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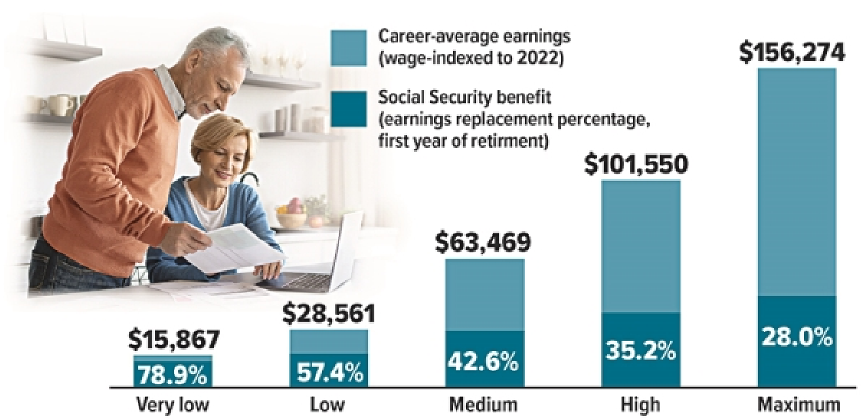
Maximum monthly Social Security benefit for someone who claims benefits at full retirement age in 2024. Someone who claims at age 62 in 2024 would only be eligible for a maximum of $2,710, while a claimant who delayed to age 70 could receive a maximum of $4,873. To receive the maximum benefit, you must earn the maximum income subject to Social Security tax for each of your 35 highest-earning years. This is indexed for inflation and has ranged from $25,900 in 1980 to $168,600 in 2024.

Source: Social Security Administration, 2023

How Much Income Does Social Security Replace?

Social Security can play an important role in funding retirement, but it was never intended to be the only source of retirement income. The Social Security benefit formula is based on a worker's 35 highest-earning years (indexed for inflation), and the percentage of pre-retirement income replaced by the benefit is lower for those with higher earnings, reflecting the assumption that higher earners can fund retirement from other sources.

Here are replacement rates — based on five levels of earnings — for someone who claims benefits at full retirement age (FRA) in 2024 (i.e., born in 1958 and claiming at age 66 and 8 months). Rates would be similar for those who claim at FRA in other years.



Source: Social Security Administration, 2023 (Rates are based on scheduled benefits under current law and may be significantly lower in the future if Congress does not address the Social Security shortfall.)

A New Year, A New Opportunity to Save with a 529 Plan

The start of a new year is typically a time when people resolve to implement or recommit themselves to a personal financial goal. This year, why not consider opening a 529 plan account, or increasing your contributions to an existing account, to enhance your child's or grandchild's financial future? 529 plans are the most flexible they've ever been since their creation more than 25 years ago.

A college fund ... and more

Education, in any form, can be a key life building block. A 529 plan is specifically designed for education savings. The main benefit of a 529 plan is tax related: earnings in a 529 account accumulate tax-deferred and are tax-free when withdrawn (which could be many years down the road) if the funds are used to pay qualified education expenses. Some states may also offer a tax deduction for contributions. For withdrawals not used for qualified education expenses, the earnings portion is subject to income tax and a 10% penalty.

In recent years, Congress has expanded the list of expenses that count as "qualified" for 529 plans. Here are some common expenses that qualify:

- **Tuition and fees** – up to the full cost of college/graduate school, vocational/trade school, and apprenticeship programs (schools must be accredited by Department of Education and courses can be online); up to $10,000 per year for K–12
- **Housing and food (room and board)** – for college/graduate school only, provided the student is enrolled at least half time
- **Computers, required software, internet access, books, supplies** – for college/graduate school only
- **Paying student loans** – up to $10,000 lifetime limit

In addition, starting in 2024, families who have extra funds in their 529 account can roll over up to $35,000 to a Roth IRA in the beneficiary's name, subject to annual Roth IRA contribution limits.

Automatic contributions ... and more

Sure, you could build an education fund outside of a 529 plan, but the tax advantages of 529 plans are hard to beat. Plus, 529 plans offer other benefits:

- The ability to set up automatic, recurring contributions from your checking or savings account, which automates your effort and allows you to save during all types of market conditions
- The flexibility to increase, decrease, or temporarily stop your recurring contributions, or to make an unscheduled lump-sum contribution, that reflects the ebbs and flows of your financial situation
- The option to choose a mix of investments based on the age of the beneficiary, where account allocations become more conservative as the time for college gets closer
- A separate account from your regular checking, savings, or brokerage account, which may reduce the temptation to dip into it for a non-education purpose

Building an Education Fund

Monthly savings	5 years	10 years	15 years
$150	$10,201	$23,292	$40,093
$250	$17,002	$38,821	$66,822
$350	$23,802	$54,349	$93,551
$450	$30,603	$69,877	$120,280

Table assumes an annual 5% return. This is a hypothetical example of mathematical principles and is not intended to reflect the actual performance of any investment. Rates of return will vary over time, particularly for long-term investments. Investments with the potential for higher rates of return also carry a greater degree of risk of loss. Fees and expenses are not considered and would reduce the performance shown if they were included.

How to open a 529 account

To open a 529 savings account, select a 529 plan and fill out an application online. You will need to provide personal information, name a beneficiary, choose your investment option(s), and set up automatic contributions or make an initial one-time contribution.

