Finance Your Retirement

By Carl Fox

With the current up and down state of the economy, it's more important than ever to be on top of planning for your retirement. There are any number of avenues to take to ensure that you have some level of financial security after you've left the workforce, and here are a few of them you should consider.

1) Don't let nervousness, indecision and procrastination disable you: Retirement planning is often accompanied by anxiety. But take the bull by the horns and start your homework at your local library or bookstore, through your area's continuing education program or through your employer. If you are at a loss, one of the best places to get started is your local bank. There are now personal bankers, investment advisors and other financial professionals willing and able to help you plan your retirement. Although your bank may be perfectly trustworthy, keep in mind that it is selling certain things -- you may want to gather information from other sources in order to have something to compare your bank's advice against.
2) Pay yourself first: This is the key statement, one way or another, in just about every book concerning retirement planning. What it means is, before you pay your bills, the mortgage, or anything else, invest in your retirement. This means setting up a retirement account (401K, IRA, Roth IRA, etc.) The rule of thumb for how much to pay yourself is usually 10 percent of your income. If this is not feasible, save what you can afford. For example, if you make $50,000 a year, a one hundred dollar a week automatic deposit into your IRA will result in around 5,000 a year, plus interest. Over 20 years this can pile up into quite a large amount.
3) Invest in the long term: Retirement planning is not about day trading or get-rich-quick schemes, but about making stable investments that appreciate over time. Certain mutual funds are low risk, as is real estate, CDs and money market accounts. Though interest rates are currently low, these options may appreciate significantly over time. Money put into tax deferred retirement accounts reduces the gross taxable amount on your paycheck.
4) Do your research: Another key statistic often quoted by popular financial advisors is that owning a home is one of the keys to being well off in retirement. So, no matter how old you are, start looking into purchasing a home you can afford.
5) Look into insurance, annuities and other financial products: Yes, they call them products now, but insurance and other investments that mature over a period of time can be to your advantage and your family's. Two of the most overlooked insurance items are supplemental disability insurance and long-term care insurance. Premiums for these types of insurance can be quite reasonable when you're young, and though you may be paying for a long time, the benefits are substantial if you ever become permanently disabled or suffer a long-term illness.
6) Plan ahead: If you want to live on a golf course, you could invest in that property now, with rentals paying your mortgage, until you decide to move in permanently. If you have kids who will need to go to college, start a tax-exempt fund now so you're not hit with a big bill when they come of age. And teach your kids some

basics of financial planning as well – the better they handle their own money the less they'll need yours.

7) Stay healthy: This is one of the most important things you can do in planning for retirement. Lose weight, quit smoking, get regular check-ups and exercise regularly. What's the point of having a financially secure retirement of you can't really enjoy it? Maintaining your health and vigor is the number one tip for retirement planning. Also, if you have good health, you may be able to work long after retirement age to either continue or supplement your income and investments.