

DETROIT

NATIVE SUN

Enlightening the Community

Three things to know about 401(k)s in 2020

Tips for avoiding credit card debt

(StatePoint) Workplace retirement plans, including 401(k)s, 403(b)s and 457 plans, provide an important long-term savings tool for many Americans. About 55 percent of U.S. workers across public and private sectors participated in workplace retirement plans in 2018, according to the Bureau of Labor Statistics.

The Internal Revenue Service annually updates contribution limits and rules for 401(k)s and other workplace retirement plans, and its 2020 revision included several important changes. Here is what to know:

- As of January 1, 2020, employees can make elective, pre-tax or Roth contributions up to \$19,500 to their own workplace retirement accounts (up from \$19,000 in 2019).
- Individuals who are at least age 50 in 2020 may set aside an extra \$6,500 in the form of pre-tax or Roth contributions (up from \$6,000 in 2019) within their workplace retirement accounts. This is often referred to as a “catch-up contribution.”
- The total amount (both employee and employer contributions) that can be contributed to a workplace retirement plan in 2020 cannot exceed \$57,000. For employees who are eligible to make catch-up contributions, the limit is adjusted up to \$63,500. Rollovers, if permitted by a workplace retirement plan, are not subject to these contribution limits.

In conjunction with these new rules, financial experts say there are some distinctive opportunities for 401(k) participants to make the most of their savings plan this year. Here are three strategies to consider:

1. Do not leave money on the table. According to a Financial Engines report, nearly one out of four American workers miss out on their full 401(k) matching opportunity -- an average of \$1,336 per person -- each year because they do not contribute enough to the plan.
2. Get extra credit for your plan contributions. The Retirement Savings Contributions Credit (also known as the Saver’s Credit) is a tax break for individuals with modest incomes who contribute to a retirement account. In 2020, the credit will be worth up to 50 percent of the first \$2,000 saved for retirement.
3. Know your own number. While it is a good rule-of-thumb to replace 60 to 80 percent of your work pay in retirement, what is the real amount that will meet your specific needs? To what extent will your plan contributions in 2020 support your personal retirement goal? Having a defined retirement goal helps shape your overall plan.

A Certified Financial Planner can help you learn more about the new 401(k) contribution limits and understand how they fit into your own financial plan. You can find a CFP professional near you by visiting [www.letsmakeaplan.org](http://www.letsmakeaplan.org). Your workplace benefits specialist or retirement plan provider can also provide more information about the contribution and investment options available to help you maximize your plan.

Staying on top of the year-to-year rule changes related to retirement plan contribution limits can help you to ensure you maximize your savings and meet your retirement goals.

(StatePoint) Americans’ credit card debt totaled \$930 billion in the fourth quarter of 2019, a \$46 billion increase over the third quarter, according to recent data from the Federal Reserve Bank of New York. At the same time, the proportion of borrowers whose credit card payments were 90 days late or later increased to the highest percentage recorded in almost eight years.

Here are eight tips for staying out of credit card trouble:

1. Create and stick to a budget. This will help ensure you are not spending more money on your credit cards than you can pay off at the end of every month.
2. Remember that your credit limit is not money in the bank. When you pay with a card, you must have money available elsewhere to pay for the purchase.
3. Sign up to receive text alerts whenever your credit card is swiped. These alerts will help you monitor how frequently you use your card and remind you that, while not immediate, money is being spent.
4. Keep your credit card bills organized, be aware of payment due dates and maintain regular payment schedules to avoid

- ballooning debt, and protect or even improve your credit score.
5. Set up automatic credit card payments from your bank account so you’ll never be late. If you’re not sure you’ll always have enough to pay in full, set an automatic payment for the minimum amount due, which will also remind you to pay the bill in total. You might even consider paying your bill every two weeks to keep closer tabs on your spending.
  6. If you need help minimizing your credit card use, consider contacting a credit bureau to freeze your credit. You can even freeze your credit via smartphone apps. You can always deactivate the freeze when you truly need to use credit for a big purchase or in an emergency.
  7. Delete your saved credit card information from accounts with merchants such as iTunes or Amazon. Taking the time to enter payment information manually means more time to consider a purchase before completing your order.
  8. Consider keeping your credit cards in a secure location that is not your wallet. If you do not carry your credit cards around with you, you are less likely to use them.

## How to extend the life of your used car



- Prevent rust and other issues by keeping the interior and exterior of your vehicle clean.
- Use a trusted repair service that hires Automotive Service Excellence (ASE)-certified technicians. This certification can make a big difference when it comes to quality repairs and maintenance.

(StatePoint) Nearly 70 percent of all car sales are used vehicles, thanks to the rising costs of new cars and the increasing quality of their used counterparts. While buying a previously owned vehicle makes the best financial sense in a lot of cases, experts say there are some things to keep in mind.

“To keep everyone on the road safe and protect your purchase, all drivers need to stay up-to-date on car maintenance,” says Doug Turner, director of service operations at Byrider, the nation’s largest used car and finance network of dealerships. “This is especially true for those with used cars.”

April is National Car Care Month and to help you extend the life of your used car, the automotive experts at Byrider are offering the following tips:

- Follow the maintenance recommendations of the manufacturer.
- Caring for a vehicle is similar to caring for oneself -- take preventative steps to help keep your car healthy. Pay special attention to issues, noises or warning signs that could indicate your vehicle needs maintenance. Warning lights on your dashboard are illuminated for a reason. Understand what they mean and address them as-needed.

- Complete as-needed or at a minimum, an annual inspection, on the vehicle. Keep in mind that different seasons of the year require different inspections and repairs.
- Use quality parts.
- Fill your vehicle with the proper gas. Use premium if the vehicle manufacturer suggests it.
- Regular oil changes will keep your car running as smoothly as possible. Be sure to use the proper oil per the manufacturer recommendations.
- When buying a vehicle, stick to retail dealers that put cars through a detailed inspection process. This will help to ensure a given vehicle’s safety and reliability. At the same time, consider dealers with an attached service department. “Your relationship with the dealership shouldn’t end once you drive the car off the lot,” adds Turner. In the case of Byrider, every car sold comes with a warranty or optional service agreement, as well as discounted parts, labor and service. To learn more, visit [byrider.com](http://byrider.com).

A used vehicle can be a great investment. Extend the life of your car and stay safer on the roads by making smart purchasing decisions and taking a proactive approach to maintenance.



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