What's *Your* Retirement Plan?

Between Social Security and the savings in your retirement plan, affording a comfortable retirement should be a snap. Right? Maybe . . . maybe not. You might reach retirement age only to discover that the amount you have saved isn't enough to pay for the retirement you want, even with Social Security. What do you do? Keep working or scale back on your dreams?

The good news is that you *do* have options. Here are three strategies to help you work toward a financially secure retirement.

Save As Much As You Can

The odds are good that you'll be able to save more for retirement in the future than you are saving now. After all, you'll probably get regular pay increases and pay off some of your loans. These are ideal opportunities for you to increase the amount you contribute to your plan. Higher contributions can make a big difference in the long run.

Contribute Like Clockwork

By contributing every payday, you're steadily building up your account balance. If you stop making contributions, even for a year or two, this steady growth will be interrupted. Remember, the bigger your balance, the better boost you could be getting from compounding.

Compounding occurs when the money you earn on your retirement investments is reinvested so that you're potentially earning money on your savings *and* your earnings.

Invest for Growth

Investment growth is another way to add to your retirement account balance. Historically, stocks have performed better than bonds and cash equivalents over the long term. Stock returns have also beaten the inflation rate. While past performance does not guarantee future returns, financial planning experts generally recommend keeping at least *some* of your plan assets invested in stocks because of their greater potential for growth. Of course, stocks carry more investment risk than other asset types.

Turning your retirement dreams into a reality will take time and some effort. But it will all be worthwhile when you reach your goal.

The Effect of Higher Contributions

Monthly Pretax Contribution	Account Balance at Retirement After 20 Years*	Account Balance at Retirement After 40 Years*
$50	$26,046	$131,241
$75	$39,069	$196,861
$100	$52,093	$262,481
$150	$78,139	$393,722

*Amounts are before taxes.

These are hypothetical examples involving a retirement plan participant who makes the same pretax monthly contribution throughout the time period and earns a 7% average annual total return, compounded monthly. It is not representative of a specific investment. Your investment returns will differ, and your contribution amount is not likely to remain the same over an extended period. Distributions from your account will be subject to federal income tax.

Source: NPI