

MID-LIFE MONEY ERRORS

by Dominic Lucente

If you are between 40 and 60, beware of these financial blunders and assumptions.

Mistakes happen, even for people who have some life experience under their belt. That said, your retirement strategy is one area of life where you want to avoid having some fundamental misconceptions. These errors and suppositions are worth examining, as you do not want to succumb to them. See if you notice any of these behaviors or assumptions creeping into your financial life.

Do you think you need to invest with more risk?

If you are behind on retirement saving, you may find yourself wishing for a “silver bullet” investment or wishing you could allocate more of your portfolio to today’s hottest sectors or asset classes, so you can “catch up.” This impulse could backfire. The closer you get to retirement age, the fewer years you have to recoup investment losses. As you age, the argument for diversification and dialing down risk in your portfolio gets stronger and stronger. Diversification is an approach to help manage investment risk. It does not eliminate the risk of loss if security prices decline.

Have you made saving for retirement a secondary priority?

It should be a top priority, even if it becomes secondary for a while, due to fate or bad luck. Some families put saving for college first, saving for mom and dad’s retirement second. Remember that college students can apply for financial aid, but retirees cannot. Building college savings ahead of your own retirement savings may leave your young adult children well-funded for the near future, but you ill-prepared for your own.

Has paying off your home loan taken priority over paying off other debts?

Owning your home free and clear is a great goal, but if that is what being debt free means to you, you may end up saddled with crippling consumer debt on the way toward that long-term objective. In late 2018, the average American household carried more than \$6,900 in credit card debt alone. It is usually better to attack credit card debt first, thereby freeing up money you can use to invest, save for retirement, build a rainy day fund – and yes, pay the mortgage.¹

Have you taken a loan from your workplace retirement plan?

If you’ve taken this step, consider the following. One, you are drawing down your retirement savings – invested assets, which would otherwise have the capability to grow and compound. Two, you will probably repay the loan via

deductions from your paycheck, cutting into your take-home pay. Three, you will probably have to repay the full amount within five years – a term that may not be long as you would like. Four, if you are fired or quit, the entire loan amount will likely have to be paid back by a deadline specified in your plan. Five, if you cannot pay the entire amount back and you are younger than 59½, the I.R.S. will characterize the unsettled portion of the loan as a premature distribution from a qualified retirement plan – fully taxable income subject to early withdrawal penalties.²

Do you assume that your peak earning years are straight ahead?

Conventional wisdom says that your yearly earnings reach a peak sometime during your mid- to late-fifties, but this is not always the case. Those who work in physically rigorous occupations may see their earnings plateau after age 50 – or even, age 40.

Is your emergency fund now too small?

It should be growing gradually to suit your household, and nowadays your household may need much greater cash reserves in a crisis than it once did. If you have no real emergency fund, do what you can now to build one, so you don’t have to resort to a predatory lender for expensive money.

Watch out for these mid-life money errors and assumptions.

Some are all too casually made. A review of your investment and retirement savings efforts may help you recognize and steer clear of them.

Dominic Lucente may be reached at 603.645.8131 or Dominic.lucente@LPL.com or Dlucente.com

Financial planning offered through Northeast Planning Associates, Inc. (NPA) a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial, or its licensed affiliates. The Credit Union, NPA and LPL Financial are unaffiliated.

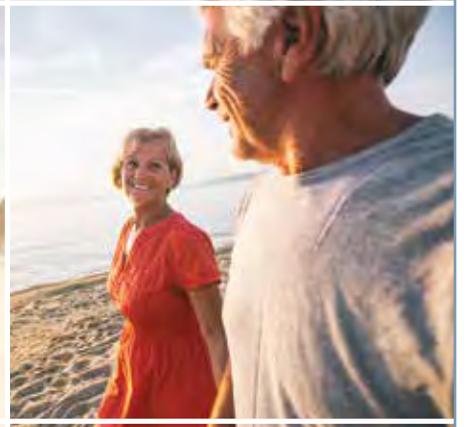
This material was prepared by MarketingPro, Inc., and does not necessarily represent the views of the presenting party, nor their affiliates. This information has been derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. The publisher is not engaged in rendering legal, accounting or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service, and should not be relied upon as such. All indices are unmanaged and are not illustrative of any particular investment.

Citations.

1 - nerdwallet.com/blog/credit-card-data/average-credit-card-debt-household/ [12/10/18]

2 - businessnewsdaily.com/11286-borrowing-against-401k.html [2/15/19]

With You From Start To Finish...



... and Every Step Along the Way

WHETHER YOU’RE BUILDING A FAMILY, SAVING FOR YOUR CHILDREN’S EDUCATION, STRATEGIZING CARE FOR AGING PARENTS, OR PLANNING FOR A NEARING RETIREMENT, WE CAN HELP YOU CREATE A FINANCIAL PLAN TAILORED TO YOUR UNIQUE REQUIREMENTS AND DREAMS.

It’s never too early, it’s never too late.

CONTACT US TO START PLANNING TODAY!



Dominic M. Lucente, CFP®, RFC®

CERTIFIED FINANCIAL PLANNER™
NORTHEAST PLANNING ASSOCIATES, INC.

425 Hooksett Road · Manchester, NH 03104
(603) 645-8131
dlucente@northeastplanning.com
www.dominiclucente.com



Financial planning offered through Northeast Planning Associates, Inc. (NPA), a registered investment adviser. Securities and advisory services offered through LPL Financial, a registered investment adviser and member FINRA/SIPC. Insurance products offered through NPA, LPL Financial or its licensed affiliates. The Credit Union, NPA and LPL Financial are not affiliated. 18-174

Not NCUA Insured | No Credit Union Guarantee | May Lose Value

Financial Planning for All of Life’s Seasons.

**No matter where you are in life,
we can help you plan for tomorrow.**



PLUMBING
and
HEATING Corp.

603-225-6929

MBE0000478

SELLAR CHIROPRACTIC CLINIC

Dr. John A. Sellar, BS, DC

Chiropractor

PROADJUSTER

35 West Street Concord, NH 03301

and

603-224-3883 Fax 603-224-6782

Impulse Instrument

concordnhchiropractor.com

sellarchiropractic@yahoo.com

**Voted the Region’s # 1 Chiropractor 2015 –15 years running
New Hampshire Magazine’s Top Chiropractors of 2014 & 2015**