Reinventing RETIREMENT

Your Retirement Planning Newsletter

First Quarter 2024

Winterize Your Retirement Portfolio

To Help Avoid Icy Conditions, Rebalance Your Investment Allocation on a Regular Basis

Over time, frosty market flurries and chilly economic winds (or simply just the passage of time) can cause your investment allocation to drift a bit. This can leave you in a more conservative target investment allocation than what you originally selected and are comfortable with. Because your portfolio is exposed to the elements, it's a good idea to rebalance your investments on a regular basis.

Taking the Temperature: An Example

Investment Option	Original Investment Allocation Chosen	Current Investment Allocation After Market Downswing	Investment Allocation After Rebalancing
Stock Fund	60%	50%	60%
Bond Fund	30%	35%	30%
Money Market Fund	10%	15%	10%

Let's say that last quarter there was a stock market downswing and your original investment allocation of 60% in stock funds has now decreased to 50%. Meanwhile, your intended investment allocation to bond and money market funds has now increased. The current overall investment allocation no longer matches your original strategy.

What You Need To Do

If you're invested in a target date fund, the fund manager automatically rebalances your investment allocations for you. If not, you'll have to take an active role in rebalancing your investments. In the previous example, that means going into your account and selling off 5% each of your bond and money market fund investments and reallocating those funds back into your stock fund investments so they are aligned again with your chosen percentages. You can easily do this via your online account through your recordkeeper, or ask a customer service representative to assist you. In addition, many 401(k) recordkeepers offer an automatic rebalancing service (with a selection of timing options available, such as quarterly, semiannually or annually).

And in the case of an extended increase in stock fund prices, you might find that your portfolio is riskier than you intended (such as a greater percentage of your portfolio is now weighted in stock funds). To get back to your target allocation, you would need to sell off part of your stock fund investments and reallocate appropriately to your bond and money market fund investments.

Raise Your Savings Temperature

One way you might save money to add to your retirement plan is to ask your local electric or gas utility for a free or low-cost home energy audit. The audit may reveal inexpensive ways to reduce home heating and cooling costs by hundreds of dollars a year. Keep in mind that a payback period of less than three years, or even five years, can save you lots of money in the long term.

Informational Sources: Sofi: "How to Rebalance Your 401(k)" (August 25, 2023); Americasaves.org: "54 Ways to Save Money"

KATHMERE CAPITAL MANAGEMENT

On the Money

A Money Market Fund Can Help Support Your Overall Financial Plan

A money market fund is a type of mutual fund that invests in short-term treasuries and other money market instruments, including U.S. government securities and commercial paper. Due to the nature of the short-term investments, these are considered to be highly liquid. That means they can be exchanged for cash easily, giving investors access to their money when they need it. In addition, money market funds typically offer a better yield than those available from a standard bank savings account.

The U.S. Securities and Exchange Commission mandates that only the highest credit-rated securities are available in money market funds. For the most part, money market funds are among the safest of all investments, with a target value of $1 per share. Money market funds have only dipped below this value (a term known as "breaking the buck") on a small number of occasions associated with financial crises, but have quickly bounced back.

Here are some key ways that a money market fund can help support your overall financial plan:

- **Funding short- to intermediate-term financial goals.** If you're saving for a financial goal that falls within the next three to five years, a money market fund may make sense. This could include such goals as saving for a vacation or wedding or a down payment for a house. In these cases, it may be more important that your savings hold their value over the shorter time period.
- **Maintaining an emergency fund.** Having money saved in a money market fund can act as a personal safety net to get through financial hurdles, such as a period of unemployment or an unbudgeted large expense (such as a car or roof repair, or a dishwasher or washing machine/dryer replacement). Many financial professionals recommend an amount that could cover three to six months of expenses. The liquidity feature of money market funds makes them a good option for this.
- **Temporary holding place for assets.** A money market fund may also be used as a place to temporarily hold or transfer assets, such as an individual retirement account rollover or an inheritance, while trying to decide how to invest those funds for the long term. The fund should not be used as a long-term investment vehicle.

Informational Sources: Investopedia.com, "Money Market Funds: What They Are, How They Work, Pros and Cons"; T Rowe Price, "4 Reasons to Save in a Money Market Fund"

What's in a Name?

