

FINANCIAL E-BOOK



IS IT TOO LATE TO
BEGIN SAVING
FOR
RETIREMENT



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Retirement

You are 45 years old and it dawns on you that your college days are looking further and further in your review view mirror and you can see the exit sign for retirement not too far down the road. As you sit down at your kitchen table to really assess your overall financial situation, you begin to ponder the life and financial mistakes you have made. You wonder to yourself, “Should I even bother trying to save? Is it too late for me to begin saving for retirement?”

We’ve seen many people come into our office at this juncture in life. Typically there is a personal story about how their financial picture would be better if it wasn’t for the bad real estate decision, the mid-life divorce, or a business venture that just went south. When retirement is beginning to stare you in the face, it’s not easy to admit you may be behind. If you have \$10,000 in your savings account and \$50,000 in 401(k)/retirement assets, it may seem insurmountable to reach the mountain of one day making work optional. So when is it too late to begin saving for retirement?

The short answer to this is never. You should never feel like you are so far behind that you shouldn’t begin setting goals to achieve your dream of making work optional. Here are the steps you should take to get yourself on the right track.

01

Set Goals (and review them on a regular basis)

The most important thing at the start of the process is to set some defined goals. So maybe at this point in life you aren’t going to have 5 million dollars in retirement, but the key is finding out how much you would need in addition to social security and other pensions to be able to save now to help you recreate a paycheck down the road. You can also figure out how conservative or aggressive you’ll need to be with your investing plan based upon the financial plan you put in place.

02

Get Your Expenses In Order

Remember, at age 45, the next 15 to 20 years should be your peak earning years. If you get your fixed and discretionary expenses in order, you’ll be able to save more of those bonuses and salary increases as they happen. One of the keys to make up the ground you lost from early compounding of your retirement assets is to minimize your expenses. This means taking on a smaller house, buying used cars, and not expanding your lifestyle if your income increases.

03

Pay Down Debt

We’ve seen many people retire throughout our many years of doing this business. As you approach the exit of retirement, you want to be sure you pay down all consumer debt. You will also want to work aggressively on trying to pay down your mortgage. If you can’t save up enough money then reducing overall expenses will be an important part of this equation.

04

Take Advantage Of Catch-Up Rules

50 is always a big birthday milestone in people’s lives. While you may take a dream vacation or throw a rock star like party on this day, it actually triggers an important switch when it comes to savings. For both your 401(k) plan at work and for your IRA/Roth IRA contributions, you can actually start to put away more money into these plans. Once you turn fifty, if you have the cash flow you should immediately accelerate to the maximum on all of these catch up provisions.

05

Talk To Your Kids

If one of the reasons you are in this bind is because your children are living the good life at your expense, it is probably time to sit down and have a straight talk about why things need to change. While we all want our kids to have a better life than we did, making financial decisions like over the top birthday parties, expensive vacations, and holiday times that even Santa Clause couldn’t afford is just a poor money move. Ask a 21 year old if they remember all of the gifts they got from the ages of five to ten years old, and they just won’t be able to tell you.

One of the greatest comedians of all time is Rodney Dangerfield. He’s just one of those guys who can make you laugh before he’s even said the punch line. He started in his comedy career in his early 40’s and became a huge success late in life. Although his favorite line was “I don’t get no respect!” it is never too late for you to get some financial respect to achieve your dreams. It won’t be ‘easy money’ and you might have to go ‘back to school’, but you can still save enough to help make work optional for you down the road.