

Rodger on Retirement

Effective retirement planning

Do this, don't do that. How much simpler can these instructions be? In order to achieve a specific outcome, you must do certain things in a certain order. It's like building a home without architectural blueprints. You are not going to get a truckload of lumber delivered to your home until you have a specific plan of what your home will look like, how big it will be, and what materials it will be made of. What good would it do to get a hammer and nails until you've built the foundation?

That pretty much sums up the idea of effective retirement planning. Do you suppose your grand vision of retirement will materialize on its own without you taking specific steps to create the reality you see in your head? Again, you must take certain actions in a specific order to achieve a positive outcome. Make no mistake. You will always achieve an outcome, but it may not be the one you want. What if you saved 1% of your salary every once in a while when you thought of it? You don't want to do that!

Do this: try thinking in terms of *simple and consistent*. Maybe you can save 5, 10 or 15% of your income. Sporadic saving is rarely effective. Put yourself on a forced savings program. Maybe you sign up for an employer-sponsored retirement plan such as a 401(k) or send money to your IRA from your checking account each month. Don't just sit there, do something! Years from now, you do not want to end up relying on social security payments for the majority of your retirement income. Creating a wealth account or a financial fortress is easy. Just get a crayon and start writing the words!

First, create a simple plan you can follow. No rocket science involved here (NASA scientists can stay home). You can do it as long as you create a rational plan and stay consistent. If \$100 a week is all you can save, it's a fine place to start. Just do not find an excuse and say, "This week I will only save \$40." Stick to your guns and stay consistent. Find ways to increase your savings over time. Remember, the longest journey begins with a single step. I bet there was a time when even Warren Buffett had only enough money to buy only a single share of stock.

If you create a simple plan it will be easier for you to follow. Do not get discouraged if you can only save a small amount. I started my IRA account years ago with \$600. Everyone told me to max out with a \$2,000 contribution. I was embarrassed to say that I had only \$600. But the most important part is to start now. Remember, you will have to create a synthetic paycheck years from now based on your accumulated savings. Here is the simple equation for you math nuts: no accumulated savings = no paycheck. Remember these three words: simple, consistent, and now.