Retirement planning at any age

Your handy "save-by-age" guide to keep you on track for meeting your retirement goals

Introduction

Welcome to the wonderful world of expanding your retirement planning knowledge!

We are very happy to see you here—digging into another educational resource that is designed to help you plan for a healthy financial future.

There is a lot to know about retirement planning—but the most important takeaways are that you can never start too early or save too much.

We developed this guide to help you understand where you should be today in terms of retirement savings—and what you can do ensure you meet your goals.

Get ready...get set...SAVE!

Identify your retirement goals and write them down

Before you can start planning for your financial future, you must first understand your present financial situation. Once you have a firm grasp on where you are today, you will be better equipped to create a sound, successful retirement plan.

Begin by identifying your retirement goals.
Ask yourself questions such as:

- When would I like to retire, ideally?
- How many years do I expect to live in retirement?
- What retirement lifestyle do I desire?
- What monthly income will I need during retirement to maintain my current lifestyle?
- Which income sources are available to fund my retirement (Social Security, pension, 401(k), investment earnings, home equity, etc.)?
- How many years do I have left to save?

As you answer these types of questions and start to set your retirement goals, be sure to put everything in writing. This will serve as your roadmap and keep you accountable in meeting your goals. It will also help you track your progress over time.

> **"Experts indicate that you will need 80 percent of your pre-retirement income after you retire."**
>
> – Schwab Retirement Services

Act your retirement age

Once you have a solid plan in place—complete with your desired goals—it's time to take action. Depending on your age, your retirement saving objectives will be different.

The following sections are broken down by age groups. Each section provides more insight into where you should be today in terms of savings and what you can do to stay on track and meet your retirement goals.

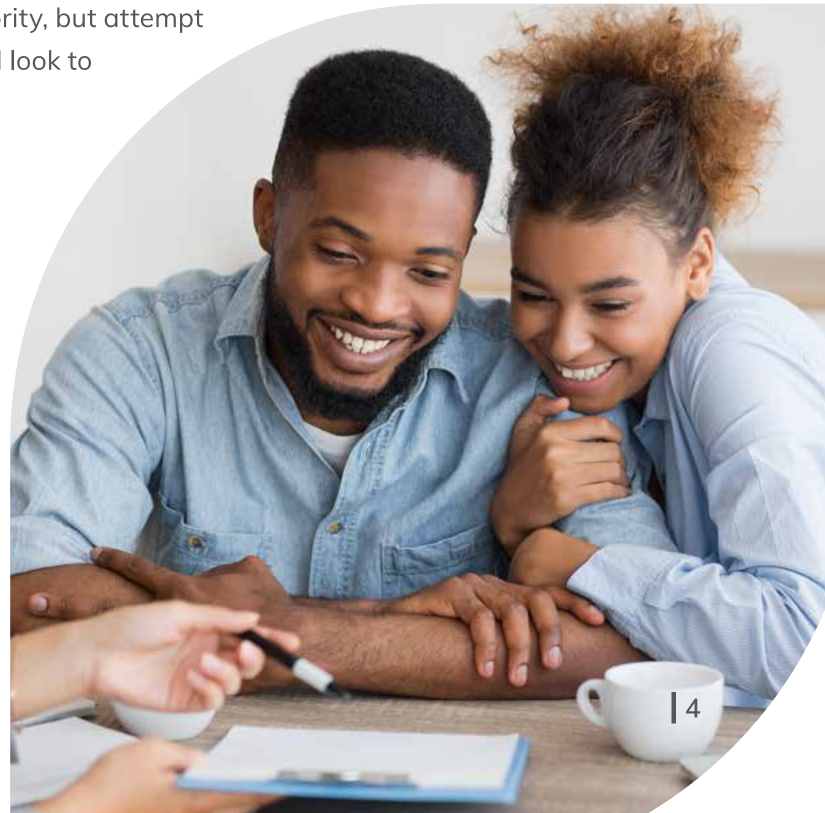
In your 20s...

Your 20s mark the best time to establish healthy financial habits—and the earlier in your 20s the better. At this stage of life, you should:

- **Have an emergency fund in place**
  Setting aside money for emergencies is an important component of a solid financial plan. Your goal should be to save enough to cover 3 to 6 months of fixed expenses.
- **Secure health insurance**
  Once you turn 26, you are typically no longer eligible to stay on your parents' plan—so be sure to secure your own coverage. Having a plan in place now will ensure that there is no lapse in coverage.
- **Start a retirement plan and contribute regularly**
  Let compound interest do its magic by saving for retirement early on. If you carry a student loan, be sure to make it your priority, but attempt to contribute something towards a 401(k) or IRA—and look to increase your contribution annually.

