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Commerce Concepts

Market Updates, Asset Allocation, and Investment Education for Plan Participants and Individuals

Five Strategies to Catch Up if You're Behind on Retirement Savings

If you find yourself behind on planning and saving for retirement, don't panic. There are several strategies you can use to get back on track. The sooner you take action, the more options you'll have to recover and boost your chance to retire comfortably. Below are key steps to help you catch up on your retirement savings.

1. Cut Back on Expenses

To catch up on your retirement savings, consider trimming your current expenses. Small adjustments in your daily expenses can have a big impact over time, and every dollar trimmed from your monthly budget does double duty. It adds money to your retirement savings and reduces the total amount of income that you'll need to replace in retirement.

2. Consider a Side Hustle or Part-Time Work

Taking on a side job or working part-time can help boost your savings rate. The extra income can be directed into your retirement accounts, allowing you to catch up more quickly. You may also find a type of freelance or part-time work that you enjoy enough you'd want to continue it after retiring from your primary career, which will continue to provide income and reduce your reliance on your savings into your golden years.

3. Delay Retirement

Consider delaying your retirement age. By working for a few extra years, you can achieve three key benefits.

- Additional savings: More time in the workforce means you can continue contributing to your retirement accounts and building your savings while postponing withdrawals.
- More time for compound growth: The longer you work, the more your investments can grow due to compound interest, which can help you recover from the years you were behind on saving.
- Postponed Social Security: People who claim Social Security benefits before their Full Retirement Age (FRA) do so at a permanently reduced rate, while people who first claim their benefit at FRA get the full amount, and people who delay beyond that get an increased amount. If working a few more years can help you postpone your Social Security claim to FRA or beyond, it can increase your Social Security amount, thereby closing the gap between Social Security and your monthly expenses that you'll need your savings to make up.

4. Increase Your Contributions

The most effective way to catch up on retirement savings is by increasing your contribution rate to your retirement accounts. If you're not yet contributing the maximum allowed to your retirement plan at work, start by increasing your salary deferral contributions.

For 2025, the contribution limit for employees under 50 is $23,500. If you're 50 or older, you can contribute an additional $7,500 in catch-up contributions. Additionally, the

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WIN A $25 GIFT CARD

to your choice of Starbucks or Powell's!
(See page 2 for details)

Congratulations to our most recent winner:

Pam D.
of Willamette International Travel

*Visit **thecommco.com/commerce-concepts** for the answer to last issue's question.*

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Retirement & Investment Services

Indexes are unmanaged and cannot be invested in directly. Past results are not predictive of future results. Individual results will vary. The trailing returns shown include dividends. See page four for index definitions.

Source:
Raymond James Financial Services

To be entered into a drawing to win a

$25 Gift Card,

email free@thecommco.com with the answer to this question:

For 2025, what is the 401(k) salary contribution limit for employees under 50?

Market Update

Through December 31, 2024

		Trailing Returns			
		3 mos	12 mos	5 yrs	10 yrs
Blue Chip US Stocks	Dow Jones Industrial Average	0.93%	14.99%	10.55%	11.57%
Large Company US Stocks	S&P 500	2.41%	25.02%	14.53%	13.10%
Small Company US Stocks	Russell 2000	0.33%	11.54%	7.40%	7.82%
Non-US Stocks	MSCI EAFE (Gross Div)	-8.06%	4.35%	5.24%	5.71%
US Bonds	Bloomberg US Aggregate	-3.06%	1.25%	-0.33%	1.35%
Cash Alternatives	ICE B of A 3 Month US Tsy Bill	1.17%	5.25%	2.46%	1.77%

Economic Snapshot

Gross Domestic Product (GDP)
GDP growth is expected to continue to remain relatively strong in the first quarter of the year, but growth is expected to slow for the year compared to 2024.

Employment
The labor market has been cooling and we expect it to weaken further and stabilize around its long-term average.

Housing and Construction
High mortgage rates and construction costs have kept this sector in contraction, but it has turned the corner. Fed cuts may keep the sector from a strong comeback.

Monetary Policy
The Fed started its easing cycle in September, and we expect it to cut rates by 0.50% in 2025 and in 2026, taking the federal funds rate to 3.75-4.00% at the end of 2026.

Manufacturing
US manufacturing will continue to struggle in 2025 as high interest rates continue to affect the sector.

Inflation
Inflation is likely to slow down as economic activity weakens over the next few quarters.

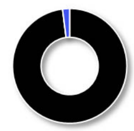
Investment Strategy Quarterly: Published by Raymond James and Associates, January 2025. For a complete PDF copy of the current issue of Investment Strategy Quarterly, click here or email newsletter@thecommco.com.

