9 tips for

BUILDING A COMFORTABLE NEST EGG

WHO IS THIS eBOOK WRITTEN FOR?

This eBook is written for you. Whether you are a teenager, just beginning to think about your financial future, a Gen-Xer with a decade more of work before you retire, or a Baby Boomer on the verge of retirement, this book offers a variety of ways to save for retirement at any stage.

WHAT WILL YOUR RETIREMENT LOOK LIKE?

AHHH RETIREMENT – that distant and glorious stage of life, when you can slip into your comfy clothing and spend your days dangling your feet off a dock, surrounded by birdsong and picturesque scenery.

Idyllic daydreams aside, retirement can be an exciting time of change, when you have the freedom to focus on personal pursuits you held off on as you busily raised a family, built a career, saved money for retirement, etc. But if you're like most people, your dreams of a relaxing and carefree retirement can occasionally become clouded with anxiety over how you will fund your golden years.

The following 9 tips will help you start thinking about and planning for retirement. Regardless of your life stage, these actionable tips will help jump start your journey toward building a comfortable nest egg.

1. **SET GOALS** FOR RETIREMENT
2. MEET WITH A **FINANCIAL ADVISOR** ANNUALLY
3. KNOCK DOWN YOUR **DEBT LOAD**
4. **MAXIMIZE** YOUR EMPLOYEE RETIREMENT SAVINGS PLAN
5. AUTOMATE YOUR **PERSONAL SAVINGS**
6. **DIVERSIFY** YOUR SAVINGS
7. **PREPARE** FOR EMERGENCIES AND SURPRISES
8. CONSIDER **DELAYING RETIREMENT** OR SEMI-RETIREMENT
9. **SPEND LESS**, SAVE MORE

1 SET GOALS FOR RETIREMENT

YOUR VISION of a comfortable retirement will look, feel, and sound different than your friend’s vision. After all, you are an individual, with your own habits, hobbies, needs, and wishes. So begin your journey by visualizing what you want your retirement to look like. For instance…

DO YOU WANT TO STAY IN YOUR HOME OR DOWNSIZE?

DO YOU WANT TO LIVE IN THE SAME TOWN, STATE OR COUNTRY?

DO YOU WANT TO TRAVEL?

WHAT KIND OF SPENDING MONEY WILL YOU WANT/NEED?

WILL YOU WANT TO ENGAGE IN ACTIVITIES OR HOBBIES THAT WILL COST MONEY?

By considering what type of lifestyle you want when you retire, you can begin to wrap your head around what you’ll need to do to build a nest egg that supports that lifestyle.

> **NOTE:** *Along with the activities and things you want to have in your life when you retire, imagine how you will feel during retirement. Imagining the effect of retirement on your emotions and intellectual development will help you dig deeper into what types of support and comforts you will need at that time. Your vision for retirement will become clearer as you age, but this exercise is useful regardless of how old you are.*

Begin setting lifestyle goals on your own and with your significant other and then meet with a financial advisor to determine how much you will need to save in order to meet your financial goals. An advisor can also help you choose which savings vehicles will be most effective in helping you achieve your goals.

2 MEET WITH A FINANCIAL ADVISOR ANNUALLY

DEVELOPING A PLAN with a financial advisor is just the first step. Your plan will change as your life, the markets, and the political environment shift. A financial advisor can be your greatest ally as you build your nest egg, helping you translate the details of your life and finances into a working strategy and holding your hand when market conditions fluctuate or other threats to your financial security arise.

Financial advisors are experts. Much like doctors are crucial to saving lives, advisors are crucial to financial planning. By committing to an annual “checkup”, you ensure that your plan is up to date and that you are on track toward a healthy and happy retirement.

3 KNOCK DOWN YOUR DEBT LOAD

IF YOU'RE LIKE MOST PEOPLE, you will accrue, or have accrued, significant debt during your thirties and forties. It's difficult not to dig yourself into some amount of debt during these years, as you build a family or simply follow your personal dreams. When you reach retirement, you won't have the same earning capacity, which means you will have limited means for paying down debt.