While they sound similar in name, a money market fund is not the same as a money market account. A money market fund is an investment that is sponsored by an investment fund company. Therefore, it carries no guarantee of principal. A money market account is a type of interest-earning savings account. Money market accounts are offered by financial institutions and are insured by the Federal Deposit Insurance Corporation.

Keep Your Long-term Investment Strategy in Perspective

While money market fund yields are rising as they benefit from the Federal Reserve raising interest rates, they aren't appropriate for long-term investing — particularly in your 401(k) or other workplace retirement plan — as the returns tend to be much lower than stocks and bonds. In addition, over time, the returns have not kept pace with inflation.

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.

Discover Magazine: "The Science Behind Cold Water Plunges" (December 5, 2022); Today.com: "Do cold plunges have benefits for physical and mental health? What to know" (June 27, 2023); 3 Seas Europe: "Dive On In! The Water's Just...Freezing" (December 2, 2022).

Retirement in Motion

TIPS AND RESOURCES THAT EVERYONE CAN USE

Knowledge Is Retirement Power

According to a recent report from T. Rowe Price, "Unretiring": Why Recent Retirees Want to Go Back to Work, many retirees see part-time work as a good life stage transition strategy. Fifty-seven percent of retirees surveyed indicated that they want to continue working in some form, whereas only 43% would consider stopping work all at once. Continuing to work part time may allow you to delay taking Social Security benefits while staying engaged with something that provides social and emotional benefits. According to the Social Security Administration, your monthly Social Security benefit increases by 8% for each year you delay taking it. Consider working with a financial professional to help evaluate the potential benefits of continuing to work in some capacity as you make the transition to full retirement.

Q&A

What is the most I can save this year in my 401(k) plan?
401(k) savers can contribute up to $23,000 in 2024. Savers age 50 and older can make an annual catch-up contribution up to $7,500 in 2024, for a total contribution of $30,500. These limits also apply to savers with a 403(b) plan and most 457 plans.

Quarterly Reminder

When was the last time you reviewed your beneficiary designations for your major assets — including your retirement plan? The start of each new year is a good time for some financial housekeeping. Make sure your current designations still match your wishes, especially if you have had any major life changes such as marriage, divorce or the birth or adoption of any children.

Tools & Techniques

According to the Education Data Initiative, the average cost of college has more than doubled in the 21st century. The average cost of college in the United States is $36,436 per student per year, including books, supplies and daily living expenses.[1] When funding a college education, student loans can be complex. Doing your homework and making informed decisions are an important part of the financial planning process. Whether you're a graduate, a parent or someone considering higher education, there are plenty of resources that can help you make smarter financial choices. The U.S. Department of Education's website, studentaid.gov, contains a wealth of comprehensive information, including the most current rules and programs available, as well as a loan simulator to help you evaluate options for your specific situation.

[1] https://educationdata.org/average-cost-of-college

Kathmere Capital Management
Participant Service Department
Contact: Grant Boyle
435 Devon Park Drive, Ste 715
Wayne, PA 19087
610-989-3900
participantservices@kathmere.com
www.kathmere.com

KATHMERE CAPITAL MANAGEMENT

Kathmere Capital Management (Kathmere) is an investment adviser registered under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply any level of skill or training. The information presented in the material is general in nature and is not designed to address your investment objectives, financial situation or particular needs. Prior to making any investment decision, you should assess, or seek advice from a professional regarding whether any particular transaction is relevant or appropriate to your individual circumstances. Although taken from reliable sources, Kathmere cannot guarantee the accuracy of the information received from third parties.

Kmotion, Inc., 12336 SE Scherrer Street, Happy Valley, OR 97086; 877-306-5055; www.kmotion.com

©2023 Kmotion, Inc. This newsletter is a publication of Kmotion, Inc., whose role is solely that of publisher. The articles and opinions in this newsletter are those of Kmotion. The articles and opinions are for general information only and are not intended to provide specific advice or recommendations for any individual. Nothing in this publication shall be construed as providing investment counseling or directing employees to participate in any investment program in any way. Please consult your financial professional for further assistance with regard to your individual situation.

This material is intended to provide general financial education and is not written or intended as tax or legal advice and may not be relied upon for purposes of avoiding any Federal tax penalties. Individuals are encouraged to seek advice from their own tax or legal counsel. Individuals involved in the estate planning process should work with an estate planning team, including their own personal legal or tax counsel.