Catching Up Retirement Savings

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Many Americans do not have adequate savings to cover them through their retirement years.
Federal Reserve 2017 Report on the Economic Well-Being of U.S. Households

You've heard the advice to start saving for retirement in your 20s to reap the most benefits. That's all well and good if you're 20. What about if you're 40? Can you catch up?

With 20 years ahead of you before retirement, yes, time is still on your side to build up your savings.

It's crucial to plan a retirement income savings strategy that will provide adequate funds to cover you throughout your retirement years. You need to consider:

- Age you plan to retire
- Retirement goals
- Living expenses
- Expected life span

Talk to a financial professional you trust. They can walk you through realistic expectations, taking your savings time horizon, risk tolerance and retirement goals into consideration.

Crank up the savings.

Good news is you're likely making more money than before. It is time to put away as much as you can into your retirement savings accounts.

- **Increase 401(k) contributions to 10-15%.**
- **Max out Roth IRA contributions.**
- **Cut expenses where you can to save more.**

Balance your debt.

Bad news is you are likely facing more debt than before with a mortgage, multiple car payments, student loans (for you or your kids) and possibly your parent's care. The trick during your prime accumulation years is to save as much as you can while not taking on too much debt.

- **Always pay yourself first.**
- **Pay down your debt second.**
- **Sparingly splurge last (minimize debt).**

Create a plan.

People live longer. You need a savings strategy that focuses on sustainable income – continued growth – so you do not outlive your money.

- **Select a diversified portfolio of stocks & bonds.**
- **Focus on growth that will outpace inflation.**
- **Plan realistic expectations for retirement.**

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