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RRA NEWSLETTER

# 2024 Updates: Building a Risk-Resilient Retirement

Every year brings a new adventure... the phrase is "New Year, new me," right? The same should go for your retirement planning, and knowing what the new updates for the current year are makes your saving and planning for retirement that much easier. Let's make 2024 your best retirement planning year yet!

## *Building a Risk-Resilient Retirement*



Forget sun-soaked beaches and endless leisure – retirement planning demands clear-eyed awareness of risks. Yes, risks. While stability reigns supreme in this seemingly secure realm, embracing calculated risks may be the hidden key to unlocking your dream golden years.

Ignoring risk entirely can be just as perilous as chasing every whim. A cautious-to-a-fault approach leaves you vulnerable to inflation, the silent thief eroding your nest egg. Underinvesting means falling short of your retirement vision, trading sandy beaches for budget spreadsheets.

Think of it like building a house: sticking to safe materials and techniques guarantees a reliable shelter, but limits your reach – no sprawling balconies, no rooftop gardens. Conversely, pushing the boundaries with exotic materials and experimental designs might leave your house vulnerable to the first tremor. To truly create your retirement haven, you need a balanced foundation, acknowledging both security and risk.

This means understanding your risk tolerance, setting clear financial goals, and making informed decisions, ideally with professional guidance. It means diversifying your assets, a mix of reliable bonds and riskier stocks, just like a sturdy foundation and flexible walls allow a house to withstand storms.

But why discuss this now, as you picture your tranquil retirement sunset? Because 2024 brings a new wave of regulations impacting your journey. vvsletter, we'll equip you with the knowledge to navigate these changes, translate them into your personalized wstrategy, and adjust your financial framework to get you safely through retirement.

Remember, retirement planning is not about reaching a one-size-fits-all destination. It's about building a solid foundation tailored to your individual needs and risk tolerance. With clear information and expert guidance, you can navigate the evolving landscape and build a secure, fulfilling retirement future.

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# Rulebook Update

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Key updates to Traditional and Roth IRAs and 401(k)s affect contribution limits, required minimum distributions (RMDs), and withdrawal options. Let's explore these changes and understand how they impact your tax-advantaged savings journey.

## Increased Contribution Limits:

Great news! You can contribute more towards your future. Individual Retirement Accounts (IRAs) now allow contributions of up to \$7,000 for those under 50 and \$8,000 for those 50 and over. Catch-up contributions for the latter remain at \$1,000, providing an additional boost.

Similarly, 401(k) plans have revised limits. The standard limit increases to \$23,000 for under-50s and \$30,500 for those 50 and over. Additionally, the total 401(k) limit reaches \$69,000, with an extra \$7,500 catch-up for seasoned savers, offering substantial space to supercharge your nest egg.

## Later RMDs Start Date:

Be prepared for an RMD shift. Starting January 1st, 2024, you'll begin taking RMDs from Traditional IRAs and 401(k)s at age 73 instead of 72. Remember, neglecting RMDs incurs tax penalties, so adjust your withdrawal strategies accordingly to avoid unexpected tax burdens.

## Penalty-Free Emergency Withdrawals:

Life throws curveballs, and 2024 offers a helping hand. You can now make penalty-free withdrawals of up to \$1,000 per year from your 401(k) for unforeseen emergencies like medical bills or natural disasters. While helpful, remember taxes still apply on these withdrawals, so plan cautiously.

## Roth Conversion Strategic Opportunity:

These changes, particularly the earlier RMD age, present a strategic opportunity: Roth conversions. Moving money from a Traditional IRA or 401(k) to a Roth account involves paying taxes on the converted amount now, but future withdrawals from the Roth are tax-free!

Think of it this way: paying some tax now at potentially lower rates could significantly reduce your future tax burden, especially with the earlier RMD start date. It's like investing in tax-free withdrawals for your future self.

# Toolbox Update: Beyond IRAs and 401(k)s



While IRAs and 401(k)s are retirement planning staples, 2024 brings welcome updates to other tools in your toolbox: Health Savings Accounts (HSAs), long-term care strategies, and even 529 plans. Let's explore how these changes can impact your golden years.

## Boosting Your HSA Arsenal:

HSAs, tax-advantaged accounts for qualified medical expenses, are getting even mightier. The contribution limit for individuals rises to \$3,850, with \$7,750 for families. These funds roll over year after year, building a war chest for future healthcare needs. Remember, unused HSA funds can even be invested for long-term growth, potentially acting as a retirement income source.



## Planning for Long-Term Care:

2024 offers a helping hand for navigating the often-neglected realm of long-term care. New legislation allows pre-tax contributions to employer-sponsored Long-Term Care Insurance (LTCI) plans, making it easier to afford this vital protection. Note though, that it varies by employer, and may not be available as a retirement strategy to everyone. Remember, LTCI can shield your retirement nest egg from the high costs of future care needs, ensuring financial security and peace of mind.



## 529 Plan Flexibility Expands:

The familiar 529 plans, designed for education savings, now offer a twist for retirement planning. Unused 529 funds can be rolled over to Roth IRAs penalty-free, opening up a new avenue to diversify your retirement portfolio. Consider this strategic move if you have leftover 529 funds and anticipate needing additional retirement income later.

# *Social Security & Medicare Updates*



Your retirement toolbox just got a double upgrade! In addition to the exciting changes to HSAs, long-term care, and 529 plans in our previous article, 2024 brings significant updates to Social Security and Medicare, two pillars of retirement stability. Let's explore these changes and ensure you stay on top of important deadlines.

## **Social Security: A Boost and Beyond**

Get ready for a 6.2% bump in your Social Security benefits! This welcome increase helps combat inflation and maintain purchasing power. However, remember, the earnings limit for those nearing retirement age also rises in 2024. Be aware of how this impacts your taxable benefits..

## **Medicare: Navigating Open Enrollment Deadlines**

For those turning 65 in 2024, mark your calendars! The Medicare Open Enrollment period runs from October 15th to December 7th. This is your window to choose your Medicare plan – Original Medicare, Medicare Advantage, or a combination – and ensure you have the coverage you need. Don't miss this crucial deadline!

Even if you're already enrolled in Medicare, reviewing your options during the Open Enrollment period can be beneficial. Compare plans, consider changing if needed, and ensure you have adequate coverage for your evolving healthcare needs. Remember, choosing the right Medicare plan can significantly impact your retirement finances.

# Upcoming February Webinars

2/1 - Evolving Retirement Law With Secure Act 2.0: The Challenges, The Changes & Your Choices

2/5 - The Top 15 Reasons Why People Run Out of Money in Retirement

2/5 - Getting Safely Through Retirement - Master Class PT. 1

2/6 - Getting Safely Through Retirement - Master Class PT. 2

2/8 - Getting Safely Through Retirement: Social Security

2/13 - Finding Bigfoot - How to Remove the Mystery for Your Beneficiaries

2/14 - The Top 15 Reasons Why People Run Out of Money in Retirement

2/16 - Don't Play the Lottery With Your Retirement: 5 Lessons Learned

2/20 - Become Your Own Retirement Boss

2/21 - The Top 15 Reasons Why People Run Out of Money in Retirement

2/22 - Evolving Retirement Law With Secure Act 2.0: The Challenges, The Changes & Your Choices

2/23 - Getting Safely Through Retirement: Medicare and Long-Term Care

2/26 - The Top 15 Reasons Why People Run Out of Money in Retirement

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