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| **Small Steps You Can Take to Save for Retirement****Saving for retirement can seem impossible when you are saddled with so many daily expenses: student loans, mortgage/rent, car payments, childcare, and more. But there is nothing wrong with starting small, because the power of compounding interest can go to work for you.**The money you contribute to your retirement now has the potential to grow due to interest, investment earnings, dividends, and capital gains. The actual amount you sock away each month is less important than saving consistently. Your discipline now can help you work toward your retirement goals.**Consider a retirement account.** Anyone with taxable income can open a Traditional IRA (Individual Retirement Account), and many companies offer 401k plans to employees. If you are self-employed, you can open your own Single-Person 401k. These retirement accounts let you deduct your contributions and have the potential to grow tax-deferred. When you take money out, you’ll pay taxes on your then-current tax rate, which may be lower than your current one. Furthermore, retirement accounts can provide professional management of your money with transparent and manageable fees.**Take advantage of matching contributions.** Some 401ks provide for employer contributions to match some of your own. You should contribute enough each year to take full advantage of the matching contributions, which are essentially free money. Because 401k contributions are taken directly from your paycheck, you don’t have to take any active steps to put the money aside. This may help you avoid the temptation to spend the money elsewhere.**Downsize your budget.** Make no mistake, you do need a budget to help control and track your spending. A simple spreadsheet or a budgeting app is all you need to start keeping track of your expenses. Examine your budget carefully for ways to economize, including skipping expensive coffee drinks, discontinuing cable channels you don’t really need, and shopping for the best cell phone deals. Squeezing out as little as $40 per month can increase your retirement savings by at least $480 per year.**Make intelligent choices.** You should try and pay off your credit cards each month, thereby disciplining your spending and avoiding needless interest charges. If you do use a credit card, pick one with generous cash back rewards. Spend some time meal planning each week to help avoid the expense of eating out. Use automatic bill pay to ensure you avert missed payments and late fees. Lastly, plan on contributing future bonuses and pay raises to your retirement account.**Start small, think big.** Developing good financial habits need not require huge changes to your lifestyle. Contact me today to begin or review your retirement planning. Together, we’ll identify modest ways to improve your chances to pursue a worry-free retirement.Qualified accounts such as 401ks are accounts funded with tax deductible contributions in which any earnings are tax deferred until withdrawn, usually after retirement age. Unless certain criteria are met, IRS penalties and income taxes may apply on any withdrawals taken prior to age 59 1/2. RMDs (required minimum distributions) must generally be taken by the account holder within the year after turning 72.

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