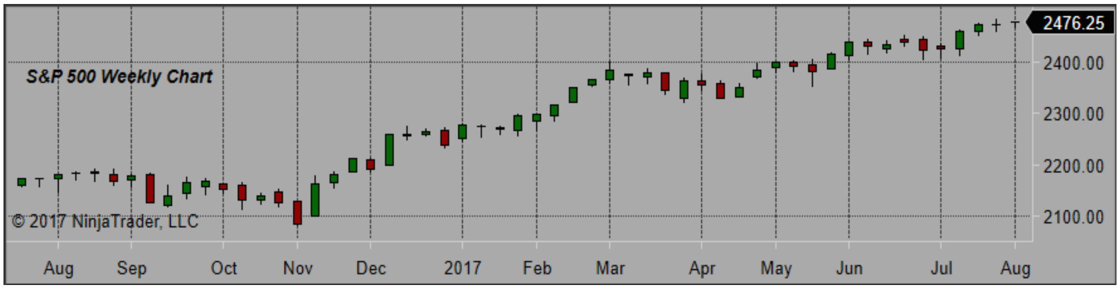

Volume 1, Issue 1 – Topics for the Self-Employed – August 4, 2017

Planning for all life's seasons

MAY TREE

FINANCIAL PLANNING

So I am Self-Employed...now what?

Here we are, self-employed and working hard to enjoy the fruits of our labor. Are we preparing properly for retirement?

When planning for the future, it is important to know where we are in the scheme of things.

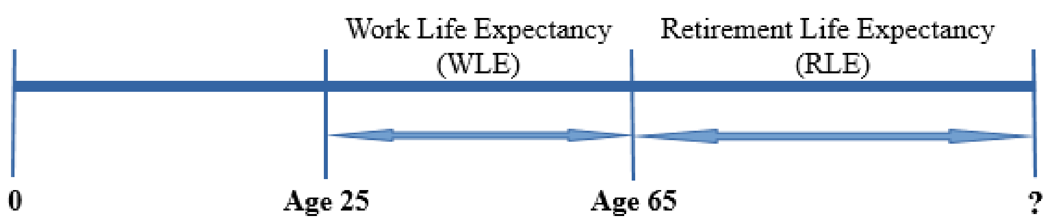

FIGURE 1

The chart in Figure 1 uses age 25 as the beginning of our work life and age 65 as our retirement age. This of course will vary for each individual, but the chart gives the general picture. The key is starting to save as early as possible. It makes a BIG difference! Take advantage of retirement accounts, because the growth is income tax-deferred in a traditional IRA, and in a Roth IRA, qualified distributions are income tax free.

(continued from page 1)

If you are self-employed there are other retirement plan options available for consideration, SEP-IRA, solo 401(k) and Roth solo 401(k), which allow larger contributions, if you qualify.

Magic of Compounding Example:
Person "A" begins saving $2,500 at the end of each year for 40 years (age 25–65). At **6%** compounded annually, the balance is **$386,905**.
At **8%** compounded annually, the balance is **$647,641**.
Person "B" begins saving $2,500 at the end of each year for 30 years (age 35–65). At **6%** compounded annually, the balance is **$197,645**.
At **8%** compounded annually, the balance is **$283,208**.

If saving is delayed, the power of compounding is diminished or lost, which requires saving a greater percentage of our disposable income to compensate.

"A pessimist is one who makes difficulties of his opportunities and an optimist is one who makes opportunities of his difficulties."
–Harry S. Truman

Disclaimer: Accessing this newsletter does not create a financial planning-client or other professional services relationship between you and Gary May or between you and May Tree Financial Planning LLC. The content contained herein is for information purposes only and does not constitute financial advice. Accuracy cannot be guaranteed, and the information is subject to change.

© 2017 May Tree Financial Planning LLC | www.maytreefinancialplanning.com | phone: (512) 817-0815