RETIREMENT PLAN Update

Wealth Management

Issue 3, 2022

Because the time is now ...

Look into the future

Use these four exercises to help you plan for your future retirement.

You don't have a crystal ball, so you can't say for sure what your retirement will look like. What you can do, however, is lay the groundwork now for the type of retirement you want. And that starts with determining where you are in your planning for retirement. It can be helpful to complete these four exercises.

1. Imagine your retirement lifestyle

How do you envision your life in retirement? Taking a realistic look at what you want to do during your retirement can help you focus and streamline your planning. Where you plan to live in retirement is an important consideration. Do you plan to stay in your current home, downsize in your current community, or move elsewhere?

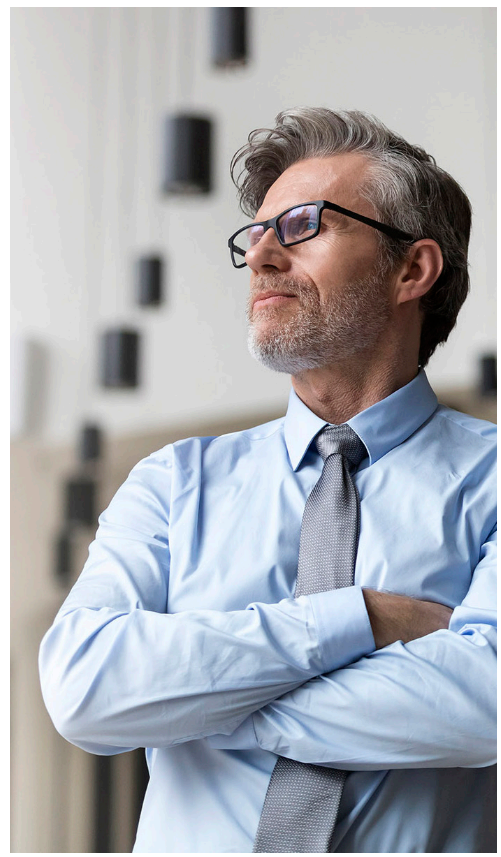
How do you plan to spend your time? Do you want to work part-time, start a business, pursue educational opportunities, or simply kick back and relax? If you plan an active retirement that includes travel, you will need more money than someone who plans to stay close to home.

2. Estimate your retirement expenses

Once retired, you won't have the commuting costs you may have now, and you won't need to purchase work-related attire. Your children may be grown and financially independent, and you may be close to paying off larger debts such as a mortgage or home equity loan. But you will still have a range of expenses. For planning purposes, it can be very helpful to try and prepare as accurate an estimate of your basic living and discretionary expenses as you can.

Basic living expenses include housing expenses, such as energy, utilities, maintenance, property taxes, condo fees and mortgage and rent payments. They also include transportation expenses, such as car payments, gasoline and repairs. Groceries, insurance premiums, and income taxes are also expenses you

Continued on page 2



Continued from page 1

will have to consider. Discretionary expenses include travel, recreation, gifts and entertainment.

3. Assess your current resources

In addition to the savings in your retirement plan account, you may have other sources of retirement income, such as Social Security, individual retirement accounts, military or employer pensions, and other personal savings and investments. Try to assess what they could be worth and how much income they could produce by the time you retire. Don't forget to include projected earnings from post-retirement work or income generated by a business venture.

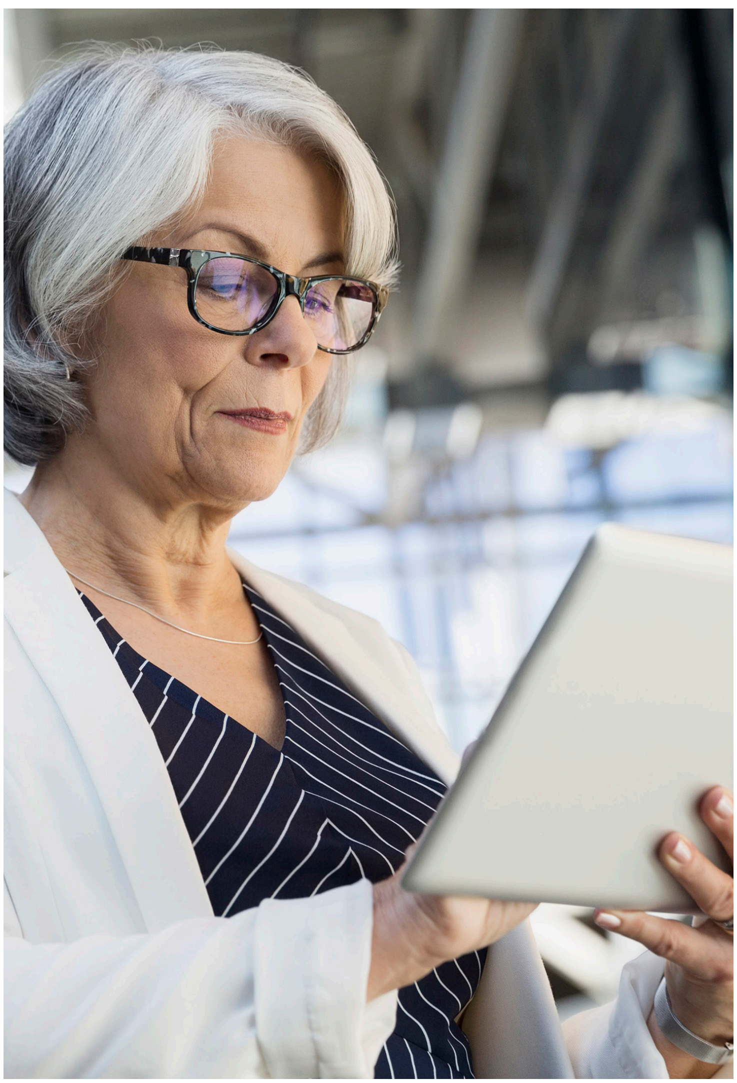
4. Compare the projected costs of retirement to your anticipated retirement income

