Plan For Retirement

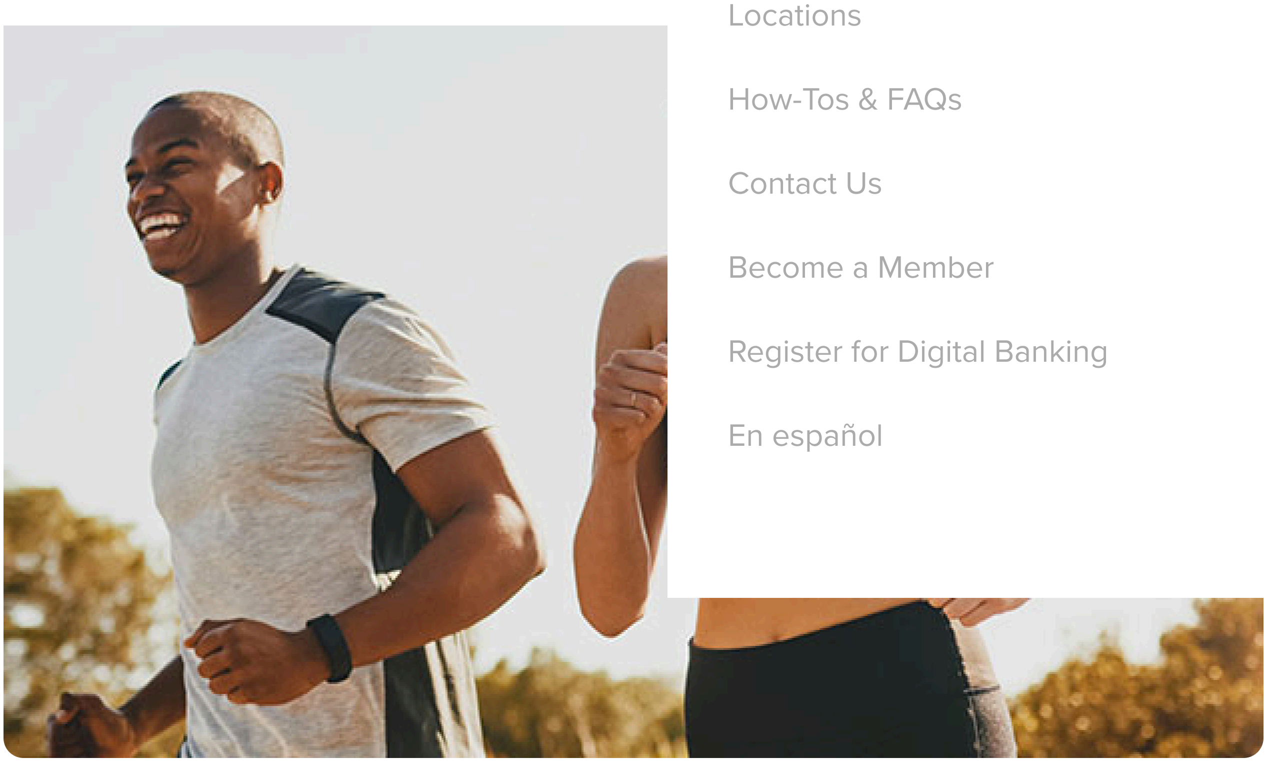
Planning Your Future | Forming Mo

Read Time: 3 minutes

If you're in your 20s, retirement may seem too far off to worry about.

Besides, you probably have more immediate concerns, like student loans, car loans, and credit card debt. And if you're in your 30s or 40s, you may be more focused on buying a house and raising children than on retirement planning. But the sooner you get into the habit of saving for retirement, the more time your money has to grow (and even a little extra time can make a big difference).

Here are 10 tips to help you get started.



1. Just start

As the saying goes, “The number one tip for retirement savings… is to start saving for retirement.” In other words, the first and most effective step you can take is getting in the habit of putting money into a retirement account every time you’re paid.

Even a small amount is worth investing. Let’s say you invest $75 a month into a retirement account from age 25 to 65. That’s a total of $36,000 over 40 years ($75 x 12 months a year x 40 years). Assuming a moderate 8% return, your $36,000 can easily turn into $260,000 or more when invested in an individual retirement account (IRA), 401(k) plan account, or other retirement plans.

When $36,000 buys you $260,000, you’re making your money work for you.

2. Set up automatic payments to your retirement account

If your employer offers automatic payroll deduction, take advantage of it. Before your money ever hits your checking account, set aside a percentage to go straight into your retirement savings. That way, you won’t be tempted to use that money for something else.

If your employer doesn’t offer payroll deductions, no problem. You can set up an automatic transfer from your checking or savings account to an individual retirement account.

…ployer match

dollar, that will put another 3% into your retirement

Even if funds are tight, try to contribute at least the
money.

4. Save more as you make more

As you progress in your career, you're bound to ge
retirement contribution each time your income incr
proportionate to your raise, you'll be able to enjoy

5. Defer taxes to make larger contribution

If you opt for a tax-deferred retirement account, su
your contributions and earnings until you withdraw
means a larger amount of money will be subject to growth, and over several decades that can make a huge difference.

Roth IRAs, meanwhile, tax you upfront so your withdrawals at retirement will be tax-free. Depending on your situation, this could the better option. Making that decision may require some professional insight, which leads us to #6…

6. Get advice from an expert you trust

You don't have to know all the ins and outs of investing to choose the right options for your retirement account. If your employer offers a retirement savings plan, you may have access to the plan's advisors to help guide your investments.

If you're opening a retirement account, ask people you trust for recommendations. Find a fee-based advisor who will spend the time learning your financial goals and your outlook on investing.

7. Make sure you can sleep at night

The greater the possible reward, the greater the potential risk. You can purchase a bond to fund a new bridge in your town (a pretty safe investment, likely with modest gains) or invest in a startup tech firm in Croatia (a riskier investment with potentially a much greater return).

Both you and your advisor need to understand how much risk you're comfortable tolerating. This will keep you from jumping in and out of the stock market (which comes with penalties for retirement accounts) and help you sleep no matter what the nightly news reports.

8. Understand there's risk to being 'safe,' too

Inflation happens. Whether you're buying a new shirt, a mobile phone, or a car, the same item will
10 years (if not much sooner).

9. Remember that there's safety in numbe

Many investors choose mutual funds for their retire
manager buys shares of many different companies
fund. Instead of buying single shares of one compa
companies.

This strategy keeps your returns high because you
you're not relying on the success of a single compa

10. Think long term

There's no way around it—the stock market is goin
technologies, even natural events can move prices
game with your retirement planning, and the stock market has historically bounced back after turmoil. Aside from the Great Depression, the US stock market has gone up every decade since 1900.

Remember, investing for retirement isn't just about setting aside money for later—it's about helping your money grow. Whatever your age, wherever you are in your career, it's time to speak with a financial advisor about the long-term strategy that makes sense for you. Contact an LPL Financial Advisor at SELCO Investment & Retirement Services* today to get started on your future.

LPL Financial Form CRS

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How long will my savings last?