

# BUILDING BLOCKS FOR RETIREMENT

## Retirement Planning Essentials

### A Lifetime of Retirement Planning

Saving and investing for retirement is a long journey. The strategies you use to pursue your goals may differ depending on your stage of life.

#### Just Starting Out

At the start of a career, it's not unusual to have financial goals, such as paying off student loans, that seem more pressing than saving for retirement. But making room in the budget for even a small amount of retirement savings is better than not saving anything at all.



Signing up for an employer's tax-favored retirement plan earlier in life gives a retirement account many years for potential growth. Many employers match a percentage of employee contributions, which provides an additional incentive to save. Employees who don't have a plan at work can open an individual retirement account (IRA) and/or create another investment account reserved for retirement.

The longer money is invested, the greater the potential benefit from compounding, the continuing reinvestment of any investment earnings. A long time frame until retirement may allow an investor to take more investment risk than someone who is a lot older.

#### Midway Through

The middle-career years are crucial to the growth of retirement assets. At this point, investors may also be financing a home and saving for their children's college educations. However, continuing to save for retirement can help an investor stay on course with funding retirement.

Since retirement is still several years away, investors may want to continue to keep a larger portion of their retirement portfolio in investments that can potentially grow at a rate higher than inflation. However, it's always important for investors to consider how much risk they feel comfortable taking before choosing investments.



## **Almost There**

With retirement on the horizon, investors should evaluate their personal financial situations to see if they have enough in savings. Individuals who are age 50 or older may have the opportunity to make annual “catch-up” contributions to their workplace retirement plans and IRAs. The maximum catch-up contribution amount in 2017 is \$6,000 for most types of retirement plans and \$1,000 for IRAs. At this stage of life, individuals should also start looking at when they will claim Social Security retirement benefits and deciding how best to maximize them.

The focus now should be on preserving investments and protecting against losses. Investors can help reduce their portfolio's risk exposure by moving some assets out of higher risk investments and into lower risk investments, such as bonds and cash. However, even modest inflation can have an impact on retirement savings over the course of a long retirement, so investors might want to consider retaining some investments that have the potential to beat inflation.

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