and utilities.

Reverse mortgages also come with additional costs, including origination fees and mortgage insurance up to 2.5% of the home's appraised value, says Forbes. It's important to note that most interest rates on these loans are variable, meaning they can rise over time and thus increase the cost of borrowing. In addition, unlike traditional mortgage payments, interest payments on reverse mortgages aren't tax-deductible.

How is a reverse mortgage paid back?

A reverse mortgage is not free money. The homeowners or their heirs will even-

tually have to pay back the loan when the borrowers no longer live at the property. This is usually achieved by selling the home.

The CFPB notes if a reverse mortgage loan balance is less than the amount the home is sold for, then the borrower keeps the difference.

If the loan balance is more than the amount the home sells for at the appraised value, one can pay off the loan by selling the home for at least 95% of the home's appraised value, known as the 95 percent rule. The money from the sale will go toward the outstanding loan balance and any remaining balance on the loan is paid for by mortgage insurance, which the borrower has been paying for the duration of the loan.

Reverse mortgages can be a consideration for older adults. However, it is essential to get all of the facts as they relate to an individual's situation in order to make an informed decision.

— Metro Editorial Services

FISCAL HEALTH



CHIP SOMDEVILLA — GETTY IMAGES

Sen. John Thune (R-SD) talks to reporters during a news conference on a number of issues, including criticizing the Biden Administration over a new rule allowing retirement funds to take into account environmental, social and governance (ESG) investing, which helps screen investments based on socially conscious factors.

HOW TO DECIDE WHETHER SUSTAINABLE INVESTING IS RIGHT FOR YOU

**By Alissa Greenberg
and Hannah Ziegler**
The Washington Post

Investors have long had the option of channeling their money toward a purpose beyond just financial performance — even before the temperance movement called on Americans to shun so-called sin stocks such as alcohol, gambling or tobacco.

Sometimes called responsible, ethical or sustainable investing, this approach is now often known by the more politically loaded term “ESG,” shorthand for environmental, social and governance principles.

As ESG investing has grown more popular, Republican lawmakers have ratcheted up pressure on fund managers and shareholders to disinvest.

Clean energy (the “E”) has been among their top targets, with President Donald Trump pledging to ramp up fossil-fuel production and scrap the climate provisions of President Joe Biden’s signature Inflation

Reduction Act.

While the fate of Trump’s agenda remains to be seen, most financial advisers say options for ESG investing remain plentiful for people looking to align their money with those principles, especially on climate.

That’s reflected in the growth in sustainable investing assets in the United States, which amounted in 2021 to \$8.4 trillion — more than 12% of total assets — according to the United States Social Investment Forum.

If you’re thinking of trying out ethical investing, here’s what you need to know:

How do ESG funds compare with other funds’ performance?

Opponents of ESG investing frequently argue that the rate of return isn’t as robust as it is with conventional options. In recent years, however, these funds have surged — outperforming conventional-fund returns

every year since 2019, except in 2022, the Institute for Energy Economics and Financial Analysis reported. And in 2023, they beat traditional funds across all major asset classes and regions, according to the Morgan Stanley Institute for Sustainable Investing, posting a median return of 12.6%, compared with 8.6% for traditional funds.

One reason these funds do well is that they account for long-term risks in a way that more generalized investment does not, said Bruce Herbert, chief executive of Newground Social Investment.

In the long run, “what’s most profitable is also often most sustainable,” he said, noting that many investment professionals consider it a “best practice” to take ESG factors into account.

How do I find ESG funds that reflect my values?

Michael Kramer, manager and trust

steward of Natural Investments, helps his clients prioritize the issues they care about, and weed out the ones that don’t match those values, as he builds their portfolios. Some investors also supplement those choices with a more affirmative “impact-investment” approach, supporting sectors such as green tech, organic food, sustainable forestry or recyclable and biodegradable products.

As his clients make their decisions, Kramer watches out for the buzzwords and overly vague language that indicate “greenwashing,” where a company makes misleading statements about its sustainability practices to attract environmentally or socially conscious customers.

For this reason, he and many financial advisers urge would-be investors to read the prospectus of each fund carefully.

You can also check a company’s sustainability reports, known as Form NP-X, which are filed with the Securities and Exchange Commission and provide context



TASOS KATOPODIS — GETTY IMAGES

Jean Garris Hand, vice president of environmental, social and governance (ESG) and global head of sustainability, Hilton, and Ben Smith, co-founder and editor-in-chief, Semafor, speak onstage during Semafor World Economy Summit Fall on Oct. 25, 2024, in Washington, D.C.

about a company's behavior and history of voting on shareholder proposals, Herbert notes.

In addition, there are free online tools such as As You Sow's Invest Your Values tool, the multidimensional ESG rating systems maintained by Natural Investments, and those offered by US/SIF.

If you're confused by the array of ESG-fund offerings and can afford an adviser, a professional can help explain the options and provide additional services, including accessing proprietary databases of company climate data such as Morningstar, Bloomberg and MSCI, which provide in-

sight not available to most consumers.

