

## CRITICAL TRANSITIONS WEALTH ADVISORS

### Indefinitely Working from Home? Use this Opportunity to Save Money

Coming out of the pandemic, many employees are still working from home. If you are in this scenario, take advantage of the savings benefits! You won't be spending money on commuting, restaurant lunches, after-work happy hours, etc. Now is a great time to update your budget and financial plans accordingly.



You might be surprised at how much you'll save. USA Today reports that remote workers can save about \$4,000 a year by working from home.<sup>1</sup> Other sources put the annual savings as high as \$7,000.<sup>2</sup> No offense to Starbucks, but just cutting out daily \$6 lattes can make a big difference. You can also save money by not spending on a professional wardrobe, fancy lunches, and drinks after work. Think of the money you'll save on gasoline (and/or public transportation). You can measurably improve your finances if you apply the \$4,000 to \$7,000 savings to high-priority items.

Attack short-term needs first. Consider your immediate priorities. The first should be to establish an emergency fund with at least six months of expenses set aside. You may never use it, but you'll thank yourself every day for the peace of mind it brings. Another consideration is insurance, both life and health. Setting up your life insurance plans involves a clear-eyed look at how much your family would need if you were no longer able to provide income. Also consider health savings plans and perhaps a better-quality health insurance policy.

You can really improve your investment plans. Saving for retirement is important at any age, and the sooner you start, the more beneficial it becomes. Lest you think it selfish to sock away retirement contributions rather than spending the savings on your kids, remember that you don't want them to have to support you in your later years. However, your kids will directly benefit by your contributions to a 529 education plan. Perhaps some family life events, like a bigger home, confirmations or bar mitzvahs, weddings, etc., will require long-term savings as well.

Citations: 1. <https://www.usatoday.com/story/money/2020/03/22/working-home-likely-save-you-money/5024967002/> 2. <https://www.doughroller.net/personal-finance/how-much-money-can-you-save-working-from-home/>

## Managing Your Retirement Plan When Switching Jobs



Changing jobs can impact your retirement plan. To minimize disruptions to your contributions and the vested portion of your previous employer's contributions, it's important to understand the choices you may have when you make a career transition. We offer the following key considerations:

Option 1: Stay - Your previous employer may allow you to keep the money in your plan, an attractive option that keeps things undisturbed while allowing you to accumulate tax-deferred earnings potential. While you cannot make further contributions, you still maintain control of how the money is invested. Typically, annual distributions must begin after you reach age 70 1/2.

Option 2: Let 'Er Roll - You can transfer the money into your new employer's plan, which continues your tax-deferred growth potential. However, there may be rules associated with rolling over your money. Review your new plan and restrictions carefully before selecting this option. If you take money out, withdrawals will be taxed at current rates, with those made before you reach age 59 1/2 subject to a 10% additional federal tax.

Option 3: Cash Out - You may elect to withdraw your money in cash either in a lump sum or in installments, though you'll face tax consequences: Distributions incur a 20% federal withholding as well as standard income tax. And if you're under age 59.5, you'll pay an additional 10% federal tax. State and local taxes may also apply, which collectively could sharply reduce the amount you retain.

Option 4: Transfer into an IRA - You can also roll all or part of your money into an Individual Retirement Account (IRA). If you do so within 60 days, you'll avoid both penalties and withholding taxes. An IRA offers continued tax deferral for retirement, though check whether fees or commissions will be assessed.

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## Family Fun Month!

Did you know that August is family fun month? Take advantage of this time with your family whether you are swimming at the pool, having a backyard campfire, or taking an end of the summer vacation! Whatever you choose to do this month, have fun with your loved ones!



## Happy First day of School!

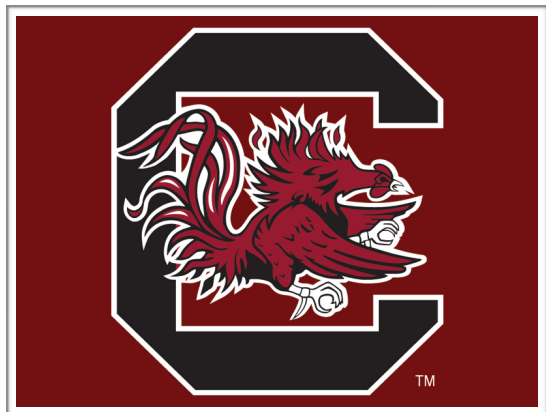
CTWA wishing all children and teachers a wonderful first day of the new school year!

## Football Season is Back!!

It's that time a year again for college football! We are looking forward to tailgating, cheering on our favorite teams, and most importantly spending quality time with our friends and families!!

For the Carolina Gamecock's schedule [Click here](#)

For the Clemson Tiger's schedule [Click here](#)





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