DIRECT NEWS | Fall 2025

Pay Yourself First!

Commit to saving a portion of your salary in your retirement plan each payday and keep doing so for as long as you are employed to plan for a financially secure retirement.

The odds are that you won't win the lottery or receive a huge inheritance from a deceased relative that will relieve you from financial worries for the rest of your life. And counting on Social Security to fund all your expenses in retirement may be much too optimistic as well. Social Security retirement payments are intended to cover only the most basic living expenses.

Focus on You

The reality is that you have to take matters into your own hands when it comes to preparing for your retirement. If you haven't thought much about it yet, you really should start focusing on your future retirement needs very soon. The earlier you begin planning, the better your chances of having the retirement you've dreamed about.

A good rule of thumb is that you will need 70% to 80% of your salary as retirement income if you hope to have a reasonably comfortable retirement. To help reach that goal, commit to saving a portion of your salary in your retirement plan each payday and keep on doing so for as long as you are employed. There is generally no substitute for regular contributions invested in a broad range of investments that can potentially grow tax-deferred over time.

Go on Autopilot

Making automatic paycheck contributions to your 401(k) or similar retirement savings plan helps simplify your financial life. You can't spend money you don't have and you don't have to go to the trouble of transferring funds electronically or writing a check. And you don't have to worry about where to invest each time you contribute to the plan. Your plan contributions are automatically invested for you in the investment options you selected from the retirement plan's investment menu.

It's a Good Habit

As you watch your retirement savings accumulate over time, you may be motivated to save even more for your future retirement. It may become second nature to seek out ways to reduce your discretionary spending so that you will have more money to set aside for your retirement. And whenever you receive a pay raise or a bonus, you may automatically think about saving a portion of it.

Growing Your Retirement Account

If you increase plan contributions by:	You could have this much more saved after:			
	5 years	**10 years**	**20 years**	**40 years**
$10/week	$3,023	$7,101	$20,020	$86,291
$15/week	$4,535	$10,652	$30,033	$129,447

This is a hypothetical example used for illustrative purposes only. It assumes amounts are invested monthly, an average annual total return of 6%, and monthly compounding. It does not represent the result of any particular investment. Your results will be different. Amounts are rounded to the nearest dollar. Source: SS&C Retirement Solutions, LLC.

Talk With a Financial Professional

If you want to learn more about what you can do to lay the groundwork for a financially secure retirement, consider seeking the expertise of an experienced financial professional.

DIRECT NEWS | FALL 2025

Know Your Net Worth

Understanding your net worth is an important first step in creating a smart financial plan.

You need to know where you stand presently with your finances to help you move forward and make sound financial decisions. Your net worth – your assets minus your liabilities – is essentially a snapshot of your current financial situation. Understanding your net worth is an important first step in creating a smart financial plan.

How to Determine Net Worth

List your assets, including:

- **Real estate:** Your home and any other buildings and land you own
- **Bank accounts**: Savings and passbook accounts, certificates of deposit, money market funds
- **Securities**: Stocks, bonds, mutual funds, other securities
- **Retirement plans**: 401(k), 403(b), 457, and profit sharing plan accounts; individual retirement accounts; annuities; other
- **Life insurance:** The cash value of any insurance policies that you own
- **Business interests:** Any ownership interest in a business
- **Personal property**: Autos, jewelry, artwork, antiques, boats, other
- **Cryptocurrencies**: Any crypto coins, tokens

Next, put values on your assets. It may be necessary to get the input of professional appraisers to value real estate, artwork, antiques, collectibles, and business interests. When you have all the information you need, add up the total value of your assets.

You will then need to list your outstanding liabilities. How much do you owe on your mortgage, credit cards, student loans, car loans, and other debts? Add up what you owe and subtract that number from the total value of your assets to arrive at your net worth.

Increasing Your Net Worth

Once you determine your net worth, you can look into strategies that can help boost your net worth. A key step is to save and invest regularly – whether it is through a 401(k) or similar employer-provided retirement savings plan, or investment and individual retirement accounts you've opened outside of work.[1] Also examine your overall level of debt and consider whether you have more than you can comfortably handle. Excessive debt typically means that you are spending a large portion of your income paying down loans and the interest on those loans. Paying off credit cards and other loans is another way to increase net worth.

Your financial professional can explain in greater detail the ways you might increase your net worth and enhance the overall state of your financial well-being.

[1]401(k) and other retirement and investment accounts can gain or lose value based on economic conditions and market events. Principal is not guaranteed.

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