As institutional investors, they also have the clout to ask for key company information through questionnaires and interviews.

If you're on your own, the universal advice for investing also applies to ESG funds: Make sure to diversify to protect against market bumps.

That means prioritizing options such as ESG-oriented mutual funds or exchange-traded funds to manage risk, Herbert says. He also recommends considering a community-focused approach, such as supporting microcredit lending, credit unions or

loan funds in under-resourced areas or buying bonds that back hospitals, schools and public transit.

Why is ESG investing controversial?

ESG funds have become a political flash point in recent years, with many Republican lawmakers blasting their criteria as a breach of fiduciary responsibility.

Much of the pushback has been in the courts: When the SEC adopted rules in March requiring public companies to disclose climate-related losses, expenditures on climate-related goals, and other provisions to combat

greenwashing, the move drew a raft of lawsuits — including one filed by 10 Republican attorneys general and a challenge led by the U.S. Chamber of Commerce.

Another change at the federal level could be a reinstatement of a Labor Department rule, enacted during Trump's first term and reversed under Biden, that makes it more complicated for employers to add ESG funds to the menu of retirement-plan offerings, including as the default investment for undecided participants.

Meanwhile, some Republican-governed states have passed legislation limiting or outlawing the

use of public money, such as pension funds, in ESG investments.

And some companies — such as investment giant BlackRock — have moved away from using the label after formerly embracing it. (BlackRock continues to manage more than \$800 billion in assets that fall under the category, however.)

While these possible changes loom, the underlying consumer preference for ESG remains strong, according to a recent report from the market intelligence company Diligent.

Its survey of 801 board members in companies across the United States

and Europe, representing 14 industries, found that two-thirds plan to stay the course on ESG commitments despite the recent backlash, while 17% plan to communicate differently; only 7% said they will dial back.

Meanwhile, Democratic-governed states may follow the example of New York's pension funds, which just joined a climate-finance group, the Net-Zero Asset Owner Alliance, to underscore their commitment to fighting climate change.

To Kramer, the trend in appetite is clear. "The old way of 'Just make money, who cares how you make it' is over," he said.

FISCAL HEALTH

SHOULD LOTTERY WINNERS TAKE A LUMP-SUM PAYOUT OR ANNUITY?

By Andrew Jeong
The Washington Post

Most lottery winners go for the immediate payout, but experts say they could be making a mistake.

When a winner accepts the annuities plan, the prize is spread out in payments across decades, with each annual payment increasing by about 5% to protect against inflation. Both options are subject to income taxes. The annuity option spreads out the tax burden in addition to the payments.

Annuities generally pay out a larger sum in the long run and shield winners from the temptation of spending lavishly and going broke, personal finance experts say. Lottery operators fund the annual payouts by investing the money in secure government bonds that pay lower interest than stocks or funds but are considered ultrasafe.

"In addition to being a relatively safe investment, the annuity gives the winner time to adjust to dramatically new financial circumstances," said Terrance Odean, a finance professor at the University of California at Berkeley's Haas School of Business — and learn from any initial mistakes they make.

Michael Finke, a professor of wealth management at the American College of Financial Services, said annuities and structured settlements are for "anyone who might otherwise be vulnerable to prematurely spending down savings because of either a lack of patience or financial sophistication."

Finke pointed to how current and former professional baseball players including Bobby Bonilla, Ken Griffey Jr. and Shohei Ohtani have opted to receive their millions in annuities, protecting them against the possibility of indulging in their riches too quickly.

Research has shown some pro athletes who made millions went bankrupt soon after retiring. A 2015 study published by the National Bureau of Economic Research showed that 15.7% of retired NFL players had gone bankrupt within 12 years of retirement.

There is little evidence, however, that

shows lottery winners tend to go bankrupt.

One 2020 study by researchers in Sweden and the United States said "lottery wealth dissipates slowly" and was "robustly detectable for well over a decade" after the lottery win. In 2018, the National Endowment for Financial Education said that it had no data to back the frequently mentioned statistic that says around 70% of lottery winners end up bankrupt in just a few years.

Although annuities are generally the wiser option, experts noted some exceptions.

Javier Estrada, a professor of finance at the IESE Business School in Barcelona, said lottery winners should take into account their age when deciding whether to accept their jackpot in annuities. "All else equal, the older the person, the less convenient the annuity," he said in an email.

Mega Millions winnings can be passed on to beneficiaries in case of death. But annuities may complicate that transfer of wealth, Estrada said.

For recipients of inheritances or legal settlements, Estrada advised that if the recipient is a retiree with their future financial needs covered, they should take the money in a cash lump sum, because that would enable the person to "do some things on the 'would be nice if I can afford it' list."

Annuity.org, a website that connects potential buyers of annuities to sellers, said lump-sum cash options are better tailored to those who are prudent investors and can generally repress impulses to overspend. Annuities — despite the stability — are inflexible and could interfere with accessing cash in emergencies.

