

PRISM PLANNING & SOLUTIONS GROUP, LLC

Redefining Retirement Newsletter



UPCOMING EVENTS

Wishing you an amazing summer! While our sessions are taking a break for the summer, don't worry - we'll inform when our meetings resume. Stay tuned for exciting updates by clicking the link below.

www.ppsgrp.com/event-list



FROM YOUR ADVISOR

Happy Independence Day! This month I am recommending a book in honor of American Independence Day. As you know I believe in considering current events in a historical context. The adage that those who forget history are doomed to repeat it is well-worn with good reason. I also advocate going to original source material whenever possible, and not just taking anyone's word for things, mine included. Regardless of your beliefs about our current political environment in the US, I encourage you to consider this country's place in history. Throughout most of human history the powerful have ruled the powerless, whether through feudalism, monarchies, oligarchies or dictatorships. Documents such as the Magna Carta and the U.S. Constitution have challenged those structures, and Edward J. Larson has written a fascinating book about George Washington. After winning the war for independence from Britain the former colonies were a struggling fledging experiment in self-rule. "The Return of George Washington: Uniting the States 1783 - 1789" by Pulitzer Prize winning Edward J. Larson is one of the few books written about Washington's pivotal role in these early and fragile years. His shaping of the 1787 Constitutional Convention may be one of the most important factors in the ratification of the U.S. Constitution as we know it.

REDEFINING RETIREMENT

It's time to rethink the divide between work and leisure, and envision a life where purpose transcends age. Thriving means contributing to our communities and providing for ourselves. Financial independence is about doing fulfilling work, not just quitting jobs.

Before the 20th century, life was precarious with childhood illnesses and rampant bacterial infections. The discovery of penicillin in 1928 changed everything, drastically reducing child mortality rates and increasing life expectancy. The unintended consequence was more people living beyond their productive years, often in poverty.

Social Security was introduced as a safety net for seniors. Post-World War II, the concept of retirement as leisure emerged, thanks to medical advancements extending lifespans. This allowed people to explore passions and travel beyond their working years.

REDEFINING RETIREMENT

As life expectancy has increased, financial planning has become crucial. With 50% of Americans potentially living to age 90, we face new challenges like clinical depression, dementia, and physical deterioration in our 80s.

Retirement used to mean a few years of rest after a lifetime of work, supported by pensions and Social Security. Today, Millennials and Gen Z workers face a new reality. Financially, they need savings of about 25 times their salary to maintain 20 - 30 years of financial independence. Finding purpose is equally crucial, as hobbies alone often don't suffice. I encourage you to focus on your finances and cultivate lasting interests. Live a meaningful, fulfilling life today, and adapt your interests to serve you well into your later years.

The Social Security website - www.ssa.gov - is a treasure trove of historical information. [HERE](#) you can read a brief history of how people have faced economic uncertainty through history.

Consider working with a Certified Financial Planner® professional to help you navigate this journey. A CFP® professional can help you cultivate a mindset that combines financial wisdom with emotional resilience.

“ALL THINGS IRA CORNER”

Hardship Withdrawals Are Not Exempt from 10% Early Withdrawal Penalty

“Hardship Withdrawal” is a term that applies only to employer plans, and it is optional for an employer plan to include them. There are three criteria for approval of Hardship Withdrawals, and seven categories of “safe harbor” expenses. Click [HERE](#) for more details.

A Hardship Withdrawal of pre-tax funds from a Qualified Plan is taxable as income, and if the employee is under age 59 1/2 the withdrawal will still be subject to the 10% Early Withdrawal penalty.

Since there is no such thing as a “Hardship Withdrawal” from an IRA, any withdrawal of pre-tax money from an IRA will be taxable. If the IRA owner is under age 59 1/2, unless the withdrawal qualifies under one of the 20 exceptions to the early withdrawal penalty the penalty will apply. (Click [HERE](#) for the list of exceptions.)

For more information about IRAs and Qualified Retirement Plans, click [HERE](#) and consider speaking with a member of Ed Slott's Master Elite Advisor GroupSM.

Julia Peloso-Barnes, CFP® is a member of Ed Slott's Master Elite IRA Advisor Group™. For more information on anything mentioned in the “All Things IRA” Corner please email Julia at julia@PPSgrp.com or schedule a call/zoom [here](#).

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KEY POINTS

- Replace “retirement” with “financial independence” when you think about financial goals.
- Resist arbitrary age milestones in favor of a continuum where purpose transcends age.
- Maintaining financial independence requires a nest egg equal to 25 times your income.
- A Certified Financial Planner® professional can help you weight the trade-offs of your choices and decisions as you seek to live a fulfilling and financially secure life.

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