

Title:

Five Steps To A Richer Retirement

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318

Summary:

You've probably heard about the Nebraska meatpackers who won the largest lottery jackpot in the United States last week. One winner replied "I've been retired for about four days now" when asked what he would do with his winnings. His response did not surprise me; I'm sure my reaction would be similar!

What does surprise me is that many Americans believe that they cannot retire comfortably unless they win the lottery. A survey by the Consumer Federation of America shows th...

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Article Body:

You've probably heard about the Nebraska meatpackers who won the largest lottery jackpot in the United States last week. One winner replied "I've been retired for about four days now" when asked what he would do with his winnings. His response did not surprise me; I'm sure my reaction would be similar!

What does surprise me is that many Americans believe that they cannot retire comfortably unless they win the lottery. A survey by the Consumer Federation of America shows that 27% of Americans believe that their best chance to gain \$500,000 in their lifetime is to win a sweepstakes or lottery.

Fortunately, building a comfortable retirement nest egg is easier than you think. Here are five steps to help you build a comfortable retirement:

1. Start early! If you started saving \$100 a month beginning at age 18, you would have over \$500,000 by age 65. The power of compounding is great, and the earlier you start saving, the greater the benefit.
2. Have a plan. The best way to ensure that you will have a comfortable retirement is to plan how much you will need to retire. You can't reach your destination if you don't know where you're going.
3. Participate in company sponsored retirement plans. Many companies offer

matching contributions to your 401K or other retirement plan contributions. This is free money - take it!

4. Invest in a diversified portfolio of stocks and bonds, that fits your goals and risk tolerance. Studies show that your investment return is determined primarily by the allocation of your assets, not the individual investment selections you make.

5. Keep your costs down. Invest in no-load, low cost mutual funds (or other investments). Lowering the expenses in your portfolio by just 1% can equate to 20% more money in your portfolio after 20 years.

Although winning a large lottery certainly can't hurt, following the steps above should send you well on your way to a comfortable retirement.