The Daily Union
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Title: Are You Ready for Retirement?

According to a recent Gallup poll, the average age of retirement in the United States is 61 years of age. This is different than what non-retired Americans report for their desired age to retire – age 66. This is up from what was reported back in the 1990's, when a similar Gallup poll reflected that the average American planned to retire at age 60. For nearly 28 years, the Gallup organization has been analyzing survey responses to questions about retiring. In the early 90's, the average age of retirement was age 58, but that number has been creeping up to the age of 61 where it has remained since 2011. *Source: Gallup.com: Poll 234302; Snapshot Americans Projected Average Retirement Age*

Regardless of what age you would like to retire, there is no better time than the present to begin saving for that transition in your life. It is all too easy to get wrapped up in the here and now and overlook the important task of saving. However, the longer you delay being intentional about your retirement plan and savings, the more likely you will fall short of having enough money to retire with.

Lorna Saboe-Wounded Head, Family Resource Management Field Specialist, with South Dakota State University Extension, offers the following steps in preparing for your retirement:

Ways to Prepare for Retirement
Financial security in retirement does not just happen. It takes planning and commitment to save enough money to meet your needs. Following are tips to help you become more financially secure as you prepare for retirement.

1. **Start saving and stick to your goals.**
   If you are already saving, whether for retirement or another goal, keep going! You know that saving is a rewarding habit. If you are not saving, now is the time to get started. Start small then monthly or yearly increase the amount you save. The sooner you start saving, the more time your money has to grow. Make saving for retirement a priority by setting a goal, devising a plan, and sticking to it.
2. **Know your retirement needs.**
   Experts estimate that for each year of retirement you will need about 70 percent of your preretirement income – lower earners, 90 percent or more – to maintain your standard of living. Use a financial calculator to estimate the amount of money you need to save based on your current savings and age. Check out the retirement calculator available on the Practical Money Skills website at: https://www.practicalmoneyskills.com/resources/financial_calculators/savings_investment/retirement_fund
3. **Consider basic investment principles.**
   Inflation and the type of investments you make play important roles in how much you will have saved at retirement. Diversify your savings by investing in different types of accounts. Diversification helps to reduce the risk and improve the return. Learn about your plan's investment options and ask questions.

4. **Contribute to your employer's retirement savings plan.**
   If your employer offers a retirement savings plan, such as a 401(k) plan, contribute as much as you can. This type of plan is tax deferred, which means that you will pay taxes on the amount withdrawn at retirement. Companies who offer 401(k) plans usually match your deposit up to a certain percentage. This benefit helps you to increase your savings. Over time, compound interest and tax deferrals make a big difference in the amount you will accumulate. Commit to saving enough that you get the full amount of any matching contributions offered by your employer.
5. **Learn about your employer's pension plan.**
   If your employer has a traditional pension plan, learn about the benefits you will receive. Review your benefit statement to track the savings. Before changing jobs, find out what will happen to your pension and when you would be entitled to the benefits.
6. **Save with an Individual Retirement Account.**
   You can invest up to $5500 a year into an Individual Retirement Account (IRA). If you are 50 or older, the limit is $6500. When you open an IRA, you have two options – a traditional IRA or a Roth IRA. The tax treatment of your contributions and withdrawals will depend on which option you select. IRAs can provide an easy way to save when you set up automatic deposits from your checking or savings account.
7. **Find out about your Social Security benefits.**
   Social Security pays benefits that are on average equal to about 40 percent of what you earned before retirement. You can estimate your benefit by using the retirement estimator on the Social Security administration website at https://www.ssa.gov/benefits/retirement/estimator.html. For more information, visit their website or call 1-800-772-1213.
8. **Do not touch your retirement savings.**
   If you withdraw your savings before retiring, you will lose principal, interest, and possible tax benefits, and may have to pay withdrawal penalties. If you change jobs, leave savings invested in your current retirement plan, or roll the funds over to an IRA or your new employer's plan. Resist the urge to cash out and spend the money.
9. **Ask questions.**
   While these tips intend to point you in the right direction, you will need more information so read publications, talk to your employer, your bank, your union, or a financial advisor. Ask questions and make sure you understand the answers. Get practical advice and act now.

Remember, it's not too late to get started on making a financial plan for retirement. For more information on budgeting and making financial goals, contact me at the Geary County K-State Research & Extension office at 785-238-4161. Until next time, keep living resourcefully!