Any winner of a big lottery jackpot should consult a licensed professional, said Yuval Dan Bar-Or, a professor at Johns Hopkins University's Carey Business School. That might include a lawyer, accountant or financial adviser.

At the end, there's no right or wrong answer, he said. "The good news is that, with very large jackpots, either choice yields huge, life-changing windfalls," he said.



FISCAL HEALTH

3 MUST-KNOWS ABOUT EMPLOYEE STOCK OPTIONS

Benefit can be a key source of wealth for some households

By Christine Benz
Morningstar

Forms of compensation like restricted stock units and performance shares — whereby executives receive a batch of stock from their companies after meeting a performance target — have some key advantages relative to employee stock options.

They're more straightforward than stock options, and the associated taxes are less complex and often better aligned with gains. That said, employee stock options can be a key source of wealth for some households.

If options are part of your compensation package, it's worth your while to get familiar with how they work generally, as well as how your company handles stock options specifically.

Employee stock option basics

When employees receive stock option grants, they have the opportunity to exercise the options at some later date at a predetermined price, called the strike price or exercise price.

Assume that Sharon received 100 shares of her employer stock in 2014, when it was trading at \$2.35 per share, with a strike price of \$10 per share and an expiration date of Dec. 31, 2023.

If the stock were trading at \$20 per share when Sharon wanted to exercise her options toward the end of 2023, the options would be "in the money," meaning that the strike price is below the stock price at the time of exercise.

Her profit would be on the difference between her \$1,000 exercise price (her 100 stock options multiplied by the \$10 strike price) and \$2,000, the shares' value at the time of exercise.

She could either continue to hold the stock after exercise in the hope that it would go higher, or sell and pocket her profit.

Taxes? It depends

There are two key types of employee stock options: incentive stock options

and nonqualified stock options.

That distinction has a big impact on the tax treatment, which in turn may affect the strategy you employ with the options.

Nonqualified stock options (NSOs) are taxed at the investor's ordinary income tax rate at the time of exercise.

Incentive stock option (ISO) gains, by contrast, aren't taxed as ordinary income at the time of exercise (unless the ISO holder sells the stock at the same time).

Instead, there's a tax benefit to holding the stock after exercise in order to qualify for the lower long-term capital gains rate on the profits from the sale.

In order to do so, however, the employee must meet two criteria:

- 1) they must have held the options more than two years beyond the grant date
- 2) they must hold the stock more than one year after exercise.

Mitigating company-specific risk

As with restricted stock, employees with hefty options grants risk having too much of their economic wherewithal riding on their companies.

Minding diversification argues for divesting the shares as soon as is practical while balancing that against tax considerations and the company's valuation (especially undervaluation).

One way to mitigate the risk of exercising options at precisely the wrong time is to exercise a portion of a grant at a time.

Much like dollar-cost averaging into a stock or fund, conducting multiple exercises of multiple lots of options can help ensure that an employee exercises at a variety of price points.

Exercising over a period of years rather than all in one go will also enable the employee to spread out the tax costs related to the options.

Here again, it's helpful to obtain advice from a tax or financial advisor who's well-versed in options to determine the best course of action.

This article was provided to The Associated Press by Morningstar.

Christine Benz is the director of personal finance and retirement planning at Morningstar.

RETIREMENT

PHOTO COURTESY
OF GETTY IMAGES

GET GOING: PLANNING FOR RETIREMENT NEEDS TO START NOW

Being financially secure in retirement starts while you're still working.

Because you likely don't want to remain in the workforce forever, creating a plan can help ensure you're confident in living comfortably in retirement when the time comes.

Retirement plans and financial aspirations are deeply personal and often tied to family life, ambitions and values, meaning it's entirely up to you when to start planning and saving for your post-work years.

However, the worrying reality is that many households across the U.S. don't feel in control of their finances.

According to a study from World Financial Group, 11% of households have "forfeited contributions to their retirement accounts," a decision that will have an impact later in life.

To ensure you're prepared, consider these steps to plan for retirement.

When and how much

Because nearly everyone has different

goals for retirement, there's no one-size-fits-all approach to when and how much money you'll need to stop working.

Assess your unique situation — including all your forms of income, assets and savings — and calculate what you'll need to maintain your standard of living and cover expenses, including any discretionary spending, in retirement.

Appropriate plan for your needs

In addition to figuring out how much you should save, having the right savings vehicle is an important consideration.

A good place to start is an employer-sponsored retirement plan with fund-matching, such as a 401(k).

If a workplace retirement plan is not available, consider setting aside money for retirement through an IRA that provides access to a range of investments, including stocks, bonds and mutual funds.

Some insurance products may also provide benefits during retirement, such

as life insurance coverage, supplemental income and tax advantages.

Take stock of your current assets

Your current assets include more than just what's in your bank account.

Beyond your paycheck, factor in real estate, investment accounts and any insurance policies you may have.

If you need help understanding your finances, take a financial literacy quiz to test your knowledge and then consider meeting with a financial services expert.

Budget and reduce

Your retirement budget should look similar to yours while still part of the workforce.

