

Rodger on Retirement

A Toxic Retirement Planning Mistake

Your employer contributes 5% to a retirement plan on your behalf.
You choose to make no contributions, figuring your boss is doing it for you.
Congratulations!

This toxic decision may spell doom for a comfortable retirement.

Many Americans have chosen to ignore the task of investing for their future retirements. They think that the combination of Social Security and employer-sponsored retirement plans will provide a comfortable future income once their paychecks stop. Many individuals are fortunate to have employers who contribute to retirement plans on their behalf. Without thinking it through, these people make the unconscious decision to forgo their own contributions, figuring that the money their boss contributes will be sufficient. After all, if they contributed to the plan as well, they might not have sufficient funds for that great vacation, the backyard-landscaping project, those granite countertops, or a hot tub.

It is imperative that you grasp every opportunity you can to invest for your future retirement. This means contributing a portion of every paycheck to your retirement plan, regardless of whether your employer contributes anything at all. Bosses may come and go, and you may work at several companies throughout your career, but the one constant is what you see when you look in the mirror. When you look in the mirror, you will come face-to-face with the individual who bears sole responsibility for your achievement or failure. Do not make the common mistake of thinking that you have plenty of time to start saving for retirement. You do not.

There will always be multiple demands on the limited resources of your checking and savings accounts. There will always be more wants and needs than dollars available. What if you were to place 10% of your earnings into a retirement account and tell yourself that you will live on the remaining 90%? Does this seem unrealistic to you today? What if you started with 5% or even 3%? The overriding theme is that you begin having this conversation with yourself, and taking action immediately. This cannot wait. Use the power of time and compounding to assist you in growing your retirement assets.

Remember this: you are responsible for your life – not your spouse, your boss, or the government. The quality of your decision making, how you spend your time, and what you choose to focus on will determine the quality of your life and the success you will enjoy.