

SRES[®] MARKETPLACE

CONSUMER NEWSLETTER

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Eight End-of-Year Financial To-Dos

With inflation, the price of goods and services seems to rise week by week. Plus, stock market losses are mounting for many.

The change in the financial landscape makes it more important to do an end-of-year financial review to see where you stand and what changes you can make to keep your long-term goals on track.

Here are eight steps to improve your financial picture.

1. **Budget and spending.** Do a complete review of your budget. Are you on track? Do you have extra money every month, or are you in a financial bind? Look at where your money is going and what you can do to adjust to the new realities.
2. **Emergency savings.** If you don't have an emergency savings account, now may be an excellent time to start setting money aside for unexpected expenses: a car repair, a medical event, or a home repair.
3. **Retirement planning.** Have you maxed out all your retirement vehicles? If you're eligible for a Health Savings Account, have you fully funded it? If you're over age 50, have you made catch-up contributions to retirement accounts? The IRS (<https://bit.ly/3DCiDUB>) offers a rundown of the 2022 catch-up contribution limits.
4. **Required Minimum Distribution (RMD).** If you're retired and must take an RMD from your IRA or 401(k), be sure to do it before the end of the year. The tax penalties for not doing so are stiff.
5. **Portfolio check-up.** It's probably painful to look at stock market losses, but it's important because your investment mix may not serve your long-term goals or your risk tolerance. It may be worth calling your financial advisor to discuss rebalancing your portfolio and other strategies to improve your long-term financial outlook.
6. **Tax implications.** Talk with a tax pro to see if there are changes you can make now that will lower your taxes when you file your 2022 taxes. Also, review your tax withholdings, especially if you've had a life change: a home purchase, marriage, divorce, or the birth of a child. Use the IRS's Tax Withholding Estimator (<https://bit.ly/33iBcZV>) to estimate how much to withhold.

7. **Extra mortgage payment.** If you can afford it, make an extra mortgage principal payment. Though it doesn't reduce your monthly payment, it does help you pay off your mortgage more quickly and saves you money on interest payments.
8. **Insurance review.** Check to see if your insurance is appropriately protecting your home and auto, if you're eligible for discounts, or if there are other ways to cut your insurance costs.

Visit the SRES® blog to learn more.

Student Loan Forgiveness

In August, President Joe Biden announced that up to \$20,000 in student loan debt could be forgiven (<https://bit.ly/3N3VhdM>) for eligible borrowers.

Not just younger generations are burdened by student loan debt. It also affects baby boomers and seniors.

Some took on debt later in life to get degrees to improve their career prospects. Others helped their kids and grandkids pay for college.

As a result, student debt among those over age 60 roughly doubled between 2005 and 2015, says the Consumer Financial Protection Bureau. Nerdwallet says the total parent PLUS (federal student loans taken out by parents) debt was \$103.6 billion as of the second quarter of 2021.

Servicing student loan debt can affect baby boomers' and seniors' ability to buy a house, save for retirement, and retire.

The Biden loan forgiveness plan includes the following:

- Up to \$20,000 in debt relief if you received a Federal Pell Grant in college and if you meet the income requirements.
- Up to \$10,000 in debt relief if you didn't receive a Federal Pell Grant in college and meet the income requirements
- The debt relief applies only to loan balances you had before June 30, 2022. Any new loans disbursed on or after July 1, 2022, aren't eligible for debt relief. Other rules apply to consolidation loans.

Though the plan is temporarily on hold, you can still apply for loan forgiveness. The deadline is December 31, 2023.

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