



MAKING CENTS

RETIREMENT: CLOSER THAN YOU THINK

-John P. Napolitano, CFP®, CPA, PFS, MST



Let's just say it: once you get into your 30s you're no longer an aging child, but a full-fledged adult with college in the past and a career and probably a family in the present. And while retirement may still be the same number of years away as your present age, it will be here before you know it.

It's probably true that you have more pressing financial concerns than retirement to keep you awake at night, but if you don't put a plan into action, you'll be sleepless in your 60s - not a pretty picture.

To get things started, get your retirement goals down on paper. Do you plan on retiring completely at age 62 or do you envision working full- or part-time beyond? Do your long-term dreams include extensive travel, purchasing property in a warmer climate or assisting your children to achieve their financial goals? Those objectives will provide you with a fair picture of how much you will need to live once retired.

Take a clear, hard look at your current budget - and if you don't have one, get one in place, ASAP. Are you living within your budget and able to put something away at the end of each month? Do you actually know how much you owe each month and how much your household is bringing in?

If you haven't signed up for your employer-sponsored retirement plan, do so now. Take the

time to review options available through your place of employment and if any aspect is unclear, don't just blindly sign up - ask questions, and if you don't fully understand the answers, ask again.

If a 401(k) program is offered, contribute the maximum amount and don't ever raid that cookie jar. Not only will there be penalties for early withdrawal, but you will have re-allocated a significant portion of your retirement savings.

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After getting this far, you may realize that retirement is just one of many goals for which you need to save. Prepare your calculations under the assumption that you want to save for everything on your list: retirement, college, travel or second homes and whatever else is on your wish list.

If you're like most people, you will conclude that you can't save for everything, and then you need to prioritize.

Steer clear of burdening yourself with an unrealistic mortgage or a multitude of maxed-out credit cards. And while you're working to get your finances in shape, keep an eye on your health. The healthier you are in those senior years, the less you will need for medical expenses and the more you will enjoy your retirement.

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