



# REACH for RETIREMENT

YOUR RETIREMENT PLANNING NEWSLETTER

## Smart Move

### SMART Financial Goals Can Help Guide Your Way to Financial Wellness

Financial goals play a crucial role in the pursuit of financial wellness. Whether it's paying off credit card debt, saving for retirement, making a down payment on a home — or any other goal — they help guide your actions, habits and decision-making.

As you think about your financial future, consider creating SMART financial goals. SMART is an acronym that stands for specific, measurable, achievable, relevant and time-bound. Instead of setting goals with vague aspirations (such as “I need to start saving more money”), SMART goals encourage you to think things through and define what success looks like. Here's how you can create SMART financial goals:

- **Specific:** Define exactly what you want to achieve. Instead of saying “I want to save money,” specify the amount and purpose, such as “I want to save \$5,000 for a down payment on a house in the next 12 months.”
- **Measurable:** Set criteria to measure your progress. In the previous example, the measurable piece is the \$5,000 target within 12 months. You can track your progress periodically to ensure you're on the right path.
- **Achievable:** Your goal should be realistic and attainable. Consider your income, expenses and other financial obligations. Saving \$5,000 in a year might be achievable depending on your income and expenses, but saving \$10,000 might not be.

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## Smart Move

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- **Relevant:** Make sure your goal aligns with your broader financial objectives and priorities. For instance, if your long-term goal is to retire early, saving for retirement or investing might be more important than saving for a luxury vacation.
- **Time-bound:** Set a clear timeframe for achieving your goal. This adds a sense of urgency and helps you stay focused. For example, saving \$5,000 within 12 months provides a deadline and helps structure your savings plan.

Review these hypothetical personal finance examples to help inspire your own SMART goal-setting efforts:

### Retirement Savings

- **Specific:** Contribute \$400 monthly to your workplace retirement plan
- **Measurable:** Track monthly contributions and investment growth
- **Achievable:** Adjust budget to allocate a fixed amount to retirement savings
- **Relevant:** Securing financial stability postretirement
- **Time-bound:** Consistently contribute \$400 monthly for the next 30 years.

### Emergency Fund

- **Specific:** Save \$3,000 in a dedicated emergency fund
- **Measurable:** Track monthly savings progress to reach \$3,000 within 10 months
- **Achievable:** Allocate a portion of income or windfall (bonuses, tax refunds) toward savings
- **Relevant:** Provides a safety net for unexpected expenses
- **Time-bound:** Achieve the \$3,000 goal within 10 months.



### Debt Repayment

- **Specific:** Pay off \$8,000 in credit card debt
- **Measurable:** Break down repayment into manageable monthly payments
- **Achievable:** Adjust budget to allocate extra funds to debt repayment
- **Relevant:** Eliminating high-interest debt saves money in the long run
- **Time-bound:** Aim to pay off the \$8,000 debt within 18 months (about \$445 per month).

# Bonding Time

## Review the Potential Benefits of Bond Funds in Your Investment Strategy

When investing for retirement, many people choose a strategy that primarily includes stock funds. Although they represent a higher degree of risk, they offer the most potential for growth over the long term. During these times of economic uncertainty, however, you may be questioning your tolerance for risk. Will interest rates rise again, stay the same or start to fall? How will the stock market react? Having an appropriate exposure to bond funds can help ensure you're properly diversified no matter what happens.

Similar to stock funds, bond funds are collections of bonds that are managed by a professional fund manager. They can provide investors with a steady stream of income, diversification and lower risk than stocks. Here's a closer look at the key benefits of bond funds:

- **Steady income.** Bond funds can be a good option for those who are close to (or in) retirement and want to preserve their capital and generate income through a fixed rate of interest. The interest payments can help supplement other sources of income, such as Social Security, pensions or annuities.
- **Diversification.** Bond funds can help diversify a portfolio by reducing the overall volatility and exposure to stock market fluctuations. Bonds tend to have a low or negative correlation with stocks, meaning they often move in opposite directions. This feature can help smooth out the returns and reduce the risk of losing money in a market downturn.
- **Lower risk.** Bond funds are generally less risky than stocks, as they have a lower chance of defaulting or losing value. Bond funds are also regulated and transparent, making them easier to understand and monitor. However, bond funds are not risk-free and can still lose value because of interest rate changes, inflation or credit quality issues.

