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DIGEST

MONEYLINE

Is Your Cyber Seatbelt Buckled?

Courtesy of Melissa Siesto

In the United States today, all but one state require occupants to wear seatbelts when riding in a motor vehicle. Prior to the mid-1980s, no state had a seatbelt requirement, and many motorists didn't wear their seatbelts, traveled, and may have never experienced an accident. However, this doesn't imply that not wearing a seatbelt was a prudent choice; rather, they were merely fortunate.

If you use a computer or smartphone without implementing a cybersecurity plan, you are essentially driving without a seatbelt, needlessly exposing yourself and your family's financial security and identity to significant risks.

Criminals continuously refine their methods, so while no cybersecurity plan is foolproof, it's beneficial to be proactive. You can substantially reduce your risk by researching and implementing best practices such as:

1. Learning to recognize and report phishing attempts.
2. Using strong, unique passwords for each account.
3. Opting for two-factor authentication for all your accounts.
4. Promptly installing operating system updates on all your devices.
5. Avoiding sending emails containing private information such as Social Security numbers or account numbers unless they are secured.

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Quick money-saving moves. Revisit your car insurance. Experts advise comparing rates twice a year. Get smart about credit card debt. Instead of paying exorbitant interest rates, pay off your cards, even using a low-interest loan if you can find the cash.
Source: Bottom Line Personal

Acknowledging poor spending habits could help you save. Researchers surveyed people who were making decisions about their financial habits. By intentionally skewing multiple-choice questions, researchers got participants to view themselves as irresponsible spenders. This "wake-up call" resulted in more responsible spending over the next two weeks. Most people overestimate how disciplined they are about money, so a look at spending habits could improve them.
Source: Journal of Marketing

Best jobs if you want to retire early: Airplane pilot, navigator or air traffic controller—only 25% of people holding these jobs believe that they will keep working past age 65. Average annual wage is $138,690.
Source: GoBankingRates.com

"Feeling gratitude and not expressing it is like wrapping a present and not giving it."
– William Arthur Ward

Avoid These Retirement Mistakes

By Bob Niedt, Kiplinger's Personal Finance

Ask retirees if they have any regrets about their retirement planning, and usually top on their list is wishing they would have saved more money.

Here are other retirement planning mistakes workers make and advice on how to avoid them.

Relocating on a whim

Too many folks have trudged off willy-nilly to what they thought was a dream destination only to find that it's more akin to a nightmare. The pace of life is too slow, everyone is a stranger, and endless rounds of golf and walks on the beach can quickly grow tiresome.

Test the waters before you make a permanent move. And if you do pull up stakes, consider renting before buying.

Planning to work indefinitely

While more than half of today's workers plan to continue working in retirement, 19% of adults ages 65 and older are employed, according to Pew Research Center.

You could be forced to stop working and retire early for any number of reasons, such as poor health or a layoff. Assume the worst, and save early and often.

Claiming Social Security too early

You can start taking retirement benefits at 62, but you might want to wait if you can afford it to accrue a bigger lifetime benefit.

Let's say your full retirement age is 67. If you claim Social Security at 62, your monthly check will be reduced by 30% for the rest of your life. But if you hold off, you'll get an 8% boost in benefits each year between ages 67 and 70 thanks to delayed retirement credits.

"If you can live off your portfolio for a few years to delay claiming, do so," says Natalie Colley, a financial analyst at Francis Financial in New York City. "Where else will you get guaranteed returns of 8% from the market?"

Borrowing from your 401(k)

Taking a loan from your 401(k) retirement-savings account can be tempting. As long as your plan sponsor permits borrowing, you'll usually have five years to pay it back with interest.

But short of an emergency, tapping your 401(k) is a bad idea. You're likely to reduce or suspend new contributions during the period you're repaying the loan. That means you're short-changing your retirement account for months or even years and sacrificing employer matches. You're also missing out on the investment growth from the missed contributions and the cash that was borrowed.

Putting your kids first

Sure, you want your children to have the best. But footing the bill for private tuition and lavish nuptials at the expense of your own retirement savings could come back to haunt all of you.

As financial experts note, you cannot borrow for your retirement living. Instead, explore other avenues other than your 401(k) plan to help fund a child's education, such as scholarships, grants and less expensive in-state schools. Another money-saving recommendation: community college for two years followed by a transfer to a four-year college.

Financial Interdependence

By Jill Schlesinger, Jill on Money

When I field questions about parents helping their adult children financially, there is ambivalence from both sides.

The older generation often feels like they have no choice, but also are dismayed that despite their best efforts, their kids can't swing it on their own.

Meanwhile many adult children feel shame that they can't fully support themselves, but really do need the money. If it's any consolation, more families are experiencing financial interdependence.

A recent study from Pew Research found that 44 percent of young adults ages 18 to 34 who have a living parent say they received financial help from their parents in the past 12 months.

