Will You Be Ready?

Ready or not, retirement is on its way. Whether you'll be retiring soon or still have plenty of time, it pays to be prepared. Here's a look at retirement planning through the ages.

20s: At the Starting Gate

When you're first starting your career, retirement is such a long way off that it's difficult to take seriously. But the fact is, getting an early start in investing for retirement makes it easier to accumulate enough savings to fund a comfortable retirement. The longer your money is invested, the more you're likely to have when you stop working thanks to years of contributions, investment earnings, and compounding. With retirement a long way off, you may want to invest a significant portion of your savings in stocks, which have the potential to outpace inflation.

30s and 40s: In the Middle

When you're busy buying a home, raising a family, and planning for your children's college expenses, continuing to save for retirement might seem like mission impossible. But don't let your secure retirement take a back seat to all of your other financial demands. You'll probably have to adjust your priorities and find creative ways to reduce your spending, but it should be worth it. With many years remaining before retirement, keeping a healthy portion of your portfolio in stocks still may make sense.

50s and Up: Nearing the Finish Line

As retirement draws near, you're probably thinking more seriously about how you want to spend your retirement. Do you want to relocate or downsize? Travel? Take up a hobby? Now's the time to make sure you'll have enough money to fund the lifestyle you want.

If you think you might come up short, increasing your contribution — even late in your career — can make a notable difference in the amount of money you'll have for retirement (see chart). At this point, however, your investments have less time to recover from short-term dips in the stock market. You may want to protect your account by shifting some of your stock investments into less volatile bonds and cash equivalent investments.

Ten Years and Counting

Increasing the amount you save in your employer's plan as late as ten years before retirement *can* make a difference in the amount of money you have to live on during retirement.

$100 a month saved for 40 years*	$349,101
$100 a month saved for 30 years; $300 a month saved for 10 years*	$385,690

* Assumes accounts earn an 8% average annual total return, compounded monthly. This is a hypothetical example used for illustrative purposes only. It is not representative of any particular investment vehicle. Your investment performance will differ. Amounts saved in a tax-deferred account are taxable upon withdrawal. Source: NPI