

When Should You Begin to Build Future Wealth for Retirement?

Unfortunately, way too many people approaching retirement are ill-prepared. If you do not prepare for your own retirement, do not expect assistance from the government, either in terms of preparation or a financial “bail out.” In all probability, they will provide you with a Social Security check, but that’s about it. You won’t live high on the hog on a government check. It is a much better idea to do what you can, when you can, to ensure a comfortable retirement. The point is that the sooner you begin to take planning seriously, the more alternatives and options will be available to you. You will lose a lot of flexibility years from now. There are many ways you can begin to build a secure future, and the time to begin building future wealth is *now*.

Here is a list of some of the most common types of retirement plans you may have available to you:

- Traditional IRA
- Roth IRA
- 401(k) plan
- Roth 401(k) plan
- Simple IRA
- SEP IRA
- 403(b) plan
- Profit sharing plan
- Money purchase plan

A 401(k) or 403(b) plan, if offered by your employer, might be an excellent place to begin. I have seen first-rate plans with very attractive features, and also plans that offer a more basic bare-bones approach. Whatever type of employer-sponsored retirement plan you are offered, here are some words of advice: *Learn about the plan and how it can benefit you*, as each of these types of retirement savings vehicles has its own intricacies and details. You may be given a brochure or a website to review the particulars of the plan. I suggest you allocate sufficient time to study it, become familiar with how it works and how you can take maximum advantage of it. These resources often show examples of how you may wish to allocate plan balances, along with different contribution levels and benefits such as matching employer contributions.

If you have questions, ask the appropriate human resources or benefits person in your company. Do not let temporary confusion keep you from making an informed decision. Put your ego aside and do not be embarrassed to ask questions and say you do not understand something. The choice of whether you participate, and your level of participation, in an employer plan will have far-reaching consequences for your future finances. If you have someone you trust to help you make more informed decisions, by all means, consult him or her.

Participating in an employer-sponsored retirement plan is but one of many strategies you might employ. As private employers have minimized the use of defined benefit pension plans in favor of defined

contribution, or 401(k) plans, *the onus for retirement savings has shifted in large part from the employer to the employee*. Relatively few employers will accept the responsibility of providing retirement income until death. What this means, very simply, is that you cannot ignore the importance of actively and continuously saving and investing for the day your paychecks stop. To the extent possible, you will also want to contribute to your own IRA or Individual Retirement Account.

And when should you begin to make these contributions? Actually, yesterday!

*Opinions expressed are those of Rodger Alan Friedman. All opinions are as of this date and are subject to change without notice. Matching contributions from your employer may be subject to a vesting schedule. Please review your plan documents or consult with a financial professional for more information.