



5

TIPS ON PLANNING YOUR RETIREMENT



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According to the U.S. Department of Labor, fewer than half of all Americans have calculated how much money they'll need in retirement.¹ **Here are 5 common steps you can take to determine how much you'll need and how to plan for your retirement.**

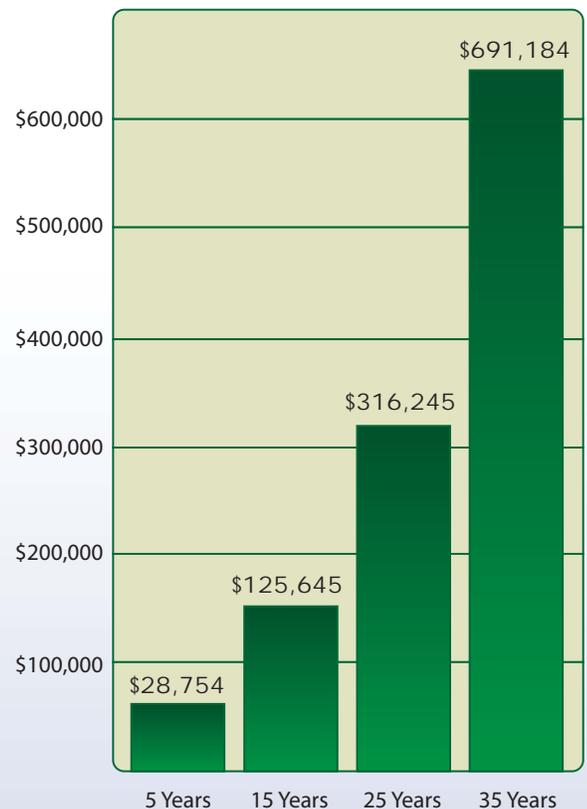
1

Save, save, save, and save some more!

If you are already saving for retirement, go ahead and save some more! If you're not saving, it's time to get started.

The sooner you start saving, the more time your money has to grow. Check out the chart that illustrates how big of an impact early savings habits can have. Remember, it's never too early or too late to start saving.

Start Saving Early - This example illustrates your savings growth based on saving \$5,000 every year with an interest yield of 7% annually.



Source: <http://www.dol.gov/ebsa/images/top10ways2.jpg>

2

Figure out what you'll need in retirement.

A common calculation for determining how much money you'll need in retirement is roughly 70% of your preretirement income. Now this can fluctuate depending on many factors like; will your mortgage be paid off by the time you retire? Will your lifestyle change once retired, will you travel more? Be realistic and review your current expenses and determine how they'll change once you've entered retirement.

1. Source: <http://www.dol.gov>

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3

Don't dip.

There are several reasons to avoid dipping into your retirement savings prior to retiring. One reason to not dip into your retirement savings is the loss of principal and interest earnings. You could also face penalties and tax consequences. One of the big reasons for many families withdrawing from their retirement savings is because of unforeseen or emergency costs like auto repairs or health issues. Most financial professionals will advise having a separate savings account with the equivalent of three month's income for these types of events.

4

Know your options.

Knowing all of the savings options that are available to you allows you to optimize the ways you can save for retirement. Find out if your employer has a traditional pension plan, and if so what are those benefits. If your employer offers a savings retirement plan like a 401(k), make sure you're contributing enough to get the full company match. There are also many strategies on when and how to claim your Social Security benefits. You can calculate your benefit amount on www.SocialSecurity.gov. The more you know, the more you can plan.

5

Educate yourself.

While these tips are helpful, there are numerous factors that come into play when planning for retirement. Make sure you ask questions, lots of questions, and most importantly make sure you understand the answers. Be sure to talk with your employer about the options they provide, your bank or credit union, and a financial professional.



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