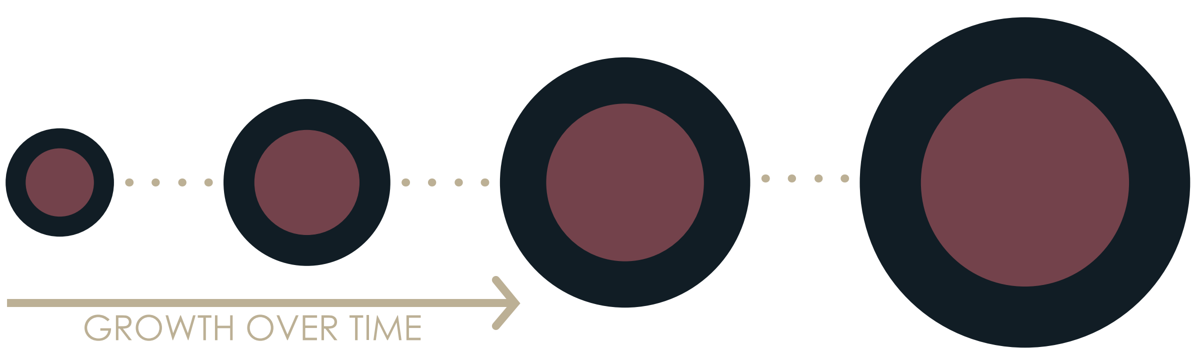
Make things easier for your future retired self by eliminating your debt *before* you retire. Make a commitment to paying it down as quickly as possible and avoiding additional debt. The best place to start is with high-interest debt, like credit cards and other non-secured loans. Then begin whittling away at lower-interest, secured debt.

4 MAXIMIZE YOUR EMPLOYEE RETIREMENT SAVINGS PLAN

IF YOU HAVE A 401(K) OR 403(B) PLAN through your employer, you have a valuable tool for saving and multiplying your hard-earned dollars (tax-deferred). Most employers will match a percentage of your contribution, effectively increasing your pay by the matching amount. This is free money! To maximize your benefit, increase your contribution as much as possible.

Employee retirement savings plans are also beneficial because the money is deducted from your paycheck before you ever see it, so you don't have to decide whether to spend or invest the money each pay period.

For as long as you leave your money in your retirement plan (or make a trustee-to-trustee transfer to move it into another qualifying retirement account), it will continue to grow until you withdraw it at retirement age.



5 AUTOMATE YOUR PERSONAL SAVINGS

IN ADDITION TO YOUR EMPLOYEE SAVINGS PLAN, you can save even more by asking your employer to automatically transfer money from your paycheck to your personal savings account. To do this, begin with a goal annual savings and divide by the number of pay periods during the year to determine how much should be transferred to your savings each month.

$$\frac{\text{ANNUAL SAVINGS GOAL}}{\text{PAY PERIODS PER YEAR}} = \text{\$\$\$ TO SAVINGS EACH MONTH}$$

FOR EXAMPLE:

If you are paid bi-weekly and your goal savings is $4,500, divide by 26 (the number of pay periods in the year) and ask your employer to transfer $175 to your savings account each pay period. (Saving this amount per pay period will actually earn you $50 over the $4,500 goal.)

$$\frac{\text{\$4,500.00}}{\text{26 PAY PERIODS}} = \text{\$175.00 TO SAVINGS EACH PAY PERIOD}$$