Start by accounting for how much money is coming in and how much is going out toward fixed expenses like utilities, phone bills, insurance premiums, rent or mortgage and vehicle payments then track other expenses like groceries, gasoline and other spending toward

nonessentials like entertainment and clothing. From there, look for ways to cut expenses to stretch your funds further, such as canceling a streaming service, dining out less or skipping a new movie release.

Account for unexpected expenses

Before retirement, consider how you'd handle unexpected expenses such as a medical emergency, home or vehicle repair or moving into an assisted living facility. Suppose you don't have the appropriate health and homeowner's insurance coverage. In that case, you may be covering those costs out-of-pocket, which could limit or hinder your financial flexibility on a fixed income.

Test your literacy and find additional resources to plan for retirement at worldfinancialgroup.com.

— Family Features

RETIREMENT



RETIRING SOON?

For decades, the “4 percent rule,” laid out by renowned financial adviser William Bengen, served as the north star for financial planners. He estimated that a withdrawal rate of 4% a year would allow a retiree to safely spend down their investment account without depleting it.

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PLOT A DETAILED BUDGET FIRST BEFORE TAPPING YOUR 401(K)

By Rivan Stinson
The Washington Post

You might know how to save for retirement. But do you know how to spend your savings after you retire?

For decades, the “4 percent rule,” laid out by renowned financial adviser William Bengen, served as the north star for financial planners. He estimated that a withdrawal rate of 4% a year would allow a retiree to safely spend down their investment account without depleting it.

To get his estimate, Bengen used historical data across three decades, which included boom markets, downturns and swings in inflation, as well as various types of portfolios. However, the model didn’t consider how much retirees actually have saved, which is often far less than they expect to stash away during their working years. In fact, just 29% of retirees say their 401(k) or IRA is a major source of their income, according to Gallup.

Americans between 60 to 64 have a me-

dian balance of only \$66,900 saved in their employer-sponsored 401(k), while those 65 to 69 have \$63,100, according to Fidelity, the largest administrator of workplace retirement plans. Meanwhile, the average balance — which is skewed upward due to the retirement wealth concentrated among the richest Americans — is \$239,500 and \$244,000, respectively, for those cohorts. And the share of 401(k) millionaires is relatively small, at 2%, according to Fidelity. (Those numbers don’t account for an individual holding multiple retirement accounts.)

However, all retirees — no matter their portfolio balance — need a flexible withdrawal rate, experts say.

“We don’t actually see spending moving in a straight line, which is what the guideline assumes,” says Christine Benz, director of personal finance and retirement planning for Morningstar. That means finding a rate that matches your true retirement income needs from one year to the next, factoring in other sources of in-

come — such as Social Security benefits, a pension or other savings — as well spending in the later years on health care costs.

And among those who do have more than enough, they might be too constrained by what John Boyd, a certified financial planner, calls “saver’s mentality”: When they retire, they know about the 4% rule, but err on the side of underspending.

“I don’t think they give themselves enough credit on how much they can spend,” Boyd said.

Inflation’s bite

Pre-retirees often wrongly assume they should withdraw a flat 4% every year. In fact, this is just a starting point, with the dollar amount adjusting for inflation year over year.

For example, let’s say a retiree had \$1 million in their 401(k). Under the 4% rule, they would withdraw \$40,000 for the first year of their retirement. They would then have to adjust the next year’s \$40,000 withdrawal by the inflation rate. If infla-

tion comes in around the Federal Reserve’s traditional target of 2%, that would mean an extra \$800 withdrawn in the second year of retirement — that is, 2% of that original \$40,000. But if that retiree had to withdraw in June 2022, when inflation hit 9.1%, they would pull out \$3,640, for a total of \$43,640.

Another source of pressure in 2022 was the severe market turmoil — depressing returns on stocks as well as on bonds across many investment vehicles, including target-date funds. So many savers saw their accounts take a hit, even those with a conservative mix of investments.

In cases of such down markets, a retiree should take out less — a tough pill to swallow — to avoid depleting their account too quickly, Benz advises.

Your budget vs. Social Security

For all those reasons, you should map out the first 10 years of retirement with

RETIREMENT

WHAT'S NEXT? CONSIDERATIONS FOR YOUR SECOND ACT

Many people see their careers as one of their defining characteristics.

Children are often asked what they want to be when they grow up, and as adults they will likely be asked "What do you do for a living?" more times than they can remember.

Work is undoubtedly a major component of life for most people from the time they leave school to the day when they retire.

A high cost of living and advancements in medicine that have contributed to longer life expectancies would seemingly compel individuals to work longer, but data indicates the average professional is retiring shortly after turning 60. Data from the 2024 MassMutual Retirement Happiness Study indicates that the average retirement age among American retirees is 62. That's in spite of the fact that pre-retirees and retirees who participated in the study indicated that 63 is the ideal retirement age.

And a growing number of adults value work so much that they pivot to second careers. A phenomenon known as "unretirement" occurs when people who have previously retired return to the workforce.

