



## Countdown to Retirement: Strategies for Saving in Your 50s

### *Strategies for saving in your 50s*

Many retirees today are redefining the “golden years.” Forget about endless days of leisure. Retirees seek adventure, travel, and new business pursuits. While these changes may redefine retirement, will retirees be able to finance their plans? Today, many people age 50 and older have not begun to save for retirement or have yet to accumulate sufficient funds.

If you're in this age group and find yourself facing an underfunded retirement, it's not too late to take charge. There are actions you can take today to get on the right track. Here are some ideas:

**What's it going to take?** First, estimate how much money you will need in retirement. Once you have an idea of the amount, you can work toward meeting that goal. A good rule of thumb is that you may need 60%–80% of your current annual income in retirement. Your financial professional can help you assess the best amount for your situation.

**Maximize your contributions.** If your employer offers a retirement plan, contribute as much as the law will allow. In 2018, those age 50 and over can contribute up to \$24,500 to an employer-sponsored 401(k) plan (\$18,500 + \$6,000 “catch-up” contribution). Many employers also offer a company match, so be sure you contribute enough to claim this “free” money, which can add up over time.

**Create a spending plan.** In other words, make a budget. Many people think a budget is restrictive, but look at it this way: You can spend now, or you can have the money to afford your dream adventures later. To start, it is important that you pay down debt and avoid accruing new debt. Next, examine your spending habits and replace some of your discretionary spending with saving. Saving even \$20 more per week is a step in the right direction.

**Take initiative.** Besides contributing to your employer's plan, you can save more by opening your own Roth IRA. Contributions are made after taxes, but earnings and distributions are income-tax free, provided the account is at least five years old and you have reached age 59½. Those age 50 and over can contribute up to \$6,500 a year in 2018. Eligibility in 2018 for these plans begins to phase out with adjusted gross incomes of \$120,000–\$135,000 for single filers and \$189,000–\$199,000 for married joint filers.

**Hang out your shingle.** Many Boomers hope to start their own businesses in retirement. Why wait? If you begin your entrepreneurial efforts now, your business has the potential to be in full swing by the time you retire, and any profits between now and then can be added to your savings.

**Consider downsizing.** Your home may have significantly increased in value since you first bought it, and you may have already paid off the mortgage. With

children at or near adulthood, do you really need all that space? Selling now and moving to a smaller, more affordable location may allow you to transfer some of the equity in your home into a savings vehicle.

**Reconsider your retirement age.** If you want to cushion your retirement savings, consider staying on the job longer. Some people actually leave retirement to reenter the workforce because they feel more fulfilled while working. Others seek part-time work,

consulting, or entrepreneurial endeavors. Such options may enable you to earn more money to save, which may help to postpone spending down your savings.

Regardless of which options you choose, you can benefit from time and compounding interest. Every year that your savings remain untouched allows more time for growth. It is never too late to start preparing for your future. So, take action *now* to get on track to saving for your retirement.