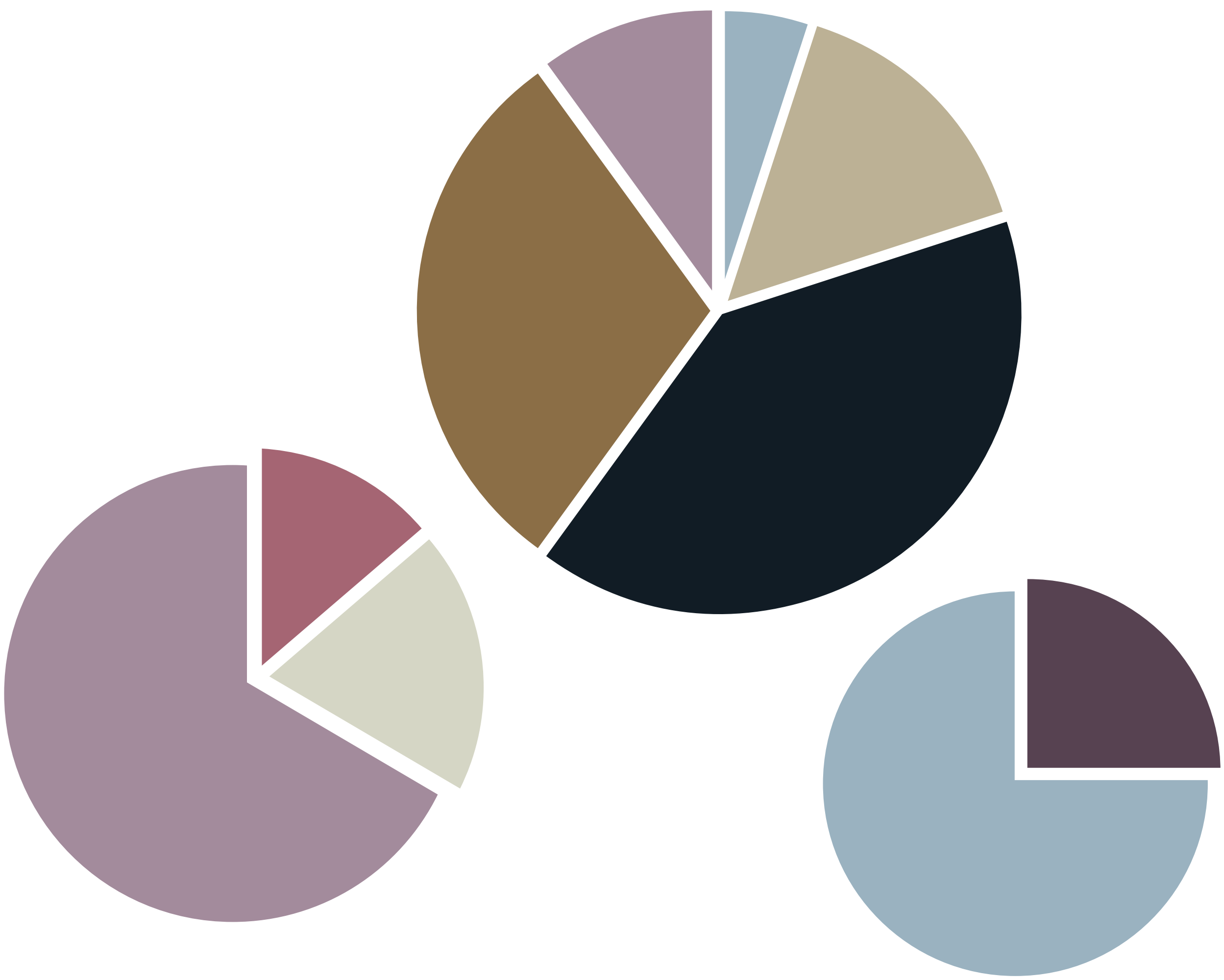
If you hit a rough patch, you can always ask your employer to stop the transfer, but by automating your savings, you prioritize your future self automatically.

NOTE: *Savings accounts do not generally offer high rates of return, so if you are saving regularly and your account is growing steadily, talk with an advisor about the best way to invest the growing funds on a regular basis.*

6 DIVERSIFY YOUR SAVINGS

DIVERSIFICATION weaves together a number of financial accounts that offer varying degrees of risk. Just like woven fabric relies on many small and relatively weak threads to create a strong and resilient piece of fabric, diversification creates a powerful portfolio by creating multiple means of return, thereby minimizing the damage caused by one under performing investment.

Diversification is important within each of your investment accounts. It is also important across your investments. Rather than choosing one investment vehicle for all of your money, work with a financial advisor to invest your money in a variety of vehicles that will result in multiple flows of income when you have retired.



NOTE: *As you might imagine, your investments will become more complicated over the years. Most advisors offer online portals to help you keep track of multiple investments and make sure you are meeting your retirement savings goals.*

7 PREPARE FOR EMERGENCIES & SURPRISES

LIFE DOESN'T STOP WHEN YOU RETIRE. The same natural laws hold true, so you can expect life to throw a monkey wrench or two in your retirement plans. Some of the common "wrenches" include inflation, rising health care costs, health crises, location changes, fluctuating markets, tax regulation changes, and a longer life (i.e., outliving your savings).

