

# RETIREMENT IN SIGHT



MONTHLY NEWS AND INFORMATION FOR CURRENT AND FUTURE RETIREES  
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## QUOTE OF THE MONTH

*“The life you have led doesn't need to be the only life you have.”*

ANNA QUINDLEN

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## NEED CASH? AVOID TAPPING YOUR RETIREMENT ACCOUNT

Imagine if your 35-year-old self magically appeared in front of you one day and asked for a percentage of your retirement savings or a bit of your retirement income. While this would never happen, something financially analogous happens in the lives of too many people. They withdraw assets from their retirement accounts in mid-life, which can hurt their lifetime retirement savings potential (and possibly, their retirement income potential as well). In effect, they borrow from their future selves when they take retirement plan distributions too early.

Most people who turn to retirement savings for cash do so in response to a pressing financial need, perhaps not fully realizing the negative effect the drawdown could have on tax-advantaged compounding. Loans can be another negative. Is it possible to borrow up to 50% of the invested assets in some retirement accounts, and even more under certain hardship circumstances declared by the federal government in response to a disaster or emergency? Usually, retirement plan loans do not trigger the penalties and taxes common to early retirement plan distributions, but they handicap your potential to amass retirement savings in the same way, by taking money out of a vehicle where it might grow and compound minus annual taxation. Fail to pay such a loan back to the plan on time, though, and you might face a 10% early withdrawal penalty and taxes on the amount not repaid soon enough.<sup>1</sup>

## IS THIS THE YEAR OF RENEWED TRAVEL?

The hospitality sector certainly hopes travel comes back with a vengeance, but travelers look like they will avenge the boredom of 2020 with more than a little caution and care. This winter, global marketing firm Simon-Kucher & Partners (SKP) surveyed more than 3,900 Americans and Europeans to gauge their travel readiness. Overall, 57% of those polled said they would start taking trips again in 2021, with the majority planning to travel during the second half of the year. Fourteen percent said they would travel only after significant worldwide levels of vaccination. Stateside, SKP found that just 7% of Americans planned to boost leisure travel spending in 2021; 54% of that small group indicated that they would likely opt for multiple shorter trips rather than one or two week-plus jaunts. SKP forecasts a 26% increase in U.S. domestic travel this year, and a 49% drop in foreign travel for Americans.<sup>3</sup>

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## ON THE *BRIGHT SIDE*

Certain Medicare Part D plans (and certain Part C plans with prescription drug coverage) are participating in the Part D Senior Savings Model, which caps monthly insulin copays at \$35 in the 2021 plan year. As an effect of this, the Centers for Medicare and Medicaid Services (CMS) says that Medicare beneficiaries within these plans could see average out-of-pocket savings of \$446 on insulin this year.<sup>5</sup>

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### CITATIONS.

1 - Forbes, February 8, 2021

2 - Business Traveler, February 5, 2021

3 - Centers for Medicare & Medicaid Services, May 26, 2020