Your Retirement — Planning for a 30-year Adventure

What if you knew you were going to spend several years exploring the Far East? Wouldn't you think about how much money you'd need and start saving as soon as possible so you would have enough to cover your expenses on the trip?

If you think about it, your retirement is a lot like a long adventure. So saving for it shouldn't be any different from saving for an extended trip. But one of the biggest mistakes people make (maybe even you?) is to put off saving for retirement. Time is a critical factor in building your nest egg. By delaying your contributions, you could be missing out on years of potential growth.

The remedy for procrastination. No matter where you are in your working life, commit to putting some money aside every payday. Then increase the amount you're saving whenever you get a raise or a bonus. While earlier is better, it's never too late to start saving.

The longevity factor. It's hard to dispute that the longer you live, the more money you're going to need. But it's easy to make the mistake of underestimating the amount of money necessary to finance a lengthy retirement. Depending on your lifestyle, you could need 80% or more of your preretirement income for the rest of your life. In addition to having enough money for day-to-day expenses, make sure you consider occasional expenses, such as buying a car or replacing a furnace, that might crop up in the future.

***How* much for a cup of joe?** Protecting your savings may be a priority as you get close to or begin retirement. But, over 20 or 30 years, even low inflation will take a toll on the buying power of your savings. Some investors make the mistake of putting all their savings into highly conservative investments with investment returns that may not keep up with increases in the cost of living. Consider preserving your buying power by keeping a portion of your savings invested in securities, such as stocks and bonds, that have the potential to stay ahead of inflation.

Too much of a good thing. You may have big plans for what you'd like to do after you're retired. But withdrawing money too quickly can deplete your retirement account long before your retirement ends. Make sure you consider all your retirement income sources — Social Security, employer pensions, savings, etc. — before you begin taking withdrawals from your retirement accounts. Then, sit down with us to create a withdrawal strategy that considers income taxes and is designed to help your portfolio last throughout your retirement years.