By this point, you may have an idea of whether you will have enough income to cover your projected expenses in retirement. If your numbers fall short, you may have to consider reducing your planned spending in retirement. You could also consider increasing your retirement savings now so that you will have a larger retirement nest egg. Moreover, you could even think about pushing back the date of your planned retirement to give yourself additional time for saving and to boost your monthly Social Security payments.

If it appears that you are not making as much progress toward retirement security as you would like, you may want to consult with an experienced financial advisor to determine what additional steps you may need to take to get you on track.

Take the temperature of your retirement plan

Use this checklist annually to help you assess the state of your retirement planning.



A yearly physical makes sense, even for healthy people. A detailed physical exam can alert you to potential medical problems before they develop into something more serious. It's much the same with your retirement plan: Taking the time once a year to review your plan can help you identify issues that could have an impact on your future financial health. Here's a checklist to help you assess the state of your retirement planning.

1. Review your contribution level

Can you increase the amount you are contributing to your retirement plan? All things being equal, the more you contribute, the more money you will have available for your retirement. While it may be difficult to save more for retirement now, even a small increase can have a meaningful impact over the long term. If you receive a pay raise or bonus, consider allocating a portion of the extra income to your retirement savings by increasing your plan contribution percentage.

2. Measure your temperature for risk

How you spread your investment portfolio among the basic investment categories—asset allocation*—could have a substantial impact on the growth of your retirement account. Historically, stocks have delivered higher long-term returns than bonds or cash investments, but investing in stocks and stock funds** also comes with a greater risk of loss.

Continued on page 3

Continued from page 2

When deciding how to allocate your assets, you need to assess honestly your willingness to take on investment risk. In other words, how would you react if your retirement portfolio were to lose value? Consider these factors when answering:

- Your current and expected future income
- Any other savings and assets you may have
- When you expect to start using your retirement savings

The less you can afford to lose and the sooner you will need your savings, the less risk you may be able to take with your investments. However, if you have sufficient income, assets and time to make up for losses, the more risk you may be able to handle. After completing this assessment, you may want to adjust how you have allocated your investments among the primary asset classes to better reflect your risk tolerance.

Go for a balanced diet

Including a variety of investments in your retirement portfolio can keep it healthy in much the same way that adding fruits and vegetables to your diet can keep you healthy. For example, a portfolio composed of only the most conservative investments may underperform the annual rate of inflation. Or, if you invest most of your assets in just one asset class, a decline in the value of that asset class could have a large negative impact on the overall value of your portfolio. A strategy that involves balancing your portfolio among stock, bond and cash investments can help you manage investment risk.

Consider a new prescription

What worked in the past may not work well in the future. That's as true of investments as it is of medicines. If you have reached or are about to reach a milestone in your life, you may need to evaluate your investing strategy in light of the change.

For example, if you recently married, you and your new spouse will want to review your investing strategies and make any necessary adjustments to help you reach your financial goals. Or, if you are drawing close to retirement, you may want to shift to an investment approach that emphasizes asset preservation rather than growth. That could involve reducing the percentage of high-risk investments—such as stock funds—that you include in your portfolio. You may want to avoid being too heavily exposed to stocks in case of a downturn in the market. At this stage in your life, it could take more time than you have available to regain any losses your portfolio might suffer from a decline in market values.

Your financial advisor can help you review your retirement plan and help you identify what steps you need to take to move you closer to a financially comfortable retirement.

* Asset allocation does not guarantee a profit or protect against losses.

** You should consider a fund's investment objectives, charges, expenses, and risks carefully before you invest. The fund's prospectus, which can be obtained from your financial representative, contains this and other information about the fund. Read the prospectus carefully before you invest or send money. Shares, when redeemed, may be worth more or less than their original cost.

Wealth Management

250 Nicollet Mall | Minneapolis, MN 55401

22-20-01585_20182 (06/22)