December Market Review

- December added a question mark to the end of an otherwise strong year of growth for the equity markets. As inflation numbers continued to stagnate above its 2% year-over-year target, the Federal Reserve (Fed) expressed diminished confidence in inflation reaching its 2% target.
- Back in September, investors expected four rate cuts to arrive in 2025. Now the expectation is two. This news caused a chilling effect in the markets, resulting in a flat December for the S&P 500 and a 5.3% loss for the Dow Jones. Only three of 11 equity sectors were positive for the month.
- In Europe, political turnover continued to drive uncertainty. France's President Emmanual Macron installed his fourth prime minister in a year. Meanwhile in Germany, Finance Minister Christian Lindner has been fired and domestic manufacturing suffers. The eurozone also waits with uncertainty for the incoming U.S. administration and its threats of import tariffs and a protracted trade war.

Strategic Asset Allocation Models

As of January 2025

Equities Fixed Income Cash Alternatives					
	Conservative	Moderate	Balanced	Growth	Aggressive
Equity	**30%**	**48%**	**63%**	**77%**	**98%**
Equity allocation comprises:					
U.S. Large Cap Blend	20%	22%	27%	32%	45%
U.S. Large Cap Growth	0%	3%	5%	7%	8%
U.S. Large Cap Value	0%	3%	5%	7%	8%
U.S. Mid Cap Equity	4%	7%	9%	11%	13%
U.S. Small Cap Equity	1%	3%	5%	7%	8%
Non-U.S. Developed Market Equity	5%	10%	8%	9%	11%
Non-U.S. Emerging Market Equity	0%	0%	4%	4%	5%
Fixed Income	**68%**	**50%**	**35%**	**21%**	**0%**
Fixed income allocation comprises:					
Investment Grade Intermediate Maturity	58%	41%	31%	21%	0%
Investment Grade Short Maturity	0%	0%	0%	0%	0%
Non-Investment Grade (High Yield)	7%	6%	4%	0%	0%
Non-U.S. Fixed Income	3%	3%	0%	0%	0%
Multi-Sector Fixed Income	0%	0%	0%	0%	0%
Alternative Investments	**0%**	**0%**	**0%**	**0%**	**0%**
Cash & Cash Alternatives	**2%**	**2%**	**2%**	**2%**	**2%**
Totals	**100%**	**100%**	**100%**	**100%**	**100%**

These asset allocation targets are based on our changing views of the risk and return in the various asset classes, looking out over three or more years. The models assume fully allocated portfolios and do not take into account outside assets, additional cash reserves held independent of these models, or any actual investor's unique circumstances. Investors should consult their financial advisor to decide how these models might assist in the development of their individual portfolios. Material is provided for informational purposes only and does not constitute a recommendation.

For additional asset allocation and disclosure information, please click here or visit the Resources section of our website at

thecommco.com

The investment profile is hypothetical, and the asset allocations are presented only as examples and are not intended as investment advice. Asset allocation and diversification do not assure a profit or protect against loss. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in small- and mid-cap stocks generally involves greater risks, and therefore may not be appropriate for every investor. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. High-yield bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Real estate investments can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

Index definitions: The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The ICE BofAML 3-Month US Treasury Bill index consists of a single issue that is purchased at the beginning of the month and held for a full month. At month's end, that issue is sold and rolled into a newly selected issue, which is the outstanding Treasury Bill that matures closest to, but not beyond, three months from the rebalancing date. The selected issue must have settled on or before the month-end rebalancing date. Past performance may not be indicative of future results. An investment cannot be made in these indexes. The performance mentioned does not include fees and charges, which would reduce an investor's returns.

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SECURE 2.0 Act of 2022 introduced an additional category of "super catch-up" contributions that takes effect this year. For 2025, employees who will be age 60-63 as of the end of the year may contribute an additional $3,750 to their plans, on top of the regular catch-up amount. This brings the total contribution limit to $34,750 for employees who fall within that age range.

In addition to workplace retirement plans, consider contributing to an Individual Retirement Account (IRA). For 2025, people under 50 may contribute up to $7,000 to an IRA, and people 50 or older may contribute up to $8,000. There are additional income-based limits to Roth IRA contributions and Traditional IRA deductibility, so consult a financial or tax advisor to determine your eligibility before going this route.

Of course, not everyone can afford to contribute the legal maximum to their retirement accounts. Wherever you start from, any increase at all will help your retirement outlook. Even boosting your salary deferrals by one or two percent from where they are now, or adding any bonuses to your IRA are smart decisions, especially when considering the potential compounding returns over time.

5. Seek Professional Advice

If you feel overwhelmed or unsure about the best strategy to catch up on your retirement savings, consulting a financial advisor is a wise decision. An advisor can help you create a plan tailored to your specific situation, provide investment advice, and guide you on cash management strategies and withdrawal planning. Email us at newsletter@thecommco.com to arrange a conversation with an advisor.

Catching up on retirement savings is challenging but entirely possible with the right approach. The key is to take action as soon as possible and consistently stick to your plan. With time, discipline, and strategy, you can still achieve your retirement goals, even if you're starting later than you'd hoped.