



# THRIVE TIMES

May Monthly Newsletter

## DIGITAL DISRUPTION: WHERE AMERICANS GET THEIR NEWS

### *THE SCOOP*

Fifty-one percent of U.S. adults receive their news predominantly from digital devices, such as their cellphones, tablets or computers. This is a larger number than those who get their news from television, and significantly higher than those who rely on radio and/or print publications.

Among those who rely on digital devices for news, 24% go directly to news websites, 10% use social media and 4% prefer podcasts. Audiences under age 50 prefer digital mediums while those over 50 prefer television. Comparatively few prefer print mediums; the biggest fans are 65 and older (and only 12% of them prefer print).

Among people who largely get their news from digital sources, 31% rely on Facebook, 22% on YouTube, 13% on Twitter and 11% on Instagram. Interestingly, regardless of how people access their news, there is the matter of credibility. A May 2021 survey revealed that the most credible news sources in the U.S. were ABC, CBS and NBC News,

followed by The Wall Street Journal, a two-way tie between The New York Times and CNN, then Fox News, MSNBC, National Public Radio and Huffington Post.

“  
JUST KEEP  
MOVING  
FORWARD.”

# Retirement Account or Retirement Plan: What's The Difference?

**written by Jeff Walker, Financial Planner**

The most widely used and well-known retirement savings plan in the United States is a 401(k) plan. The term "401(k)" refers to Section 401(k) of the Internal Revenue Code. This type of plan allows employees to avoid taxation on their income if they elect to receive it as deferred compensation rather than a direct payment. Before 401(k)'s retirement accounts, most companies offered "Defined Benefit" plans otherwise known as pension plans, which offered employees a defined income or lump-sum payment upon retirement. Congress created 401(k) accounts in 1978 as a way to close a loophole on executive bonuses.

401(k) plans were never intended as a replacement for traditional (employer guaranteed) defined benefit pension plans – but today that is how they are often perceived. While there may be many benefits of 401(k) plans such as a menu of different investment choices and possible employer matching contributions, a 401(k) has many limitations as well.

1) **Advice & Support:** Pension plans were managed by actuaries and professionals well versed in creating a proper asset allocation and portfolio to withstand a variety of market conditions, but that burden & responsibility falls onto the investor in a 401(k). The average investor is unprepared and uneducated on portfolio design and most 401(k) plans do not have a designated fiduciary authorized to provide advice. According to research, the average investor returns a measly 4.25%. Investors' behavior or lack thereof and their emotional responses are the number one reason that people fail to manage their money properly.

2) **Fees & Costs:** No one works for free and 401(k)s are no different. Most plans have several fees and costs associated with them, but they are usually harder to find and less transparent. Fees vary greatly depending on the plan administrator, the plan's features and benefits, the number of participants, and the investments themselves, but the average 401k fee according to research from TD Ameritrade, is 0.97%. Whenever a fee is assessed the question is always what value are you receiving in return?

3) **Limited Menu & Target Date Funds:** Many 401(k)s have a limited menu of investments and most utilize target-date funds or life cycle funds. Sometimes, these are the default option when people begin participating in these plans. Target date funds systematically shift their asset allocation over time from more aggressive stocks to more conservative bonds. The challenge with these funds is that they are a one-size-fits-all approach treating all investors the same despite their circumstances and preferences.

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4) **Planning:** As people get closer to retirement or retire altogether, they usually look for more conservative strategies to protect their growth or look to create income. With the understanding that interest rates are on the rise, those strategies may not be the best moving forward. Understanding that 401(k) plans were never designed to distribute money, protect it, or create an income stream - is the first step to understanding its limitations.

A 401(k) account is an important part of your retirement, usually, it's the largest retirement account so it's important to understand its purpose and how it can serve you best. Understanding that the 401(k) plan is your money, but it's not your plan, is the first step to creating more control and certainty in your retirement. If you have these plans, there are several questions you may want to consider.

- 1) Are you in the right investments? Feel free to contact us to help you review your investment options available in the plan and guide you in finding the right choices for you.
- 2) Do you have old 401(k)'s, that should be consolidated? How do they fit into your retirement plan and are there better options available to you elsewhere?
- 3) Are you over the age of 59.5? Does your plan allow for an "In-Service Rollover". This is a provision most plans provide that allow you to rollover some or all of your retirement funds to an IRA, even if you are are still working.
- 4) How much should you contribute? Sometimes people put too much money in the 401(k), not understanding that tax impact later on in life.
- 5) Does your plan allow Roth Contribution? Understanding the tax advantages of Roth's may be critical down the road to create a more tax-efficient retirement.

A 401(k) plan is just a retirement savings account, and not a retirement plan.

A retirement plan starts with establishing clearly defined goals. It considers all available resources; income, expenses, accounts, assets, as well as liabilities and risks or challenges that may arise along the way. This process concludes with several long-term and short-term actionable steps to increase the probability of accomplishing your goals and most importantly create more freedom and security in retirement.



## UPCOMING WORKSHOPS

If you want someone you know to meet Thrive, why not bring them to one of our dinner seminars? Just give us a call and tell us which seminar you want to attend with them & we'll reserve the space!



5/12 & 5/17 - Yardley Inn  
5/18 & 5/25 - Plumsteadville Inn  
6/2 & 6/8 - Haverford Township CREC  
6/15 - Betty and Milton Katz JCC  
6/14 & 6/22 William Penn Inn  
6/14 & 6/21 - General Warren Inn



## COMPLIMENTARY CONSULTATION

IN-PERSON or VIRTUAL! We can meet with zero obligations on your part. If you can invest one hour today for a no-obligation consultation, we can place you on the path toward owning your tomorrows.

# WHATS GOING ON AT THRIVE



## **New Team Member**

Introducing Joe Waterloo! Joe started his career in the financial services industry over 30 years ago after graduating from The Pennsylvania State University with a B.S. degree in Finance. He is a Certified Financial Planner (CFP) and holds the Series 7, 63 and 65 FINRA securities licenses and the Pennsylvania Health and Life Insurance license. Welcome!



## **Birthdays**

For the month of May - Bret Elam! Thank you for all that you have done for us over the past year! With much love always,  
Team Thrive



## **2022 Graduates**

And that's a wrap! We want to give a huge shoutout to Audrey Teague & Meghan Schmidt! They have both been working here as interns in their last semester of college, thank you for all your hard work!

