

10 STEPS TO SAVING FOR RETIREMENT

To be truly prepared for retirement, it takes planning, commitment, control, and a desire to live financially stable during your retirement. There are ten steps endorsed by the United States Department of Labor to help you save for retirement. If you have not started a savings strategy, no matter your age, start today.

- 1 If you are already saving for retirement, just keep going. Savings is a rewarding habit, and if you establish that habit when you are young, you will have a healthy retirement.
- 2 Retirement is expensive. There are no ways around the expense. You will need 70% of your pre-retirement income to maintain your current standard of living. Plan ahead and take advantage of online resources available that have time-tested strategies for saving.
- 3 If your employer has a retirement savings plan like a 401(k), sign up immediately. Contribute all you can. Taxes will be decreased, and your company may contribute more. Use automatic deduction to make savings stress-free. As the years go by, compound interest as well as tax deferrals will make a huge variance in the amount you receive at retirement.
- 4 Check out if your company has a pension plan, see if you are covered and understand how it works. Ask for individual benefit statements to see what you are worth. If you plan on changing jobs, research what will happen to your pension benefits.
- 5 Learn about basic investment principles. How you save is as important as how much you save. Learn about where your savings or pension plans are invested. Ask questions. If you need, you can always put your savings in different types of investments. Diversify, and you are more than likely to reduce risk and improve returns. Investments are meant to modify over time depending on your goals, finances, and age.
- 6 Avoid touching your retirement savings. Taking out your retirement savings today will result in losing interest and principle payments. You will also miss out on tax benefits and will have to pay hefty penalties for withdrawal.
- 7 If your employer does not provide a retirement plan, request that your company start such a plan. There are many retirement saving plans available, and information can be found at your bank, through the government employment services or via a financial planner.
- 8 Self-directed IRA's are excellent places to save your money. You can contribute up to \$5,500 a year into an IRA, have great tax advantages and watch your money grow exponentially. Self-Directed IRAs allow you more control over your diversification and returns - you direct your investments.
- 9 Read about your Social Security benefits. Social Security pays benefits that are about 40% of what you earned before you retired. You can contact your local social security office to determine your retirement payouts.
- 10 Ask questions. Read publications, talk to your employer, your banker, or your financial advisor. Understand the answers. Whatever you do, get started saving now.

Contact Preferred Trust Company to discuss resources available to get your IRA Funds working for you!

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