

Investing for Retirement

Retirement may be a long way off for you - or it might be right around the corner. No matter how near or far it is, you've absolutely got to start saving for it now. However, saving for retirement isn't what it used to be with the increase in cost of living and the instability of social security. You have to invest for your retirement, as opposed to saving for it!

Let's start by taking a look at the retirement plan offered by your company. Once upon a time, these plans were quite sound. However, after the Enron upset and all that followed, people aren't as secure in their company retirement plans anymore. If you choose not to invest in your company's retirement plan, you do have other options.

First, you can invest in stocks, bonds, mutual funds, certificates of deposit, and money market accounts. You do not have to state to anybody that the returns on these investments are to be used for retirement. Just simply let your money grow overtime, and when certain investments reach their maturity, reinvest them and continue to let your money grow.

You can also open an Individual Retirement Account (IRA). IRA's are quite popular because the money is not taxed until you withdraw the funds. You may also be able to deduct your IRA contributions from the taxes that you owe. An IRA can be opened at most banks. A ROTH IRA is a newer type of retirement account. With a Roth, you pay taxes on the money that you are investing in your account, but when you cash out, no federal taxes are owed. Roth IRA's can also be opened at a financial institution.

Another popular type of retirement account is the 401(k). 401(k's) are typically offered through employers, but you may be able to open a 401(k) on your own. You should speak with a financial planner or accountant to help you with this. The Keogh plan is another type of IRA that is suitable for self employed people. Self-employed small business owners may also be interested in Simplified Employee Pension Plans (SEP). This is another type of Keogh plan that people typically find easier to administer than a regular Keogh plan.

Whichever retirement investment you choose, just make sure you choose one! Again, do not depend on social security, company retirement plans, or even an inheritance that may or may not come through! Take care of your financial future by investing in it today.

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