There are generally fees and expenses associated with participation in a 529 plan. There is also the risk that the investments may lose money or not perform well enough to cover college costs as anticipated. The tax implications of a 529 plan should be discussed with your legal and/or tax professionals because they can vary significantly from state to state. Most states offering their own 529 plans may provide advantages and benefits exclusively for their residents and taxpayers, which may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 plan, consider the investment objectives, risks, charges, and expenses, which are available in the issuer's official statement and should be read carefully. The official disclosure statements and applicable prospectuses, which contain this and other information about the investment options, underlying investments, and investment company, can be obtained by contacting your financial professional.

Will You Work Beyond Traditional Retirement Age?

More than seven out of 10 current workers in a recent survey said they expect a paycheck to play a role in their income strategy beyond traditional retirement age. In fact, 33% expect to retire at age 70 or older, or not at all.[1]

If you expect to continue working during your 60s, 70s, or beyond, consider the advantages and disadvantages carefully. Although working can enhance your retirement years in many ways, you may also face unexpected consequences, particularly when it comes to Social Security.

Advantages

There are many reasons why you may want to work during retirement. First and perhaps most obvious, a job offers a predictable source of income that can help pay for basic necessities, such as food, housing, and utilities.

Working may also allow you to continue saving on a tax-deferred basis through a work-based retirement savings plan or IRA. Traditional retirement accounts generally require you to take minimum distributions (RMDs) after you reach age 73 or 75, depending on your year of birth; however, if you continue working past RMD age, you can typically delay RMDs from a current employer's plan until after you retire, as long as you don't own more than 5% of the company. (Roth IRAs and, beginning in 2024, work-based Roth accounts do not impose RMDs during the account owner's lifetime.)

Moreover, employment can benefit your overall well-being through social engagement with colleagues, intellectual stimulation, and, if you're employed in a field that requires exertion and movement, mobility and fitness.

Working may also provide access to valuable health insurance coverage, which can supplement Medicare after the age of 65. Keep in mind that balancing work-sponsored health insurance and Medicare can be complicated, so be sure to seek guidance from a qualified professional.

A paycheck might also allow you to delay receiving Social Security benefits up to age 70. This will not only increase your monthly benefit amount beyond what you'd receive at early or full retirement age, it will add years of earnings to your Social Security record, which could further enhance your future payments.

If one of your financial goals is to leave a legacy, working longer can help you continue to build your net worth and preserve assets for future generations and causes.

Why Retirees Work

Source: Employee Benefit Research Institute, 2023 (multiple responses allowed)

Disadvantages

There are some possible drawbacks to working during retirement, especially regarding Social Security. For instance, if you earn a paycheck *and* receive Social Security retirement benefits before reaching your full retirement age (66–67, depending on your year of birth), part of your Social Security benefit will be withheld if you earn more than the annual Social Security earnings limit. However, the reduction is not permanent; in fact, you'll likely receive a higher monthly benefit later. That's because the Social Security Administration recalculates your benefit when you reach full retirement age and omits the months in which your benefit was reduced.

After reaching full retirement age, your paycheck will no longer affect your benefit amount. But if your combined income (as defined by Social Security) exceeds certain limits, it could result in federal taxation of up to 85% of your Social Security benefits.

Perhaps the biggest disadvantage to working during retirement is ... working during retirement. In other words, you're not completely free to do whatever you want, whenever you want, which is often what people most look forward to at this stage of life.

Finally, a word of caution: Despite your best planning and efforts, you may find that you're unable to work even if you want to. Consider that nearly half of today's retirees left the workforce earlier than planned, with two-thirds saying they did so because of a health problem or other hardship (35%) or changes at their company (31%).[2]

For these reasons, it may be best to focus on accumulating assets as you plan for retirement, viewing work as a possible option rather than a viable source of income.

1–2) Employee Benefit Research Institute, 2023

How to Kill Your Zombie Subscriptions

In a 2022 survey, consumers were first asked to quickly estimate how much they spend on subscription services each month, then a while later, they were directed to break down and itemize their monthly payments. On average, the consumers' actual spending was $219 per month, about 2.5 times as much as the $86 they originally guessed.[1]

Zombie subscriptions are auto-renewing services that people sign up for then forget about or rarely use. Some common examples include mobile phone and internet plans, television, music, and game streaming services, news subscriptions, meal delivery, language courses, and health/fitness memberships (digital and in person).

New types of services are rolling out every day, which is just one reason why subscription costs can creep up on you. But with inflation cutting into your purchasing power, getting rid of a few unnecessary recurring charges could help balance your household budget.

Conduct an audit. Some subscriptions are billed annually, so you may need to scrutinize a full year's worth of credit card statements. Plus, if you purchased a subscription through an app store on your smartphone, the name of the service won't be specified. So when you notice a recurring charge that you can't identify, try looking for a list of subscriptions in your device's settings.

Share of consumers who forgot about subscriptions but still paid for them, by age group

Source: C+R Research, 2022

Use an app. One in 10 consumers said they rely on banking and personal finance apps to track their spending on subscription services. There are several popular services that can be used to scan account statements for recurring costs and remind you to cancel unwanted subscriptions before they renew automatically — if you are comfortable sharing your financial information.

Some companies make it difficult to cancel unwanted subscriptions by requiring a call, hiding the phone number, and/or forcing customers to wait to speak to a representative. If you find this practice frustrating, help may be on the way. The Federal Trade Commission has proposed a new rule that requires companies to make it just as easy to cancel a subscription as it is to sign up.

1) C+R Research, 2022