

It's Never Too Late, Baby Boomers

Have you been saving enough (or anything) for retirement? Your retirement could be as few as 15 years away, and you may have missed out on the advantage of tax-deferred savings for the past 25 years. Well, it's never too late to start. Here are few pre-and post-retirement planning ideas that may help you pay for the retirement lifestyle you desire.

Maximize retirement plan contributions

If you participate in a 401(k) plan, 403(b) plan or other employee-funded plan, contribute as much as you can afford within the limits of the plan and law. Self-employed people can open Keogh or simplified employee pension (SEP) plans. Public or nonprofit sector employees who participate in 403(b) plans may possibly make up, to a limited extent, for a lack of contributions in the past. Similarly, 401(k) plan participants who have attained age 50 may make catch-up contributions.

Fund a traditional or Roth IRA

Even if you don't qualify for a tax deduction through a traditional IRA, contributions will grow tax deferred until withdrawn, usually at retirement. In a Roth IRA, contributions are not tax deductible, but can grow tax free and amounts withdrawn are usually tax-free, with some limitations.

Cut expenses and save

If you can't cut living expenses and save at least 10 percent (preferably 15 to 20 percent) of your gross income now, maintaining your pre-retirement life style in retirement may be more difficult.

Take a second job

Dedicate the additional income to retirement, not to buying a new home entertainment center.

Decide how best to take your pension funds

Pension and tax may affect the decision whether to take a pension fund in a lump sum or as an annuity. Consult with a professional about the best choice for you.

Withdraw from the right accounts

You may be able to stretch your nest egg by withdrawing from taxable savings first. Tax deferred retirement accounts generally grow faster, so don't touch them until you need the funds or the law requires you to begin making withdrawals.

Make use of your home

You can rent out a room (depending on zoning restrictions) for extra income or take out a reverse mortgage that pays you a monthly income. You could sell your home and move into a smaller place, investing the profits for income. Or you can sell your home to your kids in return for lifetime occupancy. Investigate these and other strategies with a financial professional. It's never too late to make your retirement more financially comfortable.

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