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Can I, Or Will I Ever, Retire?

Courtesy of Meghann P. McKenna & Leisl C. Mooer

When I talk to people about their financial lives, the word retirement usually comes up. If they are over 50, the question is: "Can I retire?" But if they are younger, it becomes, "Will I *ever* retire?"

The difference has a lot to do with the luck of a generation. For those over 50, the economic system has generally (not universally) worked pretty well. People started working, bought houses, contributed to retirement accounts and, as a result, have been able to plan for a time when they could take the foot off the gas and call it quits.

But for some younger workers, there is a deep sense that "the economic system no longer rewards prudence or long-term planning," according to Morgan Camp of the World Economic Forum.

According to Camp, "in 1990, the median American home cost 3.2 times the median household income. Today, for someone aged 20–34, it's closer to 8 times." Ouch!

Changing the system will take time, so what's the answer for navigating retirement across all generations?

Stop guessing and start planning. Instead of doom scrolling or following a "fin-fluencer" on social media, crunching the numbers can provide clarity. Using one of the many retirement calculators can provide valuable insights and show how the magic of compounding can work for younger and older savers alike.



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Missed your RMD deadline? Unless your retirement account is a Roth, you must take a required minimum distribution (RMD) each year after you turn 73 and pay the tax owed on the amount at ordinary income tax rates. A missed RMD is considered an excess IRA accumulation, and you will pay a penalty, called an excise tax, of 25% of the amount that should have been taken, plus the tax owed on the distribution. The excise tax is included in your total tax liability when you file your return. You will need to file form 5329, additional taxes on qualified plans, to calculate the penalty amount. What to do: if you act within two years the penalty may be reduced to 10% or waived entirely if you can prove that the distribution was missed because of a reasonable error. When you file form 5329, ask for a waiver.

Source: Bottom Line Personal magazine

"Gratitude is not only the greatest of virtues, but the parent of all the others."

-Sir Winston Churchill



Forced Roth Could Be Good For You

By Kathryn Pomroy, Kiplinger's Personal Finance

As of 2026, if you're 50 or older and made more than $150,000 last year, any catch-up contributions you make to your 401(k) must go into a Roth 401(k) account with after-tax dollars.

That means you pay taxes on the money upfront instead of getting the usual tax break. Or, to put it another way, "This is one of those situations where something that feels painful in the moment ends up being incredibly beneficial long term," says Rob De Lessio, Director of Lead Advisors at Strategic Wealth Designers.

Some people are grumbling about it — like swallowing medicine that tastes pretty bad. But this forced Roth could end up being one of the best things for your retirement savings.

Why the new 401(k) mandate might feel like a disadvantage

By contributing pre-tax dollars to a traditional 401(k), you lower your taxable income today. That extra $8,000 catch-up contribution for those 50 and over, or $11,250 in super catch-up contributions if you're 60-63, can save you a tidy sum on this year's tax bill, especially if you're a high earner.

With a Roth, you'll miss out on the upfront tax deduction. So yes, this new rule may feel like you're handing over more money today that you'd rather keep, but the trade-off in retirement may be worth it. Phillip Zagotti, JD, CPA, Founder, North Star Law Firm, drives the point home. "This is not just a revenue provision; it's a nudge toward tax diversification for a group that has historically struggled to build Roth balances."

Keep in mind, too, that this isn't a one-year change. The forced Roth 401(k) catch-up rule is permanent and will apply every year going forward, with the income ceiling adjusted for inflation each year.

The payoff of a Roth comes later — and it can be huge. By paying taxes on catch-up contributions now, you're unleashing decades of tax-free growth. Every dollar of earnings in your Roth account can compound year after year without the IRS taking a cut.

With a traditional 401(k), you'll eventually pay taxes on both earnings and contributions when you withdraw in retirement. With a Roth, once you're 59½ or older and the account is at least five years old, it's all yours tax-free. So, over 10, 15, or even 25 years, that difference can add up to tens or even hundreds of thousands of extra dollars in retirement.

"While the idea of paying taxes upfront deters some investors, it's literally and figuratively considered a small price to pay for financial freedom down the line," says Daniel Gleich, Board Member & Shareholder at Madison Trust Company.

Investors who roll over their Roth 401(k) dollars into a self-directed Roth IRA may reap certain benefits that would otherwise be inaccessible.

"For instance, they can pair tax-free growth with typically tax-inefficient assets like real estate or cryptocurrency," Gleich says. "Having their retirement account structured as a Roth shields their gains from taxation. In turn, this has the potential to result in exceptionally positive long-term outcomes in retirement."

By making your catch-up contributions on a Roth basis now, you're unlocking powerful long-term advantages inside your 401(k).

What To Know About Private Credit

By Anne Kates Smith, Kiplinger's Money Power

Q: What is private credit?

A: The term most often refers to direct lending to small and midsize private businesses that takes place outside of traditional banking channels or the public bond market. Borrower companies, numbering in the thousands, might range from mom-and-pop shops with $5 million in annual sales to companies with $1 billion in revenues. Such loans used to be primarily the province of banks. But as



banks stepped back amid regulatory and economic constraints after the Great Financial Crisis, alternative asset managers stepped in.

Q: Can individual investors access the private-credit markets?

A: It used to be that private markets were accessible only to institutions such as insurance companies, pension funds and endowments. But amid a push to "democratize" the asset class, investment management firms have expanded offerings. These funds have limited liquidity - meaning investors can make withdrawals only periodically, and redemptions may be capped.

More accessible are publicly traded BDCs. Think of them as stocks that operate like closed-end funds, holding mostly private debt and sometimes private equity. Then there are the big alternative-asset management companies that manage private-credit funds, among other types of assets. The layers can get a little confusing.

Q: What are the risks?

A: Private credit shares the risks inherent in all lending — making bad loans being the foremost. But a particular risk is a lack of transparency when it comes to the underlying loans, in contrast to publicly traded debt securities, whose value is settled in the market each trading day. "With private credit, funds are valuing the assets — the loans — themselves.

Investors have no idea what their investment is worth at any one time," says Ben Schiffrin, director of securities policy at Better Markets, an advocacy group. Even with ETFs that routinely disclose holdings, "just listing the loans doesn't help you figure out what their supposed value is," he says.

There's also a significant liquidity risk, considering that private loans are meant to be held for years — think six, seven or even 10 years — but investors might need or want their money back sooner. The potential for a liquidity mismatch is understandable with investments that don't trade and only periodically allow withdrawals. But investments that trade daily yet hold hard-to-sell underlying assets merely deliver the "illusion of liquidity," said fixed-income guru Jeffrey Gundlach about private credit on a Bloomberg podcast, with sellers in bad markets likely able to unload their shares only at steep discounts.

Q: Will private credit trigger the next financial crisis?

A: "I've been saying for two years now that the next big crisis in the financial markets is going to be private credit," Gundlach said back in November, adding that it has the "same trappings" of the subprime-mortgage crisis of years ago.



"Why am I going to school if my phone already knows everything?"

Five assets not to include in a revocable living trust. Vehicles: If they are held in a trust you could be vulnerable to lawsuits in the event of an accident. Insurers usually require policyholders to have an insurable interest in the vehicle. Depending on the nature of the trust's ownership, this can be difficult to establish and/or may require a separate policy not offered by all insurers. Annuities and retirement accounts: Including them can turn tax-deferred accounts into taxable ones. Life insurance: It is easiest just to name beneficiaries within the policy, although you can create an irrevocable life insurance trust to avoid estate taxes. Assets held outside the US: These may not be allowed in a US trust, and including them can be complicated even if it is permitted. Checking accounts: It can be hard to access these accounts for regular bills unless you are the trustee and have full control of trust assets.

Best: Consult an estate attorney or trust lawyer.
Source: moneywise.com

"Contentment makes poor men rich; discontent makes rich men poor."

-Benjamin Franklin



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How To Start A Small Business

By Jill Schlesinger, Jill on Money

Americans are jumping on the small business bandwagon. The surge in new U.S. business formation is being fueled by AI and large language models that are dramatically reducing the cost and complexity of launching a company.

If the so-so labor market is getting you down, just know that we have been here before and times of personal difficulty often are just what we need to get our entrepreneurial juices flowing.

Before you get freaked out about operating a business, consider morphing what you already do into a consulting practice. You need to think about the question of your business structure. According to the Small Business Administration, the answer "affects how much you pay in taxes, your ability to raise money, the paperwork you need to file, including registering your business and getting a tax ID number, and your personal liability".

The most common small business structures include:

Sole proprietorship

You're automatically considered a sole proprietorship if you conduct business without registering as another business type. All income passes through to your personal return. The downside is that business and personal assets and liabilities are not separate, meaning you can be held personally liable for business debts and obligations.



S-Corp.

An S- Corporation allows profits, and some losses, to pass through directly to your personal income without corporate tax rates. Electing S Corp taxation can significantly cut self-employment tax if your business income exceeds a reasonable salary for your work. S Corps are also a pass-through structure, keeping you eligible for the Qualified Business Income deduction.

Limited Liability Company (LLC)

An LLC protects you from personal liability in most instances — assets like your vehicle, house and savings accounts won't be at risk if your LLC faces bankruptcy or lawsuits. Profits and losses can pass through to your personal income, but as an LLC member you are considered self-employed and must pay self-employment taxes toward Medicare and Social Security.