DIRECT NEWS | SPRING 2025

Are You On Track With Your Financial Goals?

Consider these key areas when doing a review of your progress in reaching your financial goals.

Like most adults, you most likely have financial goals, such as saving for retirement, financing your child's college education, or paying off debt. When circumstances change, your plans for achieving your financial goals may have to change, too. That's why it is important to regularly review and measure your progress in reaching your financial goals. Here are some key areas to consider.

Your Investment Mix

If you have suffered a job loss, been hit with significant unexpected expenses, or faced other changes in your financial situation, you may find yourself reassessing the way you invest your savings. You may decide, in light of financial challenges, that you no longer have the same appetite for investment risk you once had. You may need to adopt a more conservative approach and lower your exposure to higher risk investments in your portfolio.

You may have other investment-related concerns as well. You may realize that your current investments do not provide the income you need to meet expenses. Or your investment returns may not be keeping up with the inflation rate. An annual review of your investment strategy can help you identify areas of concern and force you to assess what steps you may need to take to make things right.

Your Retirement Planning

Ask yourself if your retirement savings goal is realistic. You'll want to consider different variables in your calculations. For example, will you need more money to pay retirement expenses than you initially calculated? What impact could inflation have on your retirement savings goal? Will you have other sources of income to supplement your retirement savings?

Once you have answered these questions, run the numbers again. Ideally, you want to contribute enough so that your retirement savings will support you through all the years of your retirement. You may find that you need to set more money aside to close in on your retirement goal.

It's important also that you review the performance of your investments. Are they performing in line with the broader market and their respective benchmark indexes? While tough to handle, drops in market value do occur. But keep in mind that, historically, the stock market has always recovered from downturns. (Past performance does not guarantee future results.) It's also important to allocate your retirement assets in a manner that gives them the potential for inflation-beating growth over the long term. (Asset allocation does not guarantee a profit or protect against losses.)

Future College Expenses

If college is in the future for your child, you know that it will be a very expensive undertaking. You will need a strategy in place for coming up with the money for tuition, room and board, and other expenses. Estimate what college will cost when your child turns 18 and work back from there to see whether you are saving enough to meet what you expect to contribute for your child's education. You should also look into potential sources of financial aid. Don't forget to check out the many tax breaks that are available for higher education purposes. Consider making use of tax-favored plans, such as 529 college savings plans* and Coverdell education savings accounts, to save for college.

USI CONSULTING GROUP | Direct Solutions

Other tax incentives that may be helpful to you include the American Opportunity Tax Credit, the Lifetime Learning Credit, and the student loan interest deduction. Your tax advisor can help you determine which of these may apply in your particular situation.

Your Estate Planning

You should also have a thoughtfully crafted estate plan. A key part of every estate plan is a will. A will establishes how your assets will be distributed after your death. It also names an executor and a guardian for any minor children. Your estate plan should also address beneficiary designations since these, not your will, may control how some of your assets will pass upon death.

Trusts can also be an important element of an effective estate plan. Different trusts can accomplish different goals - to pass along a family business and ensure that your assets remain intact for future generations, for example.

If you have already created a will and put one or more trusts in place, you should review them to ensure they are current. Major life changes, such as the illness or death of a spouse, a divorce, or the birth of a grandchild, are all reasons to review your will and your trusts and ensure that they reflect these new circumstances.

As always, be sure to consult with your financial professional when you want to assess your overall progress in meeting your financial goals.

**Certain benefits may not be available unless specific requirements (e.g., residency) are met. There also may be restrictions on the timing of distributions and how they may be used. Before investing, consider the investment objectives, risks, and charges and expenses associated with municipal fund securities. The issuer's official statement contains more information about municipal fund securities, and you should read it carefully before investing.*

Qualified Plan Annual Contribution Limitations for 2025

Elective Deferrals	$23,500
Catch-up Contributions*	$7,500
Additional Catch-up Contributions**	$3,750

*If allowed under the terms of your plan; applies to participants age 50 or older in 2025.

** If allowed under the terms of your plan, this amount may be contributed in addition to the Catch-Up limit; applies only to participants age 60-63 in 2025.

USI CONSULTING GROUP | Direct Solutions