Become a super saver

Your step-by-step retirement savings guide

Saving for a retirement that may still be decades away can seem like a lower priority compared to competing goals, but time is an incredibly valuable asset when it comes to planning for your future – especially if you can't rely on a pension as our ancestors once did. Like training for a marathon, start with small steps in your teen years (yes, that early!) and remember to stretch when you need to. You'll see what we mean. Let's go! W

TEENS
GETTING OFF THE COUCH

Get started: As soon as the teens in your life start working, encourage them to spend wisely along with saving for the future and giving back. They might not care about saving for retirement instead of the latest gaming system, but they may just thank you when they see the power of compounding at work.

Stretch: Most kids will start with a simple bank account, one that barely earns interest – if at all – so consider introducing them to a Roth IRA that will allow savings to grow tax-free, potentially turning a few hundred dollars now into a retirement worth living later.

Pro tip: Cash is king, and as such it shouldn't sit idle. Saving a bit here and there in a rainy day fund builds a financial cushion that can help bridge gaps as they build their careers and futures.

TIP

Increase your savings rate by **1% a year.** You won't notice a difference, but your retirement account will.

20s
BASIC TRAINING

Get started: You may not know it yet, but your employer pays you more than your salary. Between your healthcare benefits, bonuses and profit sharing, you benefit from their investment in you. Don't forget to take all of that into account when comparing job offers.

Stretch: Take the free money! This is even easier than it sounds. You'll be introduced to some sort of retirement savings account, most likely a 401(k). Contribute as much as necessary to maximize all matching contributions offered through your company's sponsored retirement plan. If right for you, select investments that offer growth potential and diversification. Remember that compounding we talked about?

If you save $500 a month starting at age 20 and earn just 5% each year, which is below the average return of the stock market, you'll be a millionaire – with an M – by 65. Seek objective advice from your family's financial advisor if you have questions.

Pro tip: Automate your retirement contributions, then save up in an emergency fund so you don't have to raid your retirement savings should something unexpected happen.

30s
MILE MARKERS

Get started: You're ready to buy a house, get married and/or have a baby. Guess what? Those milestones require a conversation so that you and your significant other are working toward the same lifetime goals and maximizing your income and benefits to cover these important milestones.

Stretch: If you can, set a goal of saving 15% of your salaries. Increase your savings rate when you get promoted, get a tax refund or earn a bonus. Believe it or not, you're halfway to retirement.

Pro tip: Ask your financial advisor to help you define your retirement goals (e.g., lifestyle and when to retire) and create a tax-efficient investment strategy to help get you there. If you haven't already, start estate planning to ensure your wishes for your family are well-documented.

40s
PEAK PERFORMANCE

Get started: Welcome to your peak earning years! Research your position and negotiate a fair compensation package. Your Social Security benefits will be based on your best earning years.

Stretch: If you've changed jobs, consider consolidating accounts from previous employers so you can get a clearer picture of your assets and the fees you pay.

Pro tip: Sending your kid to college is a wonderful goal, but not at the expense of your retirement. Pay yourself first, then consider a tax-advantaged 529. Your advisor has specialized software that can help you prioritize competing goals.

Tip: Visit ssa.gov to view your earnings record and estimated Social Security benefits

50s
WEIGH IN

Get started: Let's look at how far you've come. Revisit your retirement goals with your advisor. It may make sense to dial back some of your investment risk, looking for a balance of short- and long-term gains.

Stretch: If you feel like you need to play catch-up, don't worry. There's always something you can do to close the distance between where you are now and a secure, comfortable retirement. One of the many benefits of age is being able to save even more after age 50. Catch-up contributions allow you to funnel up to $7,000 (as of 2021) into an IRA.

Pro tip: If you find yourself "sandwiched" between caring for children and parents, work with your advisor to figure out how much financial support you can lend, and be sure to care for yourself too.

Make a wish

Certain birthdays mean more as you prep for retirement.

- AGE 50 — Eligible to make catch-up contributions
- AGE 55 — Penalty-free 401(k) withdrawals for early retirees
- AGE 59 1/2 — Eligible for penalty-free IRA and 401(k) withdrawals
- AGE 62 — First eligible for Social Security with reduced benefits
- AGE 65 — Medicare eligible
- AGE 66/67 — Full retirement age for Social Security
- AGE 70 — Maximum (132% of your primary insurance amount) Social Security benefits (you must start benefits)
- AGE ~~70 1/2~~ 72 — RMDs start (recently changed with the SECURE Act)

60s

KEEP AT IT

Get started: Now's the time to start thinking Social Security strategy with your spouse and get a better grasp on which sources of income will make up your retirement "paycheck" to pay for your wants and needs.

Stretch: If you're in good health and have the opportunity, consider working longer in your field or perhaps a new one as a contractor. If you decide to fully retire, line up Medicare or some other health insurance to ensure you have coverage.

Pro tip: A health crisis can derail even the best-laid retirement plans. Make sure you have adequate insurance and an emergency fund. Revisit your beneficiaries and estate plan to make sure they're up to date, just in case.

Apply for Medicare three months before the month you turn 65

70s and 80s

CROSSING THE FINISH LINE

Get started: Retirement is in sight. Hold off on receiving Social Security as long as possible to maximize this important income source. Work with your advisor to incorporate that income as well as your RMDs into a sustainable spending plan (one that will outlast you and keep up with inflation) as you retire on your own well-deserved and well-defined terms.

Stretch: It's not too late to establish a proper legacy plan, including healthcare proxies and powers of attorney. After your needs and wants are met, what would you like to do with the rest of your assets? Review your plan to ensure it reflects your wishes for your family and any charities you support.

Pro tip: Many new retirees worry about spending what they've worked decades to build, forgetting that they've planned for this all along.

Sources: fidelity.com; thewashingtonpost.com; time.com; wealthmanagement.com; oppenheimerfunds.com; metlife.com; Pershing's "The Retirement Challenge Dilemmas and Decisions Through Every Decade"; Employee Benefit Research Institute, "The 2020 Retirement Confidence Survey"; irs.gov

Procrastinators, fret not

Seven out of 10 Americans feel confident they're financially prepared for retirement, according to the EBRI 2020 Retirement Confidence Survey – but if you're not among them, it's not too late. While there's no quick answer, you can still make progress. Remember those small steps we keep talking about? Take one as soon as possible.

Hypothetically, money put away in an investment account that grows 6% annually will double in 12 years, which means that unless you're already on the cusp of retirement, there's still time to accumulate a significant sum. Bear in mind, too, that today's retirements can last a long time and your money will be withdrawn gradually. The balance has the potential to keep growing while you're retired.

Besides saving, other options include trimming expenses; eliminating high-interest debt as quickly as possible; revisiting your asset allocation without taking on undue risk; working for a few more years; or editing your retirement vision to include a simpler lifestyle.

Last but certainly not least, you can lay out everything with your advisor. Determining how much you need for the retirement you envision, what you need to get there, how to invest your money, how to account for inflation, what your healthcare costs are likely to be – these are all matters your advisor understands and deals with every day. Get the numbers and ask your advisor to run the appropriate "what if" scenarios. You may find your situation is brighter than you think and that knowing your options allows any lingering concerns to fade.