Key savings takeaway

Experts indicate that you should start saving 25 percent of your gross salary each year while in your 20s.



In your 30s...

Once into your 30s, you should be more established professionally. Job security and a higher pay rate will allow you to save more and pay down looming debt with a bit more ease. At this stage of life, you should:

- **Eliminate student loan debt**
  Work to eliminate any looming student loans as quickly as possible.
- **Save for a down payment on a home**
  If purchasing a home is a goal, strive to save 10 to 20 percent for your down payment. The more you put down on a home, the better position you are in to build equity and avoid paying for private mortgage insurance (PMI).
- **Secure life insurance and establish a will**
  Purchasing life insurance while you are young and healthy will help you lock in a lower rate. Establishing a will, whether you have your own family or are single, is always a good idea to ensure that your estate goes to your loved ones.
- **Contribute 15 percent of your income to retirement**
  If you are contributing less than 15 percent of your pre-tax income towards retirement, it's time to increase your contribution. Aim for 15 percent (but no less than 10 percent).

Key savings takeaway

Experts indicate that you should save the equivalent of your annual salary in your 30s.

In your 40s…

Your 40s are a time to focus strongly on scaling back consumer debt, such as credit card balances. This will help you focus on saving for other big areas of life—like your kids' college funds. At this stage of life, you should:

- **Eliminate all (non-mortgage) consumer debt**
  The goal is to have student loan debt behind you. But if not, work hard to eliminate it now. Also work to reduce (or completely eradicate) credit card debt, car loans and other consumer debt
- **Pay extra on your mortgage principal**
  When you can, pay extra toward your home's principal. This will help you pay your mortgage off sooner and save a lot on interest.
- **Start college funds for your kids (if you haven't already)**
  College funding is something to start as early as when your child is born. If you have yet to open a college savings fund, do so now and contribute as much as you can. Funding a college education should not be an afterthought.

Key savings takeaway

Experts indicate that you should have saved two times your annual salary in your 40s.

In your 50s...

The main goal in your 50s is to max out retirement contributions and put extra dollars toward paying down fixed debt. At this stage of life, you should:

- **Max out your retirement options**
  Be sure to meet with your financial advisor to discuss needed adjustments that will keep you on track to meet retirement goals. Take advantage of higher catch-up contribution limits beginning at age 50 as well.
- **Create a living trust**
  While having a will in place helps ensure your assets are distributed according to your wishes after death, a trust enables you to hold assets while alive and is irrevocable after your death. A trust is created to avoid the time and expense of probate as well as provide instruction for management of assets in the event your loved ones become incapacitated.
- **Continue to pay extra on your home mortgage**
  If you are maxed out on retirement and have college-funding secured, put any available dollars toward your mortgage.
- **Research long-term care insurance**
  Look into long-term care insurance for yourself and spouse (if married). Ideally, you want to have long-term insurance in place before you need it.

Key savings takeaway

Experts indicate that you should have saved four times your annual salary in your 50s.

In your 60s...

Now into your 60s, it's all about fine tuning the retirement options you have in place and ensuring that you keep insurance and wills current. At this stage of life, you should:

- **Fine tune retirement goals**
  Meet regularly with your financial advisor to assess your retirement goals and additional steps required to reach them. If you are considering downsizing your home, moving or making any other significant changes before retirement, establish a firm timeline to work towards.
- **Review your life insurance and will**
  Revisit your will to make sure it reflects your current situation and wishes—and make necessary changes if not. Also, check to make sure your life insurance policy meets your current needs.
- **Create a trust**
  If you did not create a trust while in your 50s, work to establish one in your 60s to best protect your family.

Key savings takeaway

Experts indicate that in your 60s you should have saved six times your annual salary.

Finish strong!

Saving for retirement is something that should be on everyone's mind...no matter your age. Make this the year you put your plan in place. You'll be happy you did once it's your time to slide into a happy and financially healthy retired life.

Need a little help planning for retirement?

Contact us today! Simply click the **GET IN TOUCH** button on our website and complete the brief form.
We are here to help!