

FINANCIAL WELLNESS

BUYING YOUR RETIREMENT

Most of us know it is smart to save money for those big-ticket items we really want to buy, such as a new television, car or home. But you may not realize that probably the most expensive thing you will ever buy in your lifetime is your retirement.

Perhaps you've never thought of "buying" your retirement. Yet that is exactly what you do when you put money into a retirement nest egg. You are paying today for the cost of your retirement tomorrow.

Cost of Retirement

The cost of those future years is getting more expensive for most Americans, for two reasons. First, we live longer after we retire—with many of us spending 15, 25, even 30 years in retirement—and we are more active. Second, you may have to shoulder a greater chunk of the cost of your retirement because fewer companies are providing traditional pension plans and are contributing less to those plans. Many retirement plans today, such as the popular 401(k), are paid for primarily by the employee, not the employer. You may not have a retirement plan available at work or you may be self-employed. This puts the responsibility of choosing retirement investments squarely on your shoulders.

Unfortunately, only about half of all Americans are earning retirement benefits at work, and many are not familiar with the basics of investing. Many people mistakenly believe that Social Security will pay for all or most of their retirement needs. The fact is, since its inception, Social Security has provided a minimum foundation of protection. A comfortable retirement usually requires Social Security, pensions, personal savings and investments.

In short, paying for the retirement you desire is ultimately your responsibility. You must take charge. You are the architect of your financial future.

That may seem like an impossible task. Many of us live paycheck to paycheck, barely making ends meet. You may have more pressing financial needs and goals than "buying" something so far in the future. Or perhaps you've waited until close to retirement before starting to save. You still may be able to afford to buy the kind of retirement you want. Whether you are 18 or 58, you can take steps toward a better, more secure future.

Planning Ahead

Financial planning is the key to making a secure retirement a reality. It will help you clarify your retirement goals as well as other financial goals you want to "buy" along the way. It will show you how to manage your money so you can afford today's needs and still fund tomorrow's goals. It will help you make saving for retirement and other goals a habit. There is no such thing as starting to save too early or too late—only not starting at all! Learn how to save your money to make it work for you, and how to protect it so it will be there when you need it for retirement. Take advantage of retirement plans at work.

Yes, retirement is a big purchase—the biggest one you may ever make. But you can afford it with determination and hard work, a sound savings habit, the right knowledge and a well-designed financial plan.

Article adapted from the U.S. Department of Labor publication of the same title.

<https://www.dol.gov/sites/default/files/ebsa/about-ebsa/our-activities/resource-center/publications/savings-fitness.pdf>