DIRECTNEWS
WINTER 2019

When Your Nest Empties

Having a child leave home permanently is a significant event. After you've packed away the memorabilia, sit down and revisit your finances. It may be a good time to make some other changes.

From Their Diapers ...

Raising a child is expensive. For a child born in 2015 (the latest figures available), a middle-income family can expect to spend about $233,610 for food, shelter, and other necessities associated with raising a child over the next 17 years.[1]

... to Your Dreams

If you think it's a big change when the kids leave home, the next one -- retirement -- may be even bigger. Once you no longer have the expenses of raising a family, use the financial "windfall" to beef up your retirement savings. If you haven't been saving as much as you should, this is the time to catch up. Building up your retirement savings should be a priority.

Check to see how much you're currently contributing to your retirement account, and consider increasing that amount. If you can sock away an extra $200 a month for 10 years and earn 6% a year (compounded monthly), you'll have added more than $32,000 to your account balance.

Max It Out

If you can, consider increasing the amount you're saving until you reach your plan's maximum contribution amount. The next page of this newsletter tells you how much the annual limit is for 2019. If you're age 50 or older by the end of the calendar year -- and your plan allows for them -- you may be able to make additional catch-up contributions.

No Procrastinating

It won't take long to adjust to having more money to spend after the kids leave home, so don't wait to reset your financial priorities. Earmark at least some of your empty nest surplus as retirement savings.

Your situation is unique, so you may want to consult a financial professional before taking action.

Save More Now, Spend More Later

	Save an extra $2,400 a year	**Save an extra $5,000 a year**
For 7 years	$20,815	$43,364
For 10 years	$32,776	$68,283

These are hypothetical examples used for illustrative purposes. They do not represent the results of any particular investment. Monthly contributions and a 6% average annual total return (compounded monthly) are assumed. Your investment results will be different. Tax-deferred amounts accumulated in the plan are subject to ordinary income tax upon withdrawal. Source: DST Systems, Inc.

[1]2015 Expenditures on Children by Families, U.S. Department of Agriculture, January 9, 2017.

Steps to a Better Portfolio

Successful investing involves earning returns that will help you reach your objectives while managing your portfolio's exposure to risk. But investors can be their own worst enemies by reacting impulsively when investment values fluctuate.

As a long-term investor, you want to have realistic expectations for the investments you choose for your portfolio. Following the steps below may help you stay within your comfort zone.

Create a Strategy
Defining your goals and assessing your risk tolerance are the first steps in creating a workable investment strategy. Your plan should be one you can stick with, even during long periods of market turmoil.

Temper Your Portfolio's Volatility
Including some investments in your portfolio that aren't likely to have wild price swings can help keep its value on a more even keel during periods of higher market volatility. Curbing volatility can eliminate the tendency to make sell decisions based on emotion rather than reason during market downswings.

Be Realistic About Risk
All investments have risk -- from the risk that stocks will lose money to the risk that so-called "safe" investments won't keep pace with inflation. Maintaining a well-diversified portfolio can temper your risk exposure and help protect you from major losses.

Look at the Whole Picture
Although it's important to monitor individual investments, your portfolio's overall performance will determine the success of your investing strategy. At any given time, some investments may be doing well while others are lagging.

Set Sell Criteria
Establishing "triggers" that will prompt you to trade an investment can take emotion out of the picture and help you remain objective when making the sell decision. Before a purchase, decide on a percentage or dollar amount of gain or loss that will trigger a future sale. Then stick with your plan, no matter how the investment is faring at the time.

Source/Disclaimer: *Diversification does not ensure a profit or protect against loss in a declining market.*

Qualified Plan Limitations: Update for 2019

Contribution Limits		
Year	**Elective Deferral Limit**	**Additional Catch-Up Limit***
2019	$19,000	$6,000

*If allowed under the terms of the plan, applies to participants who reach 50 by the end of 2019.