A 2010 paper published in the Journal of Human Resources found nearly 50% of retirees followed a nontraditional retirement path that involved partial retirement or unretirement.

According to a recent Retirement Saving & Spending Study from T. Rowe Price, around 20% of retirees are working either full- or part-time, while 7% of study respondents are looking for employment. Some people return to work for financial reasons while others seek the social and emotional benefits employment can bring. But individuals mulling a return to work or those currently working but trying to determine a second act should not feel beholden to previous career paths. A second trip around the employment block can involve an

entirely different line of work.

Following are some things to look for in a second act:

- **Flexibility:** Choose a career path that enables you to set your own schedule or possibly work part-time if that is your preference. This way you can still reap some of the benefits of retirement, including the flexibility to travel.

- **Social interaction:** Adults may lose daily opportunities to be social when they retire, which can compound feelings of isolation common among retirees. Consider a second career that lets you interact with a number of people and continue to build relationships and a good network.

- **Personal passions:** Reflect on what you might do for work if money were no object. This may help you narrow down new opportunities that are in line with your interests and passions. Find a job that utilizes your skills and experience and meshes with your interests. A former graphic artist, for example, may decide to teach

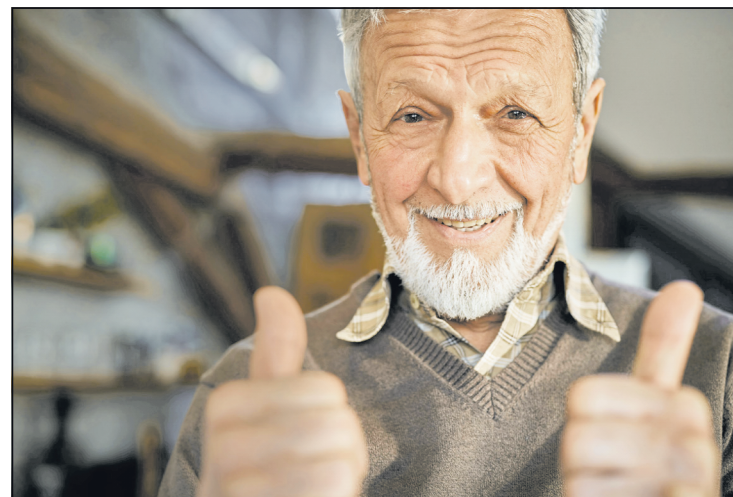


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design to young people.

- **Nonprofit opportunities:** Many retirees spent years in high-stress corporate environments where bottom lines may be more important than the bigger picture. Shifting to a career in the nonprofit sector can be a personally fulfilling job that uti-

lizes skills learned in the corporate world.

- **Consulting or contract work:** If you're a retiree who loved your job, you might want to have a second career as a consultant or contractor in the same field.

— Metro Editorial Services

401(K)

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a granular budget before thinking about the 4% rule or any other withdrawal rate, Benz says.

Those needs include more than just lavish vacations. Pre-retirees should specifically think about what kind of big-ticket costs to cover, such as a roof repair, new appliances, home renovations or replacing a car. Other items that pre-retirees often forget to budget for their children's or grandchildren's weddings and graduations, she notes.

Once you make this granular budget, it's time to crunch the numbers on how much your savings and investments, along with Social Security and a pension (if you have one), would cover. Replacing a car or your roof could mean taking more out of your 401(k) or IRA than what you orig-

inally expected.

Understanding how much support you'll get from Social Security is especially crucial given the funding crisis facing the program's trust fund — a long-term challenge caused by a declining worker-to-retiree ratio. At present, the trust fund is dwindling, but is enough to cover 100% of scheduled benefits until 2035. After that, if Congress doesn't act, benefits will fall by 21%.

For 2025, the average Social Security payment for retired workers is \$1,976, reflecting the most recent cost-of-living adjustment. But you can see an estimate of your personal benefit by checking your Social Security statement at ssa.gov. The statement shows you three expected estimates: One if you claim benefits at 62, another at full retirement age (between 66 and 67, depending on your birth year), and the last if you delay benefits until 70. The later you take the benefit, the bigger it will be.

If the kind of long-term budget that Benz describes exceeds your savings, you may need to consider working longer. But working into your 60s is no guarantee, especially if health problems, family commitments or other reasons interfere. A 2022 Gallup survey discovered that non-retirees assume they will work until age 66. However, only 55% of Americans in their early 60s are still working, according to the Census Bureau. After age 65, that share drops to roughly a fifth.

If you can't work longer to help steady your income and Social Security doesn't suffice, you may have to consider more sweeping options, like tapping your home equity or downsizing to a less expensive area, Benz says.

The challenge of long-term care

Your personal withdrawal rate is expected to rise in your later

years as health-care costs rise.

