

# Retirement Planning -- Be Realistic

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By saving as much as they can as early as they can, plan participants can help accumulate the money they may need for a long retirement.

Are you a glass-half-full kind of person? There's something to be said for being an optimist. However, it's important to also be a realist, especially when it comes to your retirement. Regardless of how long it will be until you retire, if you simply assume that you'll have enough money when the time comes instead of planning ahead, you could be in for a big surprise.

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## A Scary Thought

Running out of money in retirement is a big concern. But it happens. One reason is longer life expectancies. Your retirement could last 20 or 30 years or longer. If you haven't planned for that possibility, you could outlive your savings.

Lifestyle also plays a role. Some people are satisfied living a simple, financially conservative retirement. But if you hope to spend freely on travel and other expenses, you'll need a bigger pot of savings. And don't forget to include health care expenses in your retirement spending estimates.

## A Proactive Plan

To avoid outliving your retirement assets, consider starting as early as you can to save as much as you can in your retirement savings account. If you have decades to go before you start tapping into your savings, time is on your side. Steady saving over a long period should allow you to build a healthy nest egg.

If you have years instead of decades to beef up your savings, you can help your cause by increasing the amount you're contributing to your plan. And if you're very close to retirement age, you might want to consider working for a few more years so you can continue building up your savings and delay taking distributions.

Wherever you are in your career, contributing as much as you can to your plan now may help you avoid outliving your savings later.

Your situation is unique, so be sure to consult a professional before taking action.

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### Are You Saving Enough?

Desired annual retirement income	Savings needed assuming 5% annualized return in retirement	Savings needed assuming 7% annualized return in retirement
\$20,000	\$281,879	\$233,072
\$40,000	\$563,758	\$466,143
\$60,000	\$845,637	\$699,215
\$80,000	\$1,127,516	\$932,287

*Source: DST Systems, Inc. Values assume a 25-year retirement and that all retirement savings would be depleted after 25 years. Future inflation will likely increase your income needs during retirement. The assumed returns in retirement do not account for the fees, expenses, and taxes associated with actual investments. Your investment returns and balances will vary.*

