

BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Time To Pop The Question

No, not the marriage question. A different question that can have a big impact on your future: “How much should you be contributing to your retirement plan?” The answer depends, in large part, on your answers to the following.

What Will Retirement Look Like?

If you envision a low-key retirement, you probably won't need as much savings as you will if you plan something grander. A retirement filled with travel, for example, can be costly. How much you need to save depends on the lifestyle you hope to have.



Where Else Will Money Come From?

The savings in your retirement plan will be one source of income after you retire. In addition, you'll likely receive monthly Social Security payments. To find out your projected monthly benefit amounts at various ages, check your latest Social Security statement. (If you don't have a recent paper copy, you can view your statement online at www.socialsecurity.gov/myaccount.)

Pension benefits also provide a predictable stream of income, but not everyone is eligible.

You might be planning to supplement your income by working after you retire. Just keep in mind that health issues (yours or someone else's) could derail that plan. Set a savings goal that will provide enough income in case you're not able to work.

How Long Will It Be Until You Retire?

A long time frame for saving may mean you can make smaller contributions than if retirement is close. Steady contributions invested over a long period can potentially grow into a significant amount.

And the Answer Is . . .

Once you've estimated your income needs, you can set a target savings amount. You can also calculate how much you should be contributing each payday to meet your goal. Your plan may offer tools and calculators to help you set a goal and contribution amount, or you may want to see a professional advisor.



Your employer's retirement plan makes saving easier with automatic payroll deductions. And tax benefits can help you reach your retirement goal.

Sources of Retirement Income (for those 65 and older)

- Social Security 34%
- Earnings 33%
- Pensions 18%
- Savings and investments 11%
- Other 4%

Source: Fast Facts and Figures About Social Security, 2015, Social Security Administration

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