Starting at age 65, seniors get support through Medicare, the government-funded insurance program that covers things like doctor's visits and hospitalizations, as well as certain drug costs. Some may also be eligible for Medicaid, the state-federal health system that covers low-income Americans of all ages. But there's a growing crisis in long-term care, including memory care, which Medicare doesn't cover beyond short stays. Seniors can turn to Medicaid in that case, but only if they have little to no income and limited assets. And it's only for care deemed necessary, which the program will determine after giving you a full financial audit.

At present, more than 4 million Americans have some form of long-term care paid for by Medicaid, but aging baby boomers are by and large underprepared for the extraordinary costs of special-

ized care. In 2023, Genworth estimated that a semi private room in a nursing home cost \$104,025 a year. For those looking to age in place, a home-health aide is almost as pricey, with an estimated cost \$75,504 a year in 2023 — and these estimates are going up. In 2033, Genworth projects these costs to be \$139,801 and \$101,471, respectively.

The best way to factor in such long-term health care costs, therefore, is to set aside the money, experts say. For Melinda Satterlee, a certified financial planner, that means subtracting say \$200,000 out of a client's investment portfolio to cover potential costs. From there, other necessities such as food, transportation, housing are factored into a potential budget before determining their exact withdrawal rate.

The math may mean sharply reducing other spending, depending on how much a client has saved, Satterlee says.

RETIREMENT



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TOP 7 WAYS GEN XERS CAN TURBOCHARGE RETIREMENT SAVINGS BEFORE IT'S TOO LATE

By James Royal
Bankrate

Fifty-seven percent of U.S. workers say they're behind on their retirement savings, according to Bankrate's 2024 Retirement Savings Survey. But no group says they're behind more than Gen X. A whopping 68% of Gen X workers say they're lagging when it comes to retirement savings.

The first edge of Gen X, which ranges in age from 44 to 59, is on the cusp of retirement, and they still have time and a handful of strategies to significantly improve their savings and retirement.

Here's how Gen X — and plenty

of other Americans — can turbocharge their savings:

7 ways Gen X can accelerate their retirement savings

Gen X — and all Americans — can turbocharge their retirement savings, but basically all strategies focus on three major action categories:

- Save and invest more
- Invest in higher-return assets
- Give yourself more time

Those strategies are your tried-and-true ways to set up your retirement, and unfortunately, retirement savers have no silver bullets short of winning the lottery.

Working with a financial advisor can help you make the smartest decisions for your retirement savings.

1. Set up that 401(k) plan

If you haven't done so, the fastest way to get started on saving for retirement is to set up your employer-sponsored 401(k) or 403(b) plan. These plans allow you to invest in high-return assets, and they defer or eliminate taxes, so you can compound your gains faster without the tax drag. The money is pulled straight from your paycheck and deposited directly into your account, meaning you set it up once and then your 401(k) plan takes care of all future

withdrawals.

The 401(k) plan comes in two varieties: the traditional 401(k) and the Roth 401(k). The big difference is that the traditional plan allows your contributions to go in tax-free and you'll pay taxes only when the money comes out of the account. In contrast, with the Roth 401(k), your contributions go in after-tax, but you won't pay taxes again on any gains or withdrawals.

2. Max it out — then max out the catch-up contributions

The 401(k) plan has a maximum annual contribution, and

you should try to hit that level. For 2024, the maximum contribution was \$23,000, but the amount rises to \$23,500 in 2025. Those aged 50 and over can add in an additional \$7,500 catch-up contribution each year, too, so you can really sock away cash in your tax-advantaged account.

That leading edge of Gen X will also soon be able to save even more each year in a 401(k), too. In 2025, the catch-up contribution for workers age 60 to 63 will rise to \$11,250.

3. Get your full 401(k) employer match

Most employers offer a match-



There are other tools workers can use that could provide a more accurate estimate of how far their savings will go in retirement.
DREAMSTIME — TNS

ing contribution if you make a contribution to your 401(k). So if you make a deposit, they make a deposit. Employees can often get 3% to 5% of their salary as a match. This money is the easiest, safest return you'll ever make, and experts advise workers to take full advantage, even if they can't max out their annual contribution.

The 401(k) matching funds can go into high-return investments, just like your regular contribution.

4. Invest more in stocks, less in bonds

Beyond getting more savings into your investment accounts, you can invest in high-return assets such as stock funds, allowing you to compound your money faster. A diversified portfolio of stocks has outpaced bonds and other investments over time. So, it can make sense to invest more of your nest egg in these high-return assets, multiplying your greater savings even faster.

For example, the S&P 500 stock index — a collection of hundreds of America's top companies — has returned an average of about 10% annually over time, much more than you could typically earn from bonds. You can purchase the whole collection of stocks by buying an S&P index fund — most 401(k) plans offer them — and your returns will mirror whatever the index returns. The downside of investing more in stocks, however, is that they're more volatile in the short term, so the returns can be lumpy, even though stocks are arguably the best long-term investment.

5. Give yourself more time before retirement

Time is your biggest ally when it comes to investing. The more time you give yourself to invest in high-return assets, the greater your wealth is likely to be. If you can delay tapping your retirement account for longer, you'll be able to compound your gains even more.

The younger cohort of Gen X

has an advantage here, and the extra years before retirement can really accelerate the total amount of money they're able to accumulate. Even five years can make an enormous difference if you're really dedicated to saving more.

The leading edge of Gen X has less time to compound money but can make a serious effort, even if they don't have the luxury of time. For most, that means working longer. But this avenue offers two advantages: the ability to save more and not tap limited savings, giving your money more chance to compound. Every year you can delay, the greater the potential savings.

6. Full retirement plan? Consider other account types

So you've maxed out your 401(k) retirement plan. There's no need to stop there. Any American with earned income can contribute to an IRA (although your income level will affect tax deductibility), whether they have a 401(k) ac-

count or not. And you can always open a taxable brokerage account, where you can also invest in high-return stock funds.

An IRA is similar to a 401(k) in several ways. With a traditional IRA, you can invest on a pre-tax basis, meaning you'll pay no tax on contributions. Taxes come out only when you withdraw funds later. In contrast, a Roth IRA allows you to contribute with after-tax money, but the money can compound with no taxes, and withdrawals in retirement are tax-free. The best brokers for stocks can help you find strong stock funds that can multiply your money.

7. Skip prepaying the mortgage and other non-retirement savings

If you're serious about building your retirement savings, other savings and expenses have to take a back seat. Prepaying a mortgage, for example, may not be a great decision, since it ties up cash in your house and you're unable to

invest it in higher-return investments. Similarly, if you're saving money for a child's education through a 529 plan, it's important to focus on retirement.

A financial advisor can help you prioritize your savings and make the smartest decisions for your retirement.

Bottom line

With some serious concerns about the long-term solvency of Social Security, Gen X cannot take it for granted that they'll have the same level of income that previous generations have had. Therefore, it's vital that Gen X take advantage of their remaining working years to get their finances in order.

Editorial Disclaimer: All investors are advised to conduct their own independent research before making an investment decision. In addition, investors are advised that past investment product performance is no guarantee of future price appreciation.

RETIREMENT



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METRO EDITORIAL SERVICES

FINANCIAL STRATEGIES TO CONSIDER AS RETIREMENT DRAWS NEAR

Freedom is often cited as a benefit of retirement. Many professionals look forward to the day when they retire and have more free time and the freedom to spend that time however they choose. Of course, the opportunity to spend retirement how one sees fit typically requires considerable financial freedom.

Financial planning for retirement is often emphasized to young professionals beginning their careers.

But it's equally important that people on the cusp of retirement continue to look for ways to protect and grow their wealth.

As retirement draws near, professionals can consider these strategies to ensure they have the financial freedom to make their golden years shine even brighter.

- Plan to grow your wealth in retirement. It's widely assumed that retirees

need less income after calling it a career because the need to save for retirement is no longer present. However, some expenses, including health care, may rise in retirement, which underscores the need to continue growing your wealth. Cost-of-living also will increase over the course of your retirement years, which highlights the need to keep growing wealth in retirement. It can be tricky to protect your existing retirement savings as you approach the end of your career while also growing that wealth, so it is best to work with a financial planner to navigate that situation.

- Maintain a mix with your investments. A model from the Schwab Center for Financial Research indicated that a hypothetical retiree with a \$2 million portfolio in year one of retirement will have slightly less than \$1 million left 30

years later if her portfolio maintains a mix of 60% stocks and 40% bonds and cash. The model found that a second hypothetical investor with the same size portfolio in year one of retirement will run out of funds prior to year 29 if his portfolio is 20% stocks and 80% bonds and cash. Though conventional wisdom suggests limiting risk as retirement nears and eliminating it entirely upon retiring, modern retirees are living longer and may therefore need to maintain a mix of investments to ensure they don't outlive their money.

- Make the maximum allowable contributions. Many aging professionals may not have saved as much for retirement as they might have hoped to upon starting their careers decades ago. In fact, a 2024 survey from Prudential Financial found

that many 55-year-olds have fallen far short of establishing the level of financial security they will need in retirement. The Prudential survey found that 55-year-olds had a median retirement savings of less than \$50,000, a number that falls considerably short of the recommended goal of having eight times one's annual income saved by this age. If that situation sounds familiar for professionals nearing retirement age, then now is the time to begin catching up. Make the maximum allowable contributions to a 401(k) plan (\$23,000 in 2024) and/or an IRA (\$7,000). In addition, the Internal Revenue Service notes that IRA catch-up contributions remained \$1,000 for individuals age 50 and over in 2024.

— Metro Editorial Services

SOCIAL SECURITY

HIGHER SOCIAL SECURITY PAYMENTS COMING FOR MILLIONS OF PEOPLE FROM BILL THAT BIDEN SIGNED

The change affects nearly 3 million people who receive pensions as teachers, firefighters, and other public service jobs

By **Fatima Hussein**
The Associated Press

President Joe Biden on Jan. 5 signed into law a measure that boosts Social Security payments for current and former public employees, affecting nearly 3 million people who receive pensions from their time as teachers, firefighters, police officers and in other public service jobs.

Advocates say the Social Security Fairness Act rights a decades-old disparity, though it will also put strain on Social Security Trust Funds, which face a looming insolvency crisis.

The bill rescinds two provisions — the Windfall Elimination Provision and the Government Pension Offset — that limit Social Security benefits for recipients if they get retirement payments from other sources, including public retirement programs from a state or local government.

“The bill I’m signing today is about a simple proposition: Americans who have worked hard all their life to earn an honest living should be able to retire with economic security and dignity — that’s the entire purpose of the Social Security system,” Biden said during a signing ceremony in the White House East Room.

“This is a big deal,” he said.

Biden was joined by labor leaders, retirement advocates, and Democratic and Republican lawmakers including the legislation’s primary sponsors, Maine Republican Sen. Susan Collins and exiting Ohio Democratic Sen. Sherrod Brown, who received a standing ovation from ceremony attendees.

The Congressional Research Service estimated that in December 2023, there were 745,679 people, about 1% of all Social Security beneficiaries, who had their benefits reduced by the Government Pension Offset. About 2.1 million people, or about 3% of all beneficiaries, were affected by the Windfall Elimination Provision.

The Congressional Budget Office estimated in September that eliminating the Windfall Elimination Provision would boost monthly payments to the affected beneficiaries by an average of \$360 by December 2025. Ending the Government Pension Offset would increase monthly benefits in December 2025 by an average of



NAM Y. HUH, FILE — THE ASSOCIATED PRESS

The Social Security Administration office is seen in Mount Prospect, Ill., Oct. 12, 2022.

\$700 for 380,000 recipients getting benefits based on living spouses, according to the CBO. The increase would be an average of \$1,190 for 390,000 or surviving spouses getting a widow or widower benefit.

Those amounts would increase over time with Social Security’s regular cost-of-living adjustments.

The change is to payments from January 2024 and beyond, meaning the Social Security Administration would owe back-dated payments. The measure as passed by Congress says the Social Security commissioner “shall adjust primary insurance amounts to the extent necessary to take into account” changes in the law. It’s not immediately clear how this will happen or whether people affected will have to take any action.

Edward Kelly, president of the International Association of Fire Fighters, said firefighters across the country are “excited to see the change — we’ve righted a 40-year wrong.” Kelly said the policy was “far more egregious for surviving spouses of firefighters who paid their own quotas into Social Security but were victimized by the government pension system.”

The IAFF has roughly 320,000 members, which does not include hundreds of thousands of retirees who will benefit from the change.

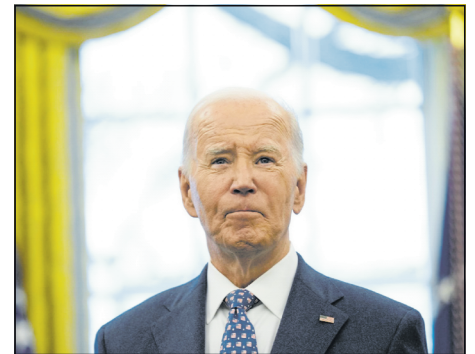
“Now firefighters who get paid very little can now afford to actually retire,” Kelly said.

Lee Saunders, president of the American Federation of State, County and Municipal Employees labor union, thanked legislators for the advocacy.

“Over 2 million public service workers will finally be able to access the Social Security benefits they spent their careers paying into,” Saunders said in a statement. “Many will finally be able to enjoy retirement after a lifetime of service.”

National Education Association President Becky Pringle said the law is “a historic victory that will improve the lives of educators, first responders, postal workers and others who dedicate their lives to public service in their communities.”

And while some Republicans such as Collins supported the legislation, others, including Sens. John Thune of South Dakota, Rand Paul of Kentucky and Thom Tillis of North Carolina, voted against it. “We



SUSAN WALSH — THE ASSOCIATED PRESS

President Joe Biden pauses during a photo opportunity with Medal of Valor recipients in the Oval Office of the White House in Washington, Friday, Jan. 3.

caved to the pressure of the moment instead of doing this on a sustainable basis,” Tillis told The Associated Press last month.

Still, Republican supporters of the bill said there was a rare opportunity to address what they described as an unfair section of federal law that hurts public service retirees. The future of Social Security has become a top political issue and was a major point of contention in the 2024 election. About 72.5 million people, including retirees, disabled people and children, receive Social Security benefits.


The policy changes from the new law will heap more administrative work on the Social Security Administration, which is already at its lowest staffing level in decades. The agency, currently under a hiring freeze, has a staff of about 56,645 — the lowest level in over 50 years even as it serves more people than ever.

The annual Social Security and Medicare trustees report released last May said the program’s trust fund will be unable to pay full benefits beginning in 2035. The new law will hasten the program’s insolvency date by about half a year.


Along with ratifying the Social Security Fairness Act, earlier in his presidency Biden signed the Butch Lewis Act into law, which saved the retirement pensions of two million union workers.

Associated Press writer Stephen Groves contributed to this report.

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