

5 Practical Ways to Help Build and Retain Wealth at Any Age

Whether you're just starting out on your wealth-building journey or closing in on retirement, the tips below can help you remain on track toward your goals at every stage of life.

1. Embrace the power of compounding

When it comes to building wealth, the earlier you begin to save, the more time your money may benefit from the effects of compounding. Compounding generates earnings on both your initial principal and accumulated interest, which may result in significant growth over time. This “snowball effect” can be even more pronounced when it comes to tax-deferred retirement vehicles like 401(k) and 403(b) plans, and individual retirement accounts (IRAs). That's because tax-deferred compounding allows investment earnings (interest, dividends, capital gains) to reinvest and grow without being reduced by annual taxes, which may help accelerate wealth accumulation. Keep in mind, the need for growth doesn't stop when you retire. Your assets need to continue to grow to help support your goals for a potential 20 to 30 years or more in retirement.

2. Take full advantage of your employer retirement plan

Your employer retirement plan may provide one of the best opportunities to put the power of tax-deferred compounding to work for you, along with other important benefits, such as employer matching contributions, automatic deferral increases, and catch-up contributions for those on the home stretch to retirement. Traditional (non-Roth) plan contributions can also reduce your current taxable income.

In 2026, the maximum contribution amount for eligible participants under age 50 in a defined contribution plan, such as 401(k) or 403(b), is \$24,500. Individuals aged 50 and older can make standard catch-up contributions of up to \$8,000, bringing their total elective deferrals to \$32,500. A new "super catch-up" for individuals aged 60–63 allows up to \$11,250 in catch-up contributions for a total elective deferral of \$35,750. Effective January 1, 2026, catch-up contributions for high earners (those with \$150,000 or more in FICA wages in 2025) must be made to a Roth account.

Don't forget – if you're eligible to contribute to a traditional or Roth IRA, you have until the April 15th filing deadline to make a tax-year 2025 contribution of up to \$7,000, plus \$1,000 in catch-up contributions for those aged 50+ for a maximum of \$8,000. The standard contribution for 2026 is \$7,500 plus \$1,100 in catch-up contributions for individuals aged 50+, for a maximum of \$8,600.

3. Live below your means

If you're looking for ways to get ahead, spending less than you earn each month may be the ticket. Living below your means can help you save, invest, and avoid debt. While doing so requires discipline and commitment, the benefits can be well worth it, putting you on the path to long-term financial independence. For example, think about how you would pay for an unexpected \$1,000 expense today. Do you have the available cash on hand, or would you need to borrow money or pay with a



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credit card? Having emergency savings available to pay for unanticipated expenses can help prevent debt and interest charges, and keep the financial impact limited to that one-time cost. Below are several tips for living below your means:

- Adhere to a budget to track the disposition of each dollar coming in and out of your household
- Make emergency savings non-negotiable by automating savings into its own account
- Rein in spending on things and experiences that don't align with your needs and priorities
- Avoid pressure from others to spend (friends, social media, coworkers, or other influencers)

4. Avoid credit card debt

To reduce and avoid burdensome credit card debt, consider the following best practices: Treat cards like cash by only spending what you can afford, and keep credit utilization below 30% of your total available credit. Pay your full balance on time every month. If you can't pay in full, pay more than the minimum due since minimum amounts rarely cover interest, which can lead to compounding debt.

5. Protect what's most important to you

Insurance is an essential part of any wealth-building strategy. It helps to shift the financial burden of potential unpredictable losses, such as accidents, theft, natural disasters, disability, and more from an individual or business to an insurance company in exchange for a fee or premium.

- Life insurance can help replace lost income in the event of the death of a primary wage earner or it can be used to fund certain estate and legacy goals.
- Disability insurance helps to replace a portion of your income in the event you are unable to work due to an accident or medical condition resulting in a short- or long-term disability.
- Renters, homeowners, and auto insurance all work to shield you from major financial losses by helping to cover property damage, repairs, and liability costs.
- Umbrella insurance offers additional liability coverage to protect assets, wages and investments from damages that go beyond what other policies cover.

To learn more about these and other wealth-building strategies, call the office to schedule time to talk.

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