

Subject: Has COVID-19 Forced You to Consider Delaying Your Retirement?

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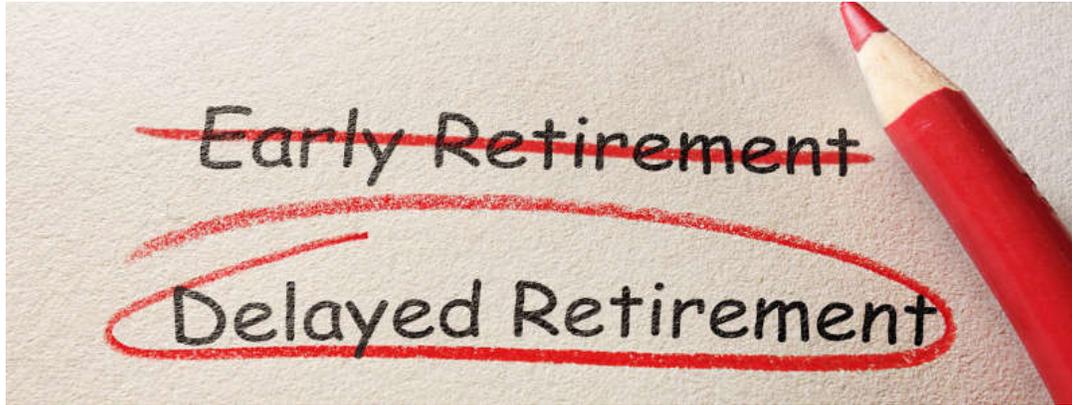
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RETIREMENT PLANNING NEWS & THOUGHTS

Has COVID-19 Forced You to Consider Delaying Your

Retirement?

Recent surveys have indicated that many of us are rethinking our retirement plans because of COVID-19. In fact, one survey from the nonprofit group Life Happens suggests that a whopping 43% of Americans say they plan to postpone and continue working past their retirement date because of COVID.



As a financial advisor, this is troubling for lots of reasons. Before you make a decision to postpone your retirement, it's important that you make an honest assessment of where you are – and how you got there. Ask yourself:

- 1. How is your health? Did you know that 4 out of 10 current retirees said they were forced to retire earlier than planned because of health issues? Of course you don't know what the future holds for you in terms of your health, but an honest assessment is a great investment in you.*
- 2. How is your asset allocation? More specifically, if you were expecting to retire in say 3 years, were you invested 100% in equities hoping for one or two "great" years from the stock market? Not reallocating your portfolio away from equities the closer you get to retirement is actually a pretty common mistake. But it can be devastating too.*
- 3. Did you alter your financial plan because of COVID? Asked another way: did you change your investments because you were scared? Trying to time the market based on fleeting emotions is a dangerous game.*

Delaying Retirement Means More Social Security Benefits

Intuitively, working in your retirement years and saving more will add to your retirement nest egg because you'll be adding money versus withdrawing. But, if your asset allocation remains inconsistent with your retirement goals and risk profile, then you're setting yourself up for disappointment.





One piece of good news is that if you postpone your retirement and keep working, you can elect to delay collecting Social Security benefits, which will have a significant impact on your monthly benefits.

For example, you can increase your monthly Social Security benefits by 8% for each year you delay collecting after you reach your full retirement age. If that age is 66, for example, you can increase your monthly benefit by 32% by delaying until age 70.

IRS Offers Relief to Retirement Plan Participants

On June 19, 2020, the Internal Revenue Service announced new guidelines to help those affected by COVID-19 gain more access to retirement plan distributions and loans. The IRS expanded the categories of those eligible, called qualified individuals, and increased the dollar limit on loans to \$100,000. These distributions will not be subjected to the 10% early withdrawal penalty. In addition, a COVID-19-related distribution can be included in income in equal installments over a three-year period and one has three years to repay and undo the tax consequence.



There are also provisions of the CARES Act that allow for retirement plans to relax rules for loan amounts and repayment terms, including the suspension of loan repayments that are due from March 27th through December 30th. Further, dollar amount on loans made between March 27th and September 22nd is increased to \$100,000, up from \$50,000.

The IRS makes it clear that employers can decide whether or not to implement these new rules, so don't assume your employer will implement. That being said, even if your employer does not allow, an individual can still claim the tax benefits of the new rules, so long as they qualify.

Keep Your Retirement Resolutions from the New Year

Amid the heat of mid-summer, do you remember your New Year's resolutions regarding your retirement planning? How are you coming with your to-do list?



As a financial advisor, it's amazing to see the number of people with no retirement planning at all. Just a vague "I'll get to it later" response when asked. Well, later is here. Ask yourself:

- Did you know that often the bulk of a couple's savings, or that of a single parent, resides in retirement plans?
- Have you checked both the primary and contingent beneficiary designations on retirement accounts lately?
- If you are a key breadwinner in a family or household, are you adequately insured against the consequences of disability or death?

August is upon us. In slightly over three short months, holiday decorations will pop up on your street. The poet Irving Layton wrote, "Time flames like a paraffin stove, and what burns are the minutes I live." (A Wild Peculiar Joy, 1982).

Your 2020 Retirement Resolutions? Time to get cookin' and keep them.

Your Financial Advisor

The key to successful investing for retirement, of course, lies in following wise strategies. Your financial advisor understands these strategies. Further, the rules surrounding retirement plans are constantly evolving and your financial advisor is a great source of information on how the changes might affect you and your family as you plan for retirement.

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