

## Top 10 Tips For Retirement Savings

With increasing life expectancies, you could spend decades in retirement. Unfortunately, Social Security won't cover all of your expenses, especially if you want to travel and do other fun things. That is why the issue of saving for retirement is a vital topic. Most people don't consider saving for retirement as a top priority issue. That is one reason that too many people become financially handicapped after they retire from active work. The truth remains that you stand to gain a lot by maintaining a good savings habit for retirement.

Saving for retirement is neither easy nor difficult. It is a habit. But the end goal which is financial freedom during your older years should be enough motivation to make you take your retirement savings habit seriously. This article will help you kick-start and maintain a healthy retirement savings habit.

Top 10 Tips For Retirement Savings:

1. **Have A Plan:** The most important step toward saving for your retirement is to have a plan. The old age adage 'he who fails to plan, plans to fail' still stands when it comes to saving for your retirement. First, you need to map out a plan that shows what your retirement savings will look like. Your plan should contain the amount you will need to live comfortably once you retire. It should also include the various modes of savings for your retirement and different investments you need to finance your retirement. You should contact one of our professionals at our Lynn Branch 781.598.0820, Somerville Branch 617.539.8570 or our Peabody Branch 978.968.2222 as you prepare your retirement savings plan. This plan will help you keep track of your progress as the years go by.
2. **Start Early:** Most people leave out savings for retirement until their late 40's. The sooner you start saving the easier it is to reach your goal. Financial planners and retirement advisers recommend that a person start saving for retirement as soon as possible. Your 20's is the best time to start your retirement savings. The next best time is at the start of your career. If you didn't start saving for retirement early, all is not lost. It is better to start saving for retirement late than never. Start today to maximize your retirement savings.
3. **Invest in 401K Funds:** One great way to achieve your retirement savings goal is to invest in 401K funds. Most employers make provisions for a 401K account for employees. With a 401K account, you can put aside a part of your earnings monthly. It is important to invest as much as you can in your 401K account. You can start with 7% to 10% of your earnings and work your way to 20% and above.
4. **Invest in A Retirement Account:** There may be situations when a 401K is not available to you. In such a situation, your next option is to start a dedicated retirement account. You give your credit union an instruction to withhold the amount until further notice. The only disadvantage of

this method is that this account may be subject to certain taxes unlike the 401K account with delayed tax.

5. Create an Emergency account: You need a dedicated savings account for emergencies. Early withdrawal from your 401K funds before you're 59 years old attracts a penalty of 10%. To avoid this, you should have an emergency account where you stash a certain percent of your income to take care of emergency situations.

6. Work on Your Investment Portfolio: There is no one-size-fits-all retirement savings portfolio. It is important to understand that the stock market can be volatile. The right investment portfolio is a diversified portfolio. Every person is different with different needs. Creating a custom plan for you is essential. You should contact a retirement advisor or financial planner to develop the right retirement portfolio. Email or call one of our professionals at our Lynn Branch 781.598.0820, Somerville Branch 617.539.8570 or our Peabody Branch 978.968.2222.

7. Invest in a Roth (IRA) Account: Community Credit Union offers Roth IRAs. The Roth IRA is similar to a 401K account. The difference is that the account is taxed at the present tax rate. This way, you don't have to pay tax on withdrawals.

8. Tuck-Away Your Bonus: Instead of spending your bonus from work on those items you don't need, you can fast-track your retirement savings goal by investing your bonus in either a 401K account or an IRA account.

9. Take Advantage of Compound Savings Strategy: Compound interest grows your retirement savings faster. To compound, reinvest earnings and add it to your regular retirement savings. Compounding is a great way to boost your retirement savings. The key to making compound interest work for you is to start investing early and reinvest your earnings.

10. Defer or prepay your taxes. There are tax deductions and credits available when saving for your retirement. For example, most employees can defer taxes by contributing to their 401K or 403b savings plan. A Roth IRA allows you to invest after tax dollars, and then withdraw from your retirement savings account tax-free. It is essential to consult a tax professional to understand the tax implications of retirement savings.

In conclusion, you have many options to maximize your retirement savings. The most important part of a retirement plan is to start sooner rather than later.