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ESPARZA GROUP

QUARTERLY NEWSLETTER



**PRE-
RETIREMENT
PREPAREDNESS**

**SOCIAL
SECURITY
FACTS FOR 2022**

**10 MIN
CRANBERRY SAUCE**

2021 WAS A YEAR OF CHANGE AND IMPROVEMENT

We are ending this year with many successes and we promise to continue this association to better services and greater commitments to achieve new goals together...May you have a successful and prosperous 2022!!

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Pre-Retirement Preparedness

This is it. You're zeroing in on your retirement years. You've been planning this for decades, but are you really ready? If you're five to 10 years away from retirement, it's time to start getting specific about your plans after exiting your career. Here's what you should be doing to prepare.

Invest for Growth and Cut Down Debt

Many believe that the two most important things to do for your financial health at this point in your life are investing for growth and cutting down your debt. Wherever possible, maximize your 401(k), IRA, or other retirement plan contributions—and be sure to assess your risk tolerance and diversify your investment portfolios accordingly (a financial professional can help you with this!).

Debt is the last thing that you want hanging over your head in retirement, so it's a good idea to pay it down now, before living on a fixed income. Focus on paying off high-interest loans and credit cards first and foremost, even if it means not maximizing your retirement plan contributions for the time being. Once your highest-interest debts are paid off, you can start contributing more to your retirement savings plans while paying off any other low-interest debt. Have a goal for all debt to be paid off by the time you retire.

Determine a Retirement Budget

By this point in your life, you probably have a good idea of the level of income that makes you most comfortable. While your income might decrease in retirement, it's important to start thinking about your lifestyle and expenses now, so you can properly plan for the funds that you'll need to stay financially secure.

Be specific about your budget. Will you have mortgage or rent payments to make? What will the cost of living look like in your location, or are you planning to move in retirement? Are there unnecessary expenses that you can cut, if need be? Honing in on these details will make it easier for you to set and reach retirement savings goals before you get here.

Set Goals

Even if you already have retirement savings goals that you've been working toward throughout your career, it's a good idea to revisit them and reevaluate. Did you plan for all the expenses in your retirement budget or are there new and unexpected funds you'll need? Think about some of the things you may not have planned for early in your career, like medical expenses, mortgage payments, or higher education funds for your children.

Consider some of the life goals that you'd like to achieve in retirement. Are there destinations you'd like to visit or large purchases you'd like to make? These are things that should be built into your budget and set as specific savings goals. Over the next five to 10 years you can continue to build your retirement nest egg while also saving for the things that you haven't been able to do while working a full-time job.

Establish a Legacy Plan

Planning your budget and goals during pre-retirement also provides a good opportunity to start your legacy plan. This means planning how to distribute your property and assets to your loved ones after your death. Start by creating a list of your assets and where they're kept—this can include things like investment accounts, real estate, and insurance policies.

Once you have your list of assets, you should think about who you want to leave them to, or if there's anything you want to donate to charity. Also, think about any preferences you have for medical care to record in an advance directive. Lastly, contact an expert, either a financial professional or an attorney, to walk you through the steps of setting up your legacy plan.



Social Security Facts for 2022

Approximately 70 million retired Americans collect Social Security benefits. Of those retirees, 8 million also collect Supplemental Security Income (SSI). But Social Security is more than retirement income. It also provides life insurance and survivor benefits.

Even if retirement is a few years away, you can still benefit from the resources and information provided by the Social Security Administration. Understanding how much you benefit can help you when planning your retirement finances.

The 2022 Cost of Living Adjustment

In October, the Social Security Administration announced that the retirees collecting Social Security or SSI will see a 5.9% increase in their benefit in 2022. This cost of living adjustment (COLA) will be the largest increase in over 40 years.

The COLA will start with Social Security benefits payable to over 64 million beneficiaries in January 2022. Increased payments to the 8 million SSI beneficiaries will start on December 30th, 2021. If you receive benefits, you'll receive a notification of the new amounts either by mail or online through my Social Security in December.

The goal of COLA is to help Social Security and SSI keep up with inflation. Increases are based on percentage increases in the Consumer Price Index. You can learn more through the Social Security Administration's website.

Social Security Basics

If you're nearing retirement age and still have questions about Social Security, here are a few facts to consider:

Work credits determine the amount of Social Security you'll receive. To collect benefits, you'll need a total of 40 lifetime credits. The most you can earn per year is four, meaning you will have to work at least 10 years to start collecting benefits.

Your retirement age will vary based on your birth year. People born in 1954 or earlier could start collecting at 66, whereas people born in 1960 or later can start at 67.

You can start receiving social security as early as 62, but your benefits will be reduced based on how many months you are from your retirement age. The Social Security Administration has a benefits planner that estimates what your reduced benefit percentage could be.

In contrast, waiting to collect benefits can increase your monthly benefit, particularly if you wait until 70.

When you're ready to start receiving benefits, you can apply for Social Security using the online application form. You can apply for Social Security and Medicare separately if desired.



Homemade 10 min Cranberry Sauce

INGREDIENTS

- 1 c. granulated sugar
- 1 c. water
- 1 (12-oz.) package fresh cranberries
- 2 tsp. orange zest
- Kosher salt



DIRECTIONS

1. In a small saucepan over low heat, combine sugar and water until sugar dissolves. Add cranberries and cook until they burst, 10 minutes. Stir in orange zest and a pinch of salt.
2. Remove saucepan from heat and let cool completely, then transfer to a resealable container and refrigerate. Cranberry sauce can be made up to 1 week in advance.

Nutrition per serving: 134 calories, 0 g protein, 35 g carbohydrates, 2 g fiber, 31 g sugar, 0 g fat, 0 g saturated fat, 18 mg sodium

Have questions or need to schedule a meeting?
Call or Email us today!
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