The most common way to help is to have the kids live at home. One podcast listener told me that she could not downsize because her three 20-something year-olds were still living under her roof.

Pew notes that today's young adults are more likely to return to their parents' nests than young adults in the early 1990s (when their parents were around the same age), despite earning more than the earlier generation on an inflation adjusted basis.

In addition to providing a roof over their head, the areas where parents are helping include household expenses (28%), cell phone bill or subscriptions to streaming services (25%), rent or mortgage (17%), medical expenses (15%), and education (11%).

The younger the adult child, the more help they receive. (While Pew did not ask about money for weddings, I cannot believe the amount of money being doled out by parents of all types on these affairs. According to The Knot, the national average cost of a wedding is $30,000, with parents chipping in for half of the wedding budget.)

Unfortunately, by helping their kids, some are putting their own financial stability at risk.

"Among parents who say they helped their children financially in the past year, 36% say doing so has hurt their personal financial situation at least some," with lower income earners bearing more of the brunt.

When I tell parents to be careful about the support, I remind them that helping their kids today may mean that the tables could turn, and these same parents could need financial assistance from their kids in the future. As Pew notes, "While it is more common for young adult children to *receive* financial help from their parents than it is for them to *give* help, 33% say they helped their parents financially in the past year."

Financial interdependence is not going away, which means that an honest appraisal of each family's situation must consider a strategy that can address the short-term needs of the younger generation and long-term needs of their parents.

"You saved $126 for your retirement. My advice is to convert it all to pennies and reinvest it at the nearest wishing well."

Often-overlooked assets to watch out for in a divorce.

Restricted stock units—executive-level corporate jobs often provide these as future income tied to performance or other factors. If you are the non-earning spouse, find out about these units—they cannot be transferred, but something of equivalent value can be, although valuation can be difficult. *Pensions*—if your soon-to-be-ex has one, be sure its value is taken into account. If the company offering the pension has filed for bankruptcy or there are other complicating factors, expect to hire an expert to determine value. *Military benefits*—there are special rules governing military benefits in a divorce, and filling out the right paperwork is crucial. Consult a divorce lawyer with experience in the field. *Bitcoin and other cryptocurrency*—these can be held many ways, and valuations can change rapidly. Consult a professional with valuation knowledge in the field.

Source: Kiplinger.com

"Things do not change; we change."

-Henry David Thoreau

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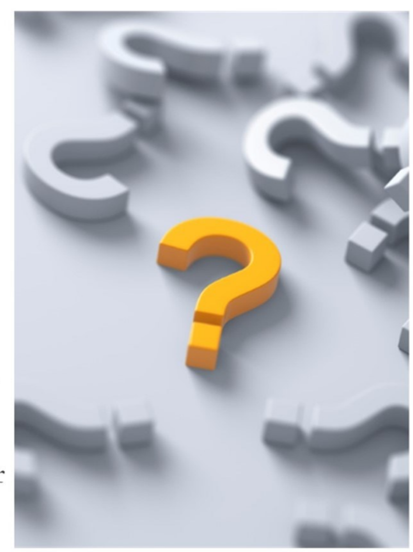
Q&A: Health Care Deductions & Inheriting A 401(k)

By Elliot Raphaelson, Tribune Content Agency



Q. I am self-employed, and file Schedule C reporting my self-employed income. I purchase health insurance associated with the Affordable Care Act. I understand that I can deduct premiums associated with this insurance as well as long-term health insurance and other family health expenses on my tax return as long as the total deductions do not exceed my self-employed income. However, I don't believe these health care expenses can be reported on Schedule C. Where would I report them?

A. You should report them on Schedule 1, line 17 of IRS Form 1040. You should fill out the self-employed health insurance worksheet associated with Schedule 1. You can include dental insurance premiums, long-term-health care insurance premiums and associated healthcare expenses. See the instructions of the worksheet associated with healthcare expenses for Schedule 1.

Q. My husband passed away in January 2024, two weeks away from his 73rd birthday. I am 65, disabled and receiving disability payments from Social Security. My husband had a 401(k) plan in which I was the only beneficiary. My questions follow:

1. Can I roll over the 401(k) to my IRA account? If I can, when must I take required minimum distributions?

2. Am I entitled to any additional Social Security benefits?

A. Regarding the 401(k), you can roll over the account to your IRA account. Because your husband had not reached his required beginning date, after you roll over the account to your IRA, you will not have any required minimum distributions (RMDs) until you reach age 75.

Regarding Social Security benefits, because you are older than 60, you are entitled to a survivor benefit of almost 100% of the Social Security benefit your husband was receiving. However, you are not entitled to both your disability payment and the survivor benefit; you are entitled to whichever amount is higher.

Consult your own tax or accounting professional before making any decisions.