DIRECT NEWS | WINTER 2026

Near to Retiring?
Then Revisit Your Investing and Financial Strategies

As you get closer to retiring, it may be a good idea to revisit your investing and financial strategies to make sure you're still on track for a secure retirement.

Even if your retirement is still several years away, it's always helpful to revisit your investing and financial strategies as well as your timetable for retirement to make sure they still make sense. After all, changes in your life and in the broader economy can upend certain assumptions you made about your retirement. Here are some issues that you, as a pre-retiree, should consider.

Your Employment Security

The U.S. economy is in a constant state of flux. Some industries are adding jobs while others are reducing their workforces. Job losses and reduced hours and wages are always a possibility. And while it may be difficult to assess your future job security, it may make sense to look for additional sources of income. Do you have a skill or talent that can generate extra income? The key is to save and invest what you earn.

Create an Emergency Fund

If you don't have an emergency fund and you are still employed, give some thought to creating one. An emergency fund helps you deal with unanticipated expenses without having to use a credit card or borrow from your retirement plan. Try to aim for saving enough money to cover three to six months' worth of expenses.

Decide When to Take Social Security Benefits

You can *start* collecting Social Security retirement benefits as early as age 62, but you won't be eligible for the full benefit amount. You may want to consider delaying taking Social Security benefits for as long as you can afford to do so. You also can *postpone* signing up for Social Security until after your full retirement age (FRA) -- the age at which you'll be eligible for full benefits -- in which case your benefit increases (8% per year up to age 70 for those born in 1943 or later).

FRA is based on the year in which you were born. To see how this works, assume you were born in 1960. Here are the numbers:

Age	Monthly Benefit Percentage
62	70% (the minimum amount)
65	86.7%
67	100%
68	108%
69	116%
70	124% (the maximum amount)

Try to Save More

If you have a job and an emergency fund, you should attempt to increase the amount you save. Living below your means involves cutting down on discretionary expenses. Look for places where you can reduce your spending.

Ensure Your Investments are Diversified

Diversification[1] is an important investing strategy that involves spreading your money among a variety of funds or portfolios that hold different investments in different asset classes. The thinking is that spreading out your investments helps you manage risk in your portfolio since one asset class may rise at the same time as another one declines. However, the severe volatility in the stock market has forced many investors to revisit how they allocated their investments. You may need to reevaluate your asset allocation[1]in light of your particular risk tolerance, time frame, and investment goals. Are you taking on more investment risk than you are truly comfortable with? As you move closer to your anticipated retirement date, you may consider it prudent to focus on asset preservation rather than asset growth.

[1]*Diversification and asset allocation do not ensure a profit or protect against losses. Investing in mutual funds involves risk, including loss of principal. Mutual funds are offered and sold by prospectus only. You should carefully consider the investment objectives, risks, expenses, and charges of the investment company before you invest. For more complete information about any mutual fund, including risks, charges, and expenses, please contact your financial professional to obtain a prospectus. The prospectus contains this and other information. Read it carefully before you invest.*

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Financial Resolutions for the New Year

The start of a new year is a good time to examine your financial situation.

Every new year holds out the promise of new possibilities. That's why now is a good time to examine your financial situation and make sure you're on track to a comfortable retirement. Once you identify areas that need improvement, you can resolve to do something about them in the coming year.

I Will Understand My Plan

Learn as much as you can about your employer's retirement plan so you can make the most out of this opportunity to save and invest for your retirement. The Summary Plan Description (SPD) explains your rights and benefits under the plan. And there are additional resources available to you as a plan participant, such as your plan's website, that can also help you use the plan effectively.

I Will Contribute More to My Retirement Plan

The more money you put into your plan, the bigger your potential nest egg. Adding even an extra $10 or $20 per paycheck could make a big difference over the long term. Consider putting some or all of any pay increase or bonus you receive into the plan.

I Will Take a Long-Term View of Investing

While playing it safe with your retirement investments may help you sleep better, it may not help you stay ahead of inflation. Far too many retirees find that their savings are insufficient to support their standard of living during all of their retirement years. Although not saving enough while working is one reason this occurs, low rates of growth on retirement assets can also be to blame. If you invest all of your retirement assets in very conservative investments, you risk having inflation erode the purchasing power of your savings.

Review how you have allocated your investments in your retirement plan. You may find that your allocation is too conservative and focused on "safe" investments. The reality is that to earn inflation-beating returns, you may have to take on some additional risk. You may want to consider including stock funds in your portfolio. Though stocks are more volatile than either bonds or cash investments, over the long term, they have outperformed both of these asset classes and delivered inflation-beating returns.

I Will Diversify My Portfolio

Whatever your capacity for handling investment risk, it's generally advisable not to invest 100% of your retirement savings in just one investment or asset class. When you spread your money among several different investments in different asset classes, you reduce the risk that your overall portfolio will be dramatically impacted if a particular investment or asset class performs poorly.

Take Action

Once you make your financial resolutions, stick to them. Over time, they will help you reach your retirement savings goal. Your situation is unique, so be sure to consult a professional before taking action.