There are different types of bond funds that suit various risk profiles and investment goals. Some of the common types of bond funds are:

- **Treasury bond funds.** These funds invest in bonds issued by the U.S. government, which are considered the safest and most liquid bonds in the world. They have very low default risk, but also low yields. They can be good for capital preservation and hedging against deflation.
- **Corporate bond funds.** These funds invest in bonds issued by corporations, which are riskier but offer higher yields than Treasury bonds. They can be good for generating income and diversification, but they also have higher default risk and are sensitive to economic conditions.
- **Inflation-protected bond funds.** These funds invest in bonds that adjust their principal and interest payments according to the inflation rate. They can be good for preserving the purchasing power of money and hedging against inflation, but they also have lower nominal yields and higher volatility than nominal bonds.
- **International bond funds.** These funds invest in bonds issued by foreign governments or corporations, which can offer potentially higher returns and diversification through exposure to different economic regions. However, they also have higher currency risk and political risk than domestic bonds.

When choosing bond funds for your retirement savings portfolio, consider your risk tolerance, time horizon, income needs, tax situation and overall asset allocation. You should also compare the fees, performance, ratings and holdings of different bond funds to find the ones that match your criteria and objectives.



# Take the Plunge

## Looking to Improve Your Physical and Mental Wellness? Consider Taking a Cold Plunge

Cold plunges are a trend that involves immersing yourself in cold water, usually for some type of health benefit. These icy plunges are gaining popularity as a way to boost immune systems, build resilience to stress, and treat inflammation. Some celebrities, athletes, influencers and others have endorsed cold plunges on social media, where the hashtag #coldplunge has over 1.1 billion views on TikTok.

A cold plunge involves immersing yourself into water that's somewhere between 45 and 55 degrees Fahrenheit. You can create an ice bath with as little as a garbage bag, some ice, and water. However, many people prefer a more concrete pool or tub for their cold water dip.

### Potential Health Benefits

The potential benefits of taking a cold plunge or ice bath include:

- Reducing inflammation and swelling
- Assisting with muscle recovery and easing postworkout soreness
- Stimulating the production of white blood cells and anti-inflammatory cytokines, which help fight off infection and disease
- Increasing blood flow throughout the body
- Enhancing stress management and mood
- Improving clarity and focus
- Promoting weight loss and metabolism.

### International Intrigue

Many countries have a long-standing cultural tradition of taking cold plunges, especially in Scandinavia, Central Europe and the Baltic region. Finland, for example, is well-known for its sauna culture, which often involves alternating between



hot and cold temperatures. Many Finns enjoy taking a dip in a frozen lake or river after a sauna session, especially in winter. In addition, the United Kingdom saw a surge of interest in cold water swimming during the Covid-19 pandemic, as many people sought a way to cope with stress, anxiety and isolation. Cold water swimming clubs and groups have attracted more members and followers, who claim that swimming in the sea, lakes or rivers helps them feel more alive, happy and resilient.

### Before You Jump In

It's important to consult a doctor before trying cold plunges, especially if you have any medical conditions or concerns. Potential risks include hypothermia, frostbite, skin irritation and infection. And in rare cases, immersion can provoke cardiac arrest, arrhythmia or respiratory distress, particularly in people with underlying health issues. You should also start gradually and limit the duration and frequency of cold plunges to avoid adverse effects.

# The Planning Zone

## INFORMATION AND TOOLS TO HELP YOU BUILD YOUR FINANCIAL FUTURE

### In the Know

According to the U.S. Department of Health and Human Services, 70% of Americans age 65 or older will at some point need long-term care — which can include not just residence in a care facility, but help with daily activities like bathing or assistance with household chores. Because Medicare does not fully cover these costs, you may want to consider long-term-care insurance. If so, try to purchase it in your 50s — well before you need it. The cost rises as you age and may not be available if you develop certain medical conditions. For more information, check out AARP's [Understanding Long Term Care](#).

### Inquiring Minds

**Q: *What is considered a good credit score?***

**A:** A credit score is illustrated as a three-digit number between 300 and 850. The higher the score, the better a borrower looks to potential lenders. The FICO® Score is the most commonly used credit measure, but there are other scoring models, including the VantageScore®. A good credit score is between 670 and 739 on the FICO scale, and between 661 and 780 on the VantageScore scale. In both cases, the two biggest factors affecting your credit score are your payment history and how much of your available credit you're currently using.

### To-Do List

If you're receiving a tax refund this year, consider creating an emergency fund with some or all of it. It's important to have this money available for when something unexpected comes up, such as a car, refrigerator or dishwasher breaking down. Aim to have 3–6 months of living expenses saved in an account that is separate from your checking account.

### Financial Fitness

Calculating your net worth is a great way to gauge your current financial health and measure your progress in achieving your financial goals over time. It's simply the difference between what you own (your assets) and what you owe (your debts). Your savings have the potential to grow over time as you continue to pay down your debts — including student loans, home mortgage, credit cards and other items. Over time, your net worth should have a positive trajectory and give you confidence that you're making smart financial moves.

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