Title:
Your Guide To Retirement Planning

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Summary:
In life, nothing is permanent in this world. Everything that comes will definitely go. That is why it is best to put our best foot forward and save more for the future. The best thing that you have to start with is to have a retirement plan.

Some wait to long before they decide to plan for their future. This is not a good idea because we can never tell what lies ahead. So, here's how and when to start retirement planning:

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Some wait to long before they decide to plan for their future. This is not a good idea because we can never tell what lies ahead. So, here's how and when to start retirement planning:

1. The retirement year.

First, decide on what year you would like to retire. It is always best to start something with a goal in hand. This will keep you focused and determined to push it through.

2. Do your homework.

The best way to help you start making your retirement planning is to consult your “employer-sponsored 401(k) or IRA,” or to any of your retirement schemes and investigate on the objective date of your mutual funds and see if it matches your target date of retirement. If it does, then start funding your nest egg immediately.

3. Backups.

There are many instances where your plan can backfire. So, it is best to have backups.

So, when making a retirement plan, better include a backup that will serve as a fallback in case your nest eggs fails or if something else goes wrong. It is best that you do not depend entirely on your funds because sometimes there are circumstances that are beyond our control.

3. Opt for annuities.

When doing a retirement planning, you should take note also of the different retirement planning strategies that will surely make your plan work. One good example of a retirement planning strategy is the annuities.

Basically, annuities are adaptable indemnity bonds that are exclusively patterned to bestow additional wages at the same time assist you accomplish “long-term” saving goals.

These annuities are the “long-term’ items recommended by most insurance companies, though, there are brokers and other financial establishments that provide this kind of service. They will help you set-up a specific goal and aim for it.

There are two types of annuity: the immediate and the tax-deferred annuity.

In the immediate annuity, you start your retirement planning by giving a hefty amount of money to the insurance company or any financial institution for that matter. After which, your payment scheme will start at once. This type of annuity is usually applicable to those who are already 60 years old and above.

On the other hand, the tax-deferred annuities you may choose whether you will pay the retirement amount instantly or make a monthly disbursement until the time you reach your target date.

This is usually appropriate to those who start their retirement planning early, generally those who are 20 years old at the least.

4. Consider the Modified Endowment Contracts.

Annuities had been heading the limelight for so many years now. Most people would go for annuities, as this is the most popular retirement planning strategy. However, like most plans, it is still vulnerable to problems and crisis. That is why, it is best to make an alternative option when making a retirement planning.

The next best retirement planning strategy is the Modified Endowment Contract or the MEC. This is, basically, one kind of "insurance policy."

In reality, MEC is similar to annuity, especially the tax-deferred annuity, in terms of the preliminary premium rates. Though, they differ in terms of tax codes.

In annuity, the tax code appears to be very unfavourable especially when the benefactor dies while the "annuity accumulation" stage is in full force. This, in turn, makes the deferred wage taxes on development suddenly becomes payable.

In contrast, the MEC resolves this problem by providing the benefactor or the beneficiaries with an "insurance rider" included in the agreement. The "insurance rider" is made to hand over the full amount to your recipients absolutely free from any taxes.

Moreover, MECs can give you the suppleness of choosing between the variable and fixed account preferences. This, in turn, will make your retirement planning relatively easier.

Nevertheless, whatever retirement planning strategy you choose, the bottom line is that it is really important to save for your retirement as soon as possible.

Most often than not, people linger on a little longer before they start making their retirement planning. This should not be the case because you can never tell what will happen next.

As they say, life is suspense; you will never know what it can offer you until the end. So, the best time to do retirement planning is now.