Financial Planning Tips For Every Age Group:
How Investors Can Stay On Track Amid The Ongoing Pandemic

The coronavirus pandemic has shown no signs of discrimination, as it has dismantled the financial plans of individuals in every age group. Whether you are nearing retirement or just starting out on your savings journey, chances are the financial implications of the pandemic have put at least a slight wrench in your plans. In fact, according to a recent Kiplinger survey, 43% of savers are less confident that they will have enough savings to retire comfortably due to the impact the pandemic has had.

Although the pandemic has caused significant upheaval, it is important to remain positive and take steps to stay on track with your savings goals. There are actions that retirement savers of any age group can take right now to get back on a path to success.

In the beginning stages of retirement savings? Remaining frugal is key.

Being cautious of where your money is going is essential for individuals at any age. However, this is a key aspect of financial planning for those in their 20s and 30s. Investors in this age group would be wise to focus on the following:

- **Building an emergency fund.** No matter how much you earn, strive to save $10,000 or at least three months' salary in accessible cash. Having this cash reserve will protect young investors from pulling from retirement assets if an emergency arises or if they unexpectedly become unemployed, as many did throughout this past year.
- **Living within their means.** If we learned anything in 2020, it is the importance of valuing your money and living within your means. Young investors have the ability to live on the cheaper side, and should take advantage of that while they can! Spending less during these years increases your available free cash flow for retirement savings.
- **Investing vs. trading.** Invest for the long-term instead of focusing on day trading or "hot stocks." Even if it's only $50 a pay period, it's key to start investing now. The hardest part is beginning to invest, but before you know it, that money has compounded and grown into a nice retirement nest egg.

There are other important considerations during this stage of your life that could greatly impact your savings down the line. These include using direct deposit to facilitate retirement savings so the money never hits your checking account, maximizing any available employee match provisions by contributing at least the minimum amount to your company sponsored retirement plan and avoiding high interest credit card debt at all costs. The savings on interest increases free cash flow for retirement savings. Keeping these tips top of mind will propel young investors toward success and provide them with some control amid ongoing uncertainty and volatility.

Closer to retirement? Don't panic.

According to the same Kiplinger survey, 35% of those surveyed say they now have to work for longer than they had planned last January. This is extremely discouraging for individuals who have spent their entire lives implementing strategies to ensure they would be able to retire at a desired age. Although your original plan may now seem out of reach, there are steps you can take to get yourself back to where you were pre-pandemic.

author: Chris Chorlins, CFP®, Managing Director, MAI Capital Management – information updated as of 01.25.21

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For most people, 401(k) contributions are limited to $19,500 in 2021; however, if you are 50 or older, you can make an additional catch-up contribution of $6,500. If you are maxing out your retirement plan, opening an IRA for a non-working spouse could provide for additional tax-deferred savings. Taking advantage of these opportunities will quickly add up and help you reach your original retirement goals.

No matter what you do, keep contributing to your retirement account. If you have automatic contribution increases set up, be sure to continue increasing annually, even if you feel you have some catching up to do financially. It's easy to let something that may not be occurring for a few more years slip through the cracks, especially when you feel discouraged, but retirement savings should remain a top priority, now more than ever.

From an investment perspective, those approaching retirement should reduce unnecessary risk in their portfolio. As individuals approach retirement, the portfolio should scale back on exposure to equities to minimize the impact from market volatility. Reallocating from equities to fixed income and alternative asset classes will generate income for retirement expenses while reducing the portfolio's volatility.

Even if you're doing everything you can to stay on track, it's no secret that stress surrounding retirement is at an all-time high as the pandemic bleeds into 2021 and the light at the end of the tunnel may still be at arm's length. You may have experienced setbacks that you could have never predicted, but remaining optimistic, implementing some of the strategies outlined above and focusing on sticking to your long term financial plan are key elements to setting yourself up for financial success.

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