Retirement - It's Sooner Than You Think!! (honestly)

By Kate Hufstetler

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Many people hear "retirement" and think−− what? 401K? Roth vs. Traditional IRA? Stocks, bonds, mutual funds? Do they?

Or do many people put money away according to the suggested amount and then simply hope that when retirement comes all will work out?

One report I read estimated that 66 million Americans have put away a Whopping $0 towards retirement.

Many people are still thinking there might be a thing called Social Security around when they retire. Social Security: as of 2004, the average annual Social Security retirement benefit is approximately $11,000. That is not a lot to live on folks. Plus, we all hear the news periodically that there might not be any Social Security around when we get older and need it.

And as a further WAKE UP call, I found a calculator which estimated (without Social Security): a couple at 40 bringing in $90k a year (together) with very modest investments

would need to save an additional $2,690,000.00 (yes 2 million +) in order to retire at 65−− OR - plan on working an additional 29 years!!

Now before you get overwhelmed and click over to another article−−lets put our heads together and simply cover a few very very basic start up basics.

1) Standard Of Living: You need to know at what standard of living you will want to live during retirement.

2) Basic Living Expenses: You will need to calculate the cost of basic living expenses (at that level) i.e. electric bill now of $200 = what in 2030?

3) Hobbies and Leisure Activities: Know what type of hobbies, and leisure activities you will keep busy with and what their cost might be then.

4) Family Visiting / Travel: Realize that more and more children move away when grown. So while they work out of state−−YOU may need to do the traveling to see them. Plan for these costs.

5) Convalescent Care (nursing home costs) provincially run about $100/day median. You will need to multiply that times the same 4% inflation rate. Then multiply that times the number of years before you may need it−−to approximate how much you may need to afford for your housing when you need assistance. Truth be known−−WE need to plan to handle that cost ourselves, rather than think our children will be able to take on that kind of additional cost.

You will need to total yearly amounts. You will need the approximate yearly cost to live (at your desired level) during regular healthy retirement. And, you will need the total yearly amount of costs to live in assisted or full care living facilities (for each - you and mate).

Multiply each yearly amount by the number of years you might be living in that circumstance. Example: Retire at 65. Live healthy retirement− 15 years (so 15 x yearly cost of healthy living) . Live assisted - 8 years (so 8 x yearly cost of living in care).

You now have two totals that when added together equal your estimation of the total dollar amount you will need to draw from in order to live after retiring. NOW you are ready to begin planning your investments in such a way that you can achieve that TOTAL number by the time you retire.

Here are some tools to help you now that you are ready to take that first step:

USA Today retirement cost calculator:

Motley Fool's retirement area

Metlife's retirement area

's HUGE retirement resource area:

Until next time−−all the best,

Kate

Kate Hufstetler is a well established Personal Life Coach. Her clients come from both the United States and overseas. She offers coaching services via email and phone consultations. For more information and current highlights please visit:

How To Develop A Secure Retirement Income

By Herb Lazarus

One of the rules of life is that, sooner or later, everyone has to stop working and retire. For some, this is a golden opportunity to enjoy life and do things they never got the chance to do while they were busy with working and raising a family. For others, however, retirement can be a very scary prospect, with no money coming in and yet some of the biggest expenses still needing to be taken care of. Even though work stops, the truth is that life (and your bills) doesn't. Here are some ways to plan ahead and develop a secure source of income for when you retire.

The most important factor in planning out your retirement income is to plan ahead− the sooner you start to plan, the better. As soon as you reach that stage of life where you are receiving a secure income, you should begin to put money aside in order to draw off of when you retire. You can do this by diversifying your investments− small contributions to several areas will add up when you retire to provide you with a comfortable living− if you are very wise and frugal you may find that your retirement income is actually more than your regular working income was!

The best places to put this money are in areas where they will be able to accrue interest, especially of the compound variety. Some safe investments include mutual funds and saving bonds, in which an investor agrees to leave the money aside for a stated amount of time in order to earn the interest that will often be guaranteed. In some areas, it is also possible to invest in Registered Retirement Savings Plans (RRSPs) which will not only accrue interest until the time you retire, they are also usually tax deductible in the present.

You should also look for a job in which a regular contribution is made by both the company and by yourself to a pension plan. Ask your employer if it is possible to have some money deducted from each paycheck and deposited to a specific pension plan− many employers will meet the contributions made by the employee.

The most important thing when you are planning out your retirement income is to make sure that the money you invest for that purpose remains there. Many people lose their retirement nest egg in emergencies or even investing in opportunities that seem iron clad, but aren't. When you make investments towards your retirement, do not touch them. Remember that this money will be all you have at that time in your life, and if you lose it you are going to be in for some hard times, with no chance at recuperation. Any risks as far as investments go should be undertaken with money that you budget for that purpose, and not with any of the money that you plan on setting aside for retirement purposes.

Prudence and long−term planning are the watchwords when you begin to develop your secure retirement income. Make a plan and stick to it, and your golden years will be the best time of your life.

Herb Lazarus maintains a website dedicated to retirement planning at:

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