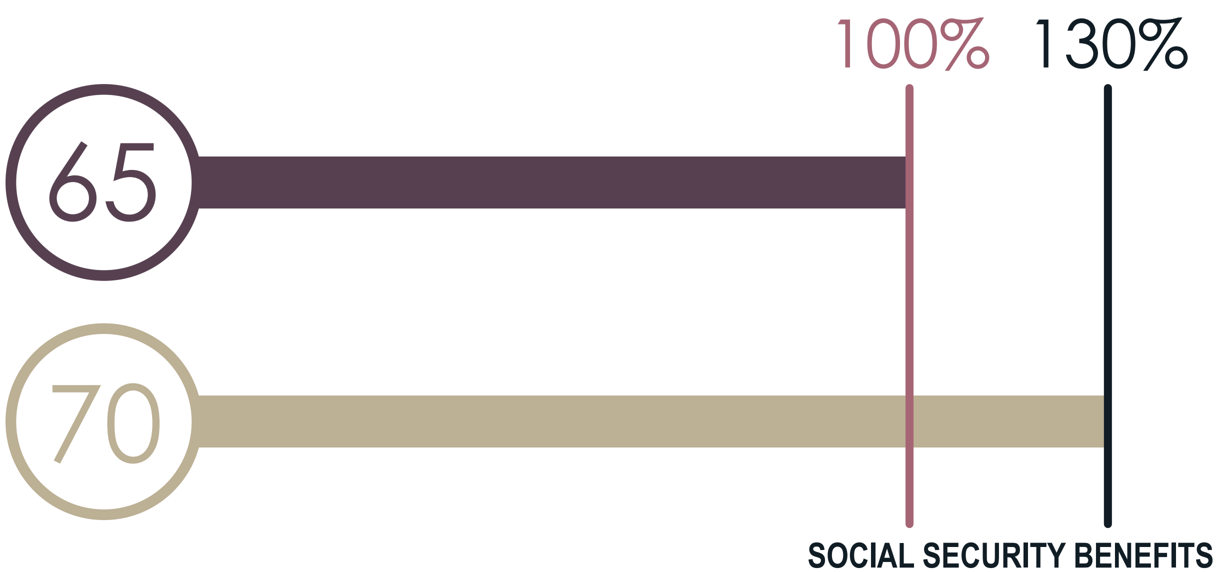
You can't anticipate all potential outcomes, but you can prepare for disaster by saving more than you think you'll need and working with family members and friends to determine how you will manage likely scenarios. Talk with your children and other close family friends about your wishes, should you become ill or disabled and devise a plan in the case that you outlive your savings. These are tough topics but it is better to create a strategy for crisis before it hits.

8 CONSIDER DELAYING RETIREMENT OR SEMI-RETIREMENT

THE LONGER YOU DELAY RETIREMENT, the more you will receive from Social Security and the longer your retirement funds will have to grow. If you have the option and are able to continue working, hanging onto your job for a few extra years can make a big difference in the size of your nest egg.

FOR EXAMPLE:

Depending on your date of birth, you will receive 100% of your Social Security benefits if you retire between the ages of 65 and 67. However, if you wait until you are 70 years old, you can receive between 124% and 130% of your Social Security benefits. That's a lot of extra benefit for a few years of work. During the additional years of work, your employer-sponsored retirement package and other retirement accounts will also grow.



Once you have reached full retirement age (the age at which you are eligible to receive 100% of your Social Security benefits), you can continue to work part-time while drawing on Social Security. If you love your work or want to branch out into a different type of work, semi-retirement can be a comfortable way to ease into full retirement without drawing too deeply on your retirement accounts.

NOTE: *Some retirement accounts require that you withdraw funds regularly by April 1 of the year after you reach 70.5 years of age. This is called a "required minimum distribution." The amount you must withdraw is based on your age and the value of your account.*

9 SPEND LESS, SAVE MORE

SPENDING LESS IS ANOTHER WAY OF SAVING MONEY and can help turn meager retirement funds into sufficient funds or, if you really master it, excessive funds. This is a great skill to develop at any stage of life, but particularly as you are paying down your debt and before you move into retirement. A few ways to save include:

AVOIDING UNNECESSARY, LITTLE EXPENSES that add up over time (the latte from the corner café, the store-bought sandwich, wine with dinner, etc.)

CLIPPING COUPONS OR BUYING LOW-COST VERSIONS of items that don't need to be highest quality

PURCHASING NON-PERISHABLES IN BULK is more money at the time of purchase, but costs less overall.

CALLING THE UTILITY COMPANIES annually to make sure you're on the least expensive plan

GENERATING A LONG LIST OF FREE THINGS you love to do and doing them more often than the expensive things you love to do

Spending less is a good habit to be in when you reach retirement, when you will have less to spend and will want to stretch your savings as far as they will go.

> **NOTE:** *Spending less can be addictive. Once you get going, you may catch yourself seeking out deals at the grocery store, scouring the internet for online deals, and switching to low-cost brands that offer the same (sometimes even better) value than higher-priced alternatives. Don't worry, though. This is one addiction you won't have to quit.*

SOME PARTING THOUGHTS

WHEREVER YOU ARE ON THE PATH TOWARD RETIREMENT, taking action will help you keep anxiety at bay. The information provided here is a great start but don't stop here. Talk with an advisor, ask your friends what techniques they are using, continue researching new options, and always keep your mind open to new ideas for saving and building your nest egg. Once you have retired, you can continue to save, spend less, and find creative and enjoyable ways to augment your income.