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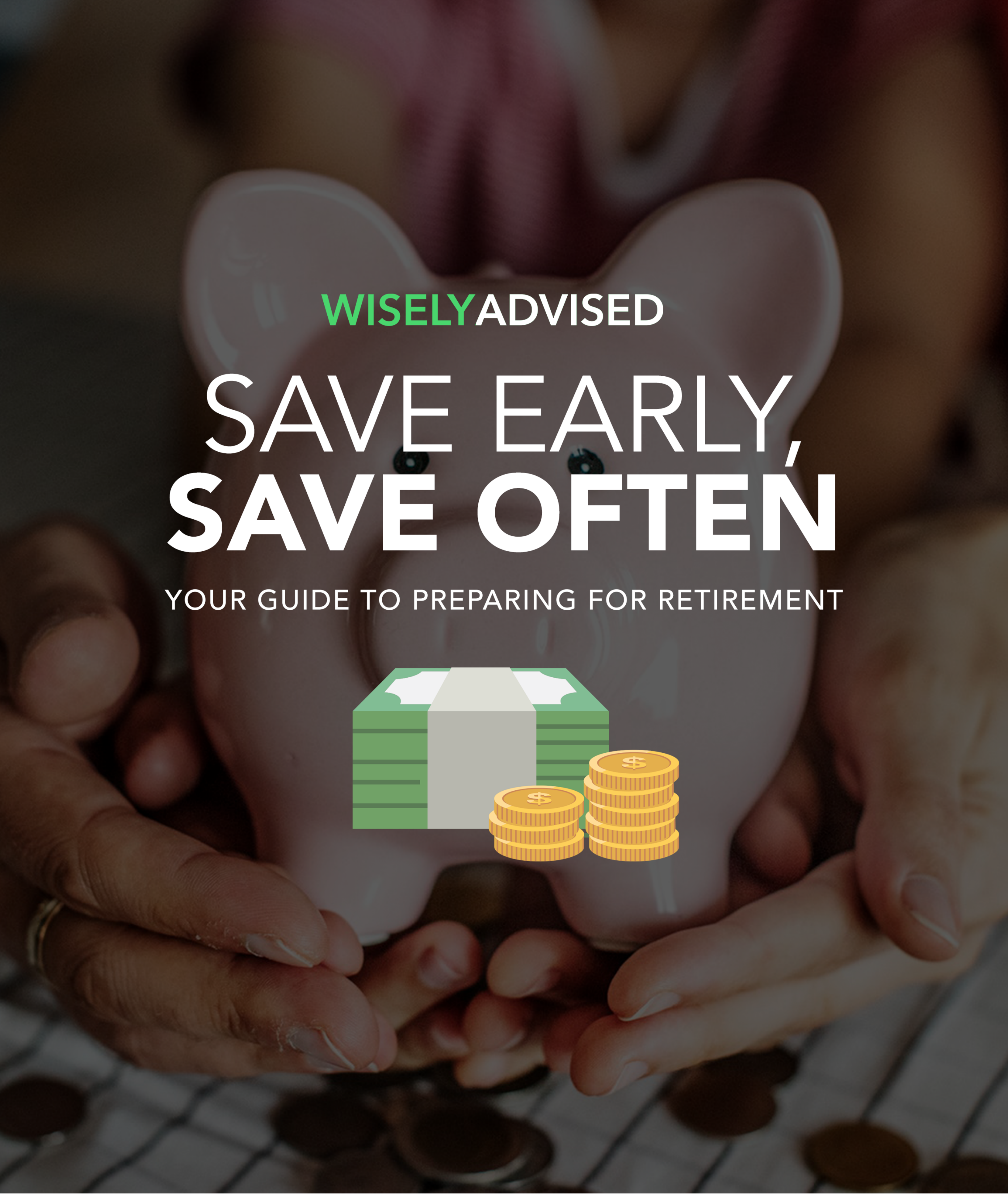
SAVE EARLY, SAVE OFTEN

YOUR GUIDE TO PREPARING FOR RETIREMENT



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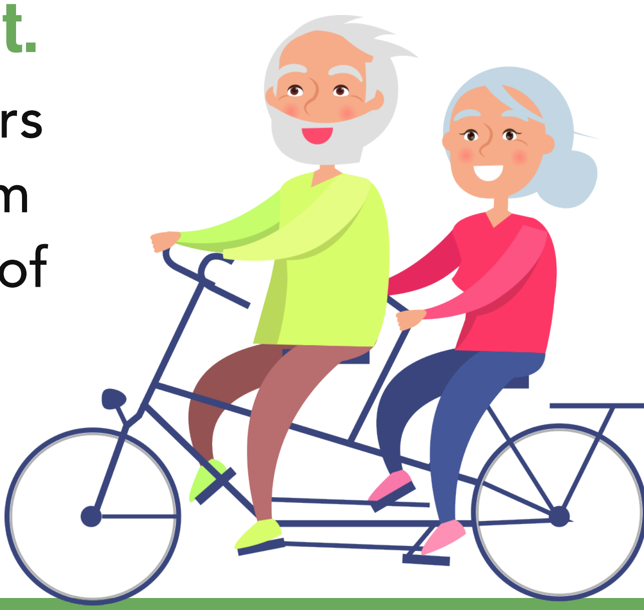
Retirement is often a hazy concept.

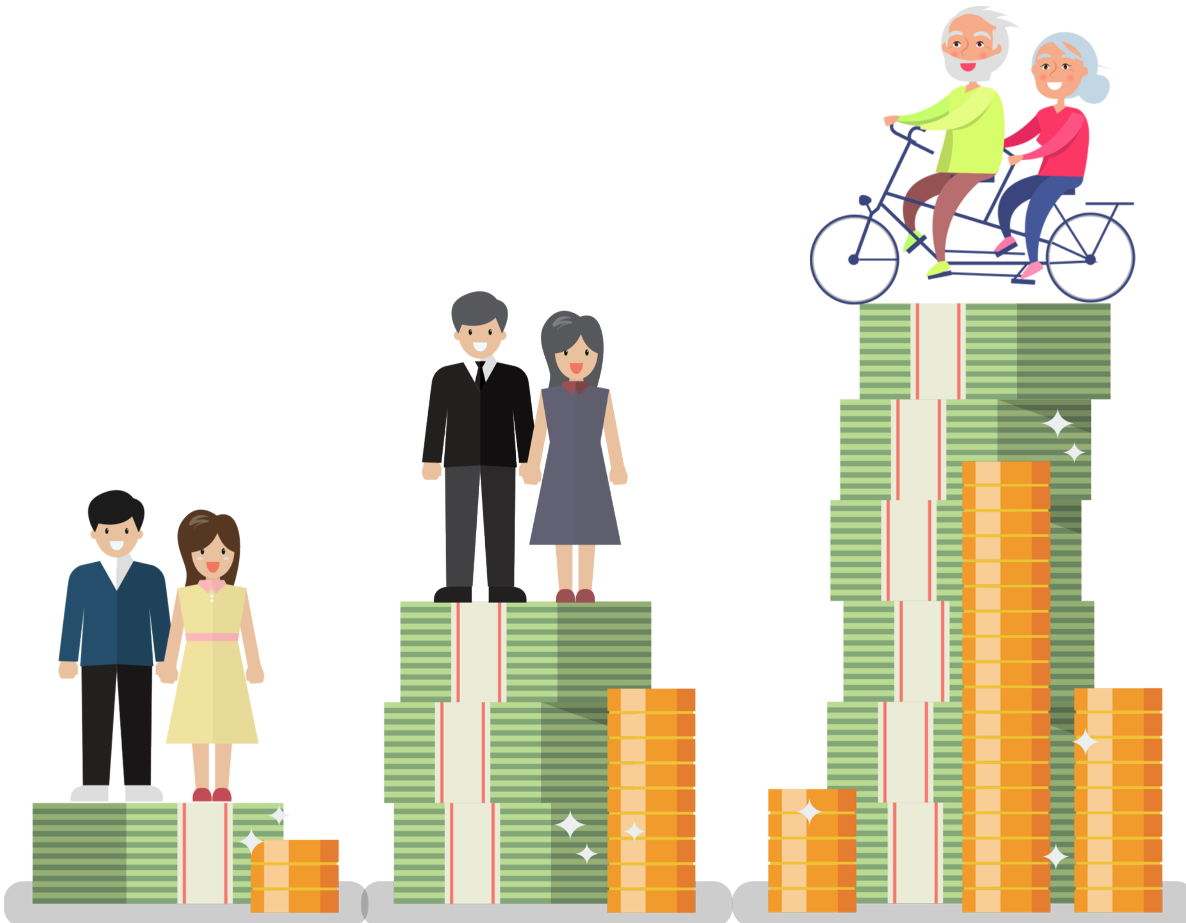
After all, when you have 20+ years until you officially walk away from your career and start living a life of leisure, the entire concept may seem like a pipe dream!



Many Americans are actively saving for their retirement through their workplace retirement plan.

However, beyond that they don't have much of a strategy.

In fact, those same employees who diligently save a portion of each paycheck come to realize that they aren't even saving enough to get them through the first few years of their retirement, let alone a 20-30 year portion of their lives.



Retirement planning isn't just for the 50+ crowd.

Everyone, whether you're a new employee at your first job, or you've been growing your career for a decade or more, should be thinking about where and how to save for the retirement lifestyle they aspire to. Want to know how to get started?

Follow these 10 simple steps...

STEP #1: SMALL AMOUNTS COUNT

At this point in your retirement savings journey, you shouldn't be worried about throwing a huge amount of money toward your retirement account each month. Instead, focus on budgeting for consistent contributions, even if they seem small. Small contributions make a difference when they're able to take advantage of compound interest over time!

STEP #2: CONSISTENCY IS KEY

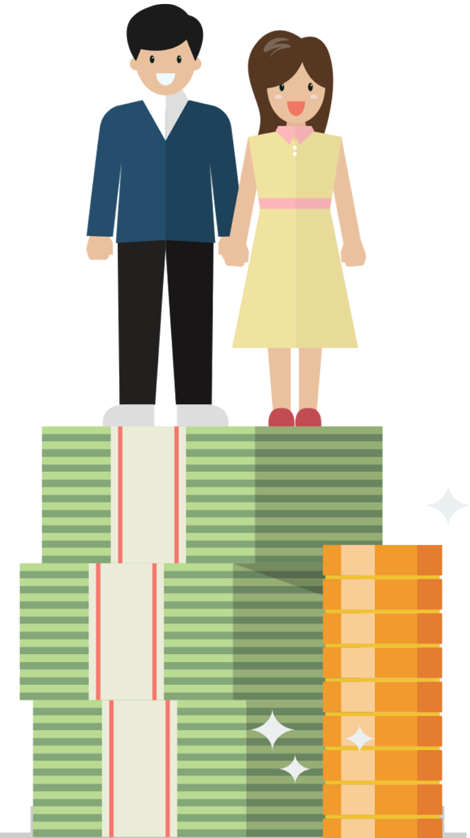
Automate contributions to your retirement account if and when you can. For your workplace retirement account, this should be fairly straightforward. If you have an IRA, or other form of retirement savings, you may need to set up an automated deposit every time you get paid to fund that account. This "set it and forget it" mentality can help you to grow your nest egg over time and capitalize on increasing compound interest with each deposit.

STEP #3: WINDFALLS

Consider putting windfalls toward retirement savings. A "windfall" is a large sum of money you receive that you weren't expecting. These might be:

- **Bonuses**
- **Funds from an inheritance**
- **An unexpectedly large tax return**

You weren't planning on using the funds anyways - it makes sense to put them toward saving for long-term goals like retirement. It's tempting to use windfall funds as a source of "free" spending money, but they can serve a much bigger purpose when you use them to further your financial goals.



STEP #4: STAY THE COURSE

Don't veer off course when it comes to your retirement savings. This could mean:

DON'T WITHDRAW EARLY (YES - EVEN IF THE MARKET TAKES A NOSEDIVE).
This also holds true for people who use a Roth IRA as their sole retirement fund - even though you can withdraw from this account early for specific purposes (like education or to pay for a house down payment), it's not usually in your best interest to do so.

DON'T STOP CONTRIBUTING.
Even if you have to reduce the total amount you contribute during a financially turbulent time in your family's life, always contribute a small amount (or at least up to your employer's match if you're using a workplace retirement account).

Keep the end goal in mind! Retirement savings is a game of patience, don't get distracted on your journey.

STEP #5: SET GOALS

Know how much you'll need during retirement by setting some lifestyle goals ahead of time. When you know what you want to accomplish during retirement, you'll know roughly what you'll be spending, and how much you need to save as a result. Setting retirement goals this early in your life may seem difficult, but it can also be fun! Don't be afraid to dream big - do you want to travel? Spend more time with your grandkids? Play golf every day? Setting these goals now, and creating a savings plan that supports them, gives you a long runway to save toward that "magic number."

STEP #6: OPTIMIZE TAXES

Understanding how different accounts are taxed can be one of the biggest retirement planning "wins" - especially if you start leveraging different accounts accordingly. For example, most workplace retirement accounts (like a 401(k) or 403(b)) are funded with pre-tax dollars. Then, when you take distributions from these accounts, later on, you're taxed on the money at your regular income tax rate. On the other hand, some accounts (like a Roth IRA) are funded with after-tax dollars now and have tax-free distributions later in life.

This can be useful for the younger investor who anticipates being in a higher income tax bracket when they retire than they are now because they're taxed at their current (lower) income tax rate when they fund their Roth IRA. Determining which account is right for you can be challenging, but knowing how you'll be taxed can be a step in the right direction!

STEP #7: USE THE RIGHT TOOLS

Retirement savings can be a daunting challenge, but using the right tools is an excellent place to start. Different "tools" that you have available to you might be:

- Your workplace retirement account (and any matching contributions they offer!)
- Individual retirement accounts that you set up on your own
- An HSA (connected to an HDHP insurance plan)
- A pension through your employer

Knowing what different savings vehicles you have available, and how you can use] them as "tools" to further your retirement savings, is key.

STEP #8: USE YOUR EMPLOYER MATCH

If you have a workplace retirement account, you need to be contributing at least up to your employer match. Typically, an employer will offer a matching contribution between 3-6% of your salary. If you don't contribute up to the match, you're leaving free money on the table! Even if the match doesn't seem like much, remember that every little bit counts!

STEP #9: KNOW YOUR RISK TOLERANCE

When you get started with saving for retirement, it's important to understand your risk tolerance, and how it will evolve over time. As you near your retirement date, you'll be able to take on less risk in your portfolio. If you have a long timeline before you retire, you may be able to take on "riskier" investments that offer a greater return because your investments will have time to recover if the market dips.

STEP #10: ASK FOR HELP

Even if you have a long time before you retire, it's never too early to start talking to a financial planner about a savings strategy. If you're interested in saving toward the retirement lifestyle you've always imagined, contact Wisely Advised today! We're here to help you create a plan, and adjust it as your goals and needs change over time. Together, we can help you start saving early and often to reach your retirement goals.

CONTACT US TODAY

To set up your obligation-free consultation.

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