

## Title:

Critical Information You Need to Protect Your Retirement

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## Summary:

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## Article Body:

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America is heading for a train wreck.

Everyone knows it's coming, but no one is doing anything about it. As an individual, you can wait and hope the inevitable doesn't happen, or you can prepare yourself and your finances now so you and your family can avoid and even profit from the disaster that's rapidly approaching.

The train wreck I'm talking about is the approaching retirement of the Baby Boom generation coupled with the failure of the country's pension system, a negative savings rate and the looming bankruptcy of Social Security and Medicare. Here are the chilling facts:

--For the past two years, the savings rate in the United States has been negative. That means that people are spending more than they're saving.

--The private pension system in America is as dead as the dinosaurs. Economists predict that companies will continue using the bankruptcy courts to dump their pensions on the government and the American taxpayer and that Corporate America will continue transferring more and more of the retirement burden onto the individual.

--Social Security is forecast to be under funded in future years by \$10.4 Trillion. According to the Congressional Budget office, "Social Security will require continual and substantial injections of funds from the rest of the budget." By 2050, Social Security and Medicare spending alone will be larger

than today's entire federal budget.

--People will live longer, and it will be commonplace for the average retiree to spend twenty or more years in retirement. With an average Consumer Price Increase of just 3%, the cost of everything you buy today will double in 25 years. Put another way, the purchasing power of your retirement savings will dwindle by 50%. How to get off the train before the crash.

Concerning retirement, you will have to take care of yourself.

Here is what you must do, starting today, to ensure that you'll have the kind of retirement you've always wanted and make sure that you don't outlive your assets:

1. Max out your 401K.

This is your key to your long term success and survival. You're contributing pre-tax dollars so you're immediately making a 25-35% return on your money through tax savings alone. Also, make certain to take advantage of any matching contributions your employer might make to your plan. If you're over 55, take advantage of the "catch up provisions," recently enacted by Congress that allow you to contribute even more.

2. After funding your 401K, max out your IRA. Depending on your tax bracket and your choice of IRAs, your contributions could be pre-tax or after tax money, but any IRA will maximize the power of compound growth.

3. After IRAs, consider variable annuities as an avenue to sock away after tax dollars that can then earn tax deferred profits.

4. If you're concerned that you won't have sufficient assets to fully fund a comfortable retirement, start a part time business capitalizing on what you've learned during your career or turn a hobby into a business that you can continue after retiring from your regular job. The longer you can grow your nest egg without drawing on it, the faster it will grow and the more money you'll have available in the outer years.

5. Find a reliable way to grow your nest egg at the fastest possible rate. Einstein called the growth of compounded interest the seventh wonder of the world. If you're 9 years from retirement and have a \$100,000 nest egg, 8% will give you \$200,000 at retirement. In comparison, compounding your money at 25% per year will grow your \$100,000 investment to \$745,000. Due the effects of compounding your gains, your original \$100,000 investment will experience a 645%

increase in just 9 years.

Conclusion:

Very few Americans will be adequately prepared for retirement.

However, this doesn't have to be the story for you and your family if you take action today.