

Planning Retirement: Making the Numbers Add Up

For many, retirement may last longer than expected. Because inflation will most likely *decrease* the purchasing power of your money, your dollars may buy less during your retirement than they do today. For example, at 3.5% inflation, \$100 today would be worth only \$42.31 in 25 years, and it would be further reduced to \$30.00 in 35 years.

The first step in developing a savings strategy that best meets your retirement needs is determining your objectives. How do you envision your “golden years”? Spend some time thinking about what is really important to you. Thinking about it *early* puts time on your side.

The second step in planning is to determine from where you will attain your retirement money. With Social Security, the benefits received are based on the income you have earned over the course of your life, subject to a maximum amount. It offers, for most, only a base level of income, which many retirees supplement with savings from employer-sponsored plans, such as pension plans, 401(k) plans, 403(b) plans, Simplified Employee Pensions (SEPs), and Savings Incentive Match Plans for Employees (SIMPLEs). The tax advantages and, in many instances, matching contributions from employers, make these savings vehicles a popular complement to personal retirement savings, which often include *traditional* Individual Retirement Accounts (IRAs) and Roth IRAs.

Now that you’ve thought about your retirement objectives and your potential sources of income, the last step is developing a financial strategy that works for *you*. It’s never too late to start saving, and the sooner, the better.

This article appears courtesy of Jerome Butkow, CFP®, CASL®, RFC®. Jerry is a Financial Planner with MetLife Securities, Inc. He focuses on meeting the financial needs of individuals and business owners who are approaching retirement or in retirement. You can reach Jerry at his office at 631-851-5741. Jerry is the advisor to the Utility Workers of America Local 1-2 401(k) plan. To learn more about Jerry, visit his website www.islandfinancialplanