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top**five**

Planning Ideas For the Ages: Your 50s

Each decade of life brings unique challenges and opportunities, financial and otherwise. We're focusing on each stage, one by one, to highlight planning issues that may be ripe for your consideration. With retirement looming, your 50s are a sweet spot for strategic decision-making:

1. Take advantage of catch up contributions.

In your 30s and 40s, salary deferrals to your 401(k) account can often take a back seat to more immediate spending needs (daycare, braces…you get the picture). Luckily, the IRS has your back. Starting at age 50, the IRS permits contributions of an additional $6,000 over and above the regular $18,000 401(k) annual contribution limit, and of an additional $1,000 over the regular $5,500 IRA annual contribution limit. Though best to start saving early, taking advantage of these increased contribution limits can go a long way in making up for lost time.

2. Know when to practice some tough love.

At this point, you just might be seeing the light at the end of the tunnel of feeling like someone's personal ATM. In your late 50s, if the kids are out of school and you've done a yeoman's job of modeling good financial behaviors, it's time they should be shouldering most of their day-to-day "carrying costs". Reserve your checkbook for the big things like weddings or down payments…and give your kids the gift of personal financial responsibility. Do so, and one of two good things will likely happen: they'll spend less or they'll get more ambitious.

3. Consider downsizing.

We're not advocating showing up in your daughter's driveway with your tiny house in tow, but there's something to be said for reevaluating your priorities. If your place is still where the holidays happen and you're hoping to teach grandkids to swim in the pool, you might not be there yet…but don't forget, maintaining a large home is a large investment. A smaller home will mean less attendant costs and more available, investable dollars. Even better, a condo means someone else is pushing the mower ***and*** a pool to teach grandkids to swim.

4. Alternatively, become a landlord.

If you just can't bring yourself to sell, or if cost is not the issue, why not maintain your property or invest in a second property as a rental unit? With more U.S. households renting now than have in the past 50 years, investments in residential rental properties can build future cash flow and tax deferred wealth while potentially providing tax write-offs against other income. Investing now means you may be able to defer tax liability and reap the benefits of some additional income during your retirement years. That said, as with any investment, you should do your due diligence and seek professional advice before diving in head first. Which brings us to #5…

5. Bring in the professionals.

Your 50s may be your highest earning years yet, and while you should be achieving maximum return on your investments during this crucial time, you should also be positioned defensively in anticipation of retirement. Even with all the wisdom of your years, it remains a possibility that you could use some advice in this regard. If you haven't done so already, bring in the expertise appropriate to guide you and your family toward your lifestyle, legacy and philanthropic goals. A holistic, goals-based approach to wealth management can make the difference between sufficiency and real success.

If you have further questions, don't hesitate to contact your Relationship Team or email us at Top5@glenmede.com.