

RETIREMENT IN SIGHT



MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES
PRESENTED BY SCOTT E. HOLSTEIN, CPA, PFS, CFP® - JUNE 2022

QUOTE OF THE MONTH

“The question isn't at what age I want to retire, it's at what income.”

GEORGE FOREMAN

HEALTH SAVINGS ACCOUNTS FOR RETIREMENT

If you have the chance to open a Health Savings Account (HSA), you might want to take a look. An HSA is a tax-advantaged account that you can use to pay for qualified medical expenses.

Many people retire before age 65, the age of Medicare eligibility. If you retire before age 65 and have funded an HSA, you can utilize your HSA balance to help pay for any out-of-pocket medical and hospital costs. While you can't contribute to an HSA after becoming a Medicare beneficiary, you can use your HSA assets to reimburse yourself for Medicare premiums. You can also draw on your HSA to help pay other senior healthcare costs: at-home health care, nursing home care, and even eldercare insurance premiums.

To make pre-tax contributions to an HSA, you must enroll in an employer's High Deductible Health Plan (HDHP). HSA contributions are tax-deferred – this year, the contribution limit is \$3,650 for an individual and \$7,050 for a family. This is just one of their potential tax advantages. HSA distributions are tax-exempt if you use the money for health care expenses. If you were to withdraw money from your HSA for a non-medical reason, that money becomes taxable income, and you face an additional 20% penalty. Once you turn 65, you can use HSA assets for non-medical purposes without any tax or financial penalty.^{1,2}



GOLF TIP

Be honest about how far you can hit it

Sometimes the golf you play in your mind's eye fails to correspond to reality. For example, you face a 170-yard carry-over water or a ravine, and you think 5-iron because you can hit a 5-iron 170 yards in your mind's eye. Now ask yourself: have you lost a little distance with age? Do you always hit a 5-iron 170 yards? How about hitting a 4-iron instead? There is often less trouble behind a green than in front of one. Take more clubs, and you might like the results.

Source: Practical-Golf.com, May 8, 2022³

IS EARLY RETIREMENT FOR EVERYONE?

Retiring before 60 can be fantastic if your financial situation looks good and you know what you want to do next. If you are not certain about either of those two "ifs," it might be best to keep working for a while.

In retirement, experts say to plan on living on about 80% of what you earned working, and you might spend more than that during your first few years after your career ends, thanks to travel and hobbies. These expenses, plus debts, might prompt you to work part-time, which may be easier earlier in your retirement rather than later. You could live into your 90s, so your retirement money may need to last longer than you think.

This may amount to a good argument for working a little longer. Whether you wish to retire now or later, retiring with a financial strategy to sustain your money, rather than just a yearning to exit your job or career, is essential.⁴



DID YOU KNOW?

For decades, Americans had cans, but no can openers

The first tin cans appeared in the U.S. around 1810, and for the next 50 years, people typically opened them by pounding a chisel into them with a hammer. Finally, a Connecticut inventor, Ezra Warner, patented a can opener in the late 1850s, soon widely used by grocers and the military.⁵

ON THE BRIGHT SIDE

Significant consumer inflation might soon prompt the highest cost of living adjustment (COLA) for Social Security benefits in decades. The Senior Citizens League, an advocacy group for retirees, projects that the 2023 COLA for Social Security income might be as large as 8.9%. The 2021 COLA was 1.3%.⁶



BRAIN TEASER

I am at the end of time and at the start of eternity. I am seen four times in every week, but only once in a thousand years. What am I?

STUMPED? CALL 800.458.9330 FOR THE ANSWER!

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CITATIONS.

- 1 - Investopedia, January 27, 2022
- 2 - CNBC, April 18, 2022
- 3 - Practical Golf, May 8, 2022
- 4 - CNBC, April 25, 2022
- 5 - Connecticut History, January 5, 2022
- 6 - Fortune, April 13, 2022