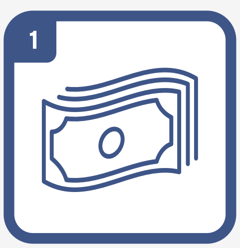
5 TIPS TO REACH YOUR RETIREMENT GOALS DURING UNCERTAIN TIMES

Are those "golden years" of retirement right around the corner? Or maybe you've been forced to entertain the idea sooner than expected due to job loss or other circumstances. The financial fallout from these uncertain times is unsettling, causing many to second-guess their long-term retirement strategies.

There is not a single straight line leading you to retirement; life takes us all through ups and downs. Use these tips to help limit the financial impact this recent crisis might have on your retirement goals.



RESIST THE URGE TO TAKE EARLY WITHDRAWALS

Even though the CARES Act allows some individuals under age 59½ to take early withdrawals from their IRAs or 401(k)s without the typical 10% penalty, doing so now may not help you reach your long-term retirement goals.[1] It's tempting, but you may be locking in losses while the market is down, leaving you with less money down the road. First, explore other options to make ends meet and consider talking with lenders to see if they're willing to defer payments.

CONSIDER DELAYING SOCIAL SECURITY

Another temptation is to claim Social Security benefits before reaching full retirement age. You can start collecting benefits as early as age 62, but doing so could reduce your benefits by as much as 30%![2] Other factors besides your income may play a role in deciding when it makes sense to claim Social Security benefits, such as the cost of health insurance, life expectancy and whether other family members qualify for benefits on your record. It's important to understand the implications of claiming your benefits too soon.

3

CUT EXPENSES

Examining your monthly expenses can help you prioritize where your money goes and help you make it through times of uncertainty. Before dipping into your retirement savings, look at trimming your budget. Explore less expensive insurance, utilities and cell phone plans and put a hold on subscription services, gym memberships and eating out. You might even want to sell unused items from around the house. Sacrificing a little now could help you reap long-term results.

4

BE SMART ABOUT BORROWING

Getting out of debt is a worthy goal, but if the need arises, you might consider taking advantage of historically low interest rates on home equity loans or lines of credit. You might come out further ahead than if you "borrowed" that same amount from your retirement funds. While there are no guarantees when investing in markets, a 10-year rate of return on your existing retirement investments might be higher than the interest you'd end up paying on a low-interest loan over that same time period. Whatever you do, avoid using high-interest credit cards or payday loans to get by.

5

CONSULT WITH YOUR FINANCIAL PROFESSIONAL

Your financial professional has helped countless others determine strategies to stay on track with their retirement goals. Before making any major decisions, talk with them. They are well-versed in 401(k) rollover options for accounts from previous employers, can help you calculate your projected Social Security income based on your age and can help you explore alternatives that may lessen the impact of job loss or another financial crisis. You don't need to go it alone.

A financial professional at your credit union is here to help you today.

SOURCE:
[1] Consumer Financial Protection Bureau, Considering an early retirement withdrawal? CARES Act rules and what you should know, June 30, 2020
[2] Social Security Administration, Starting Your Retirement Benefits Early

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CBSI-3178889.1-0720-0822