Retirement Investing — No Margin for Error

If the shoes you buy don't match your new suit, you can return them to the store and get a different color. If you take the wrong road while you're driving, you can turn around and get on the right one. But, if you make mistakes when you're investing for retirement, you may not get a second chance. It's important to avoid errors like the ones below — they could cost you a financially comfortable future.

Ignoring the "Time" Advantage. Investing for a long-term goal like retirement takes time. The earlier you begin, the more money you'll be able to save. Over the years, the power of compounding — the continual reinvestment of investment earnings — will help your savings grow even faster. Use the advantage time gives you by investing for your future as early in your working years as possible.

Underestimating the Cost. You may need nearly as much income *after* you retire as you do while you're working. If you're planning an active lifestyle that includes travel, hobbies, or similar pursuits, you may have to save more money for retirement than you think. Take a good look at your investments to make sure they're earning returns that will allow you to have the kind of retirement you want.

Failing To Make the Most of Your Employer's Qualified Retirement Plan. Your money grows tax deferred in your employer's plan, so contribute the maximum amount possible — or at least as much as your employer will match. Avoid borrowing from your plan because the money you borrow could lose out on some potential earnings* while the loan is outstanding. And, if you change jobs, roll over your account balance to an IRA or your new employer's plan to keep your money growing tax deferred.

* Securities investing involves a high degree of risk. Securities prices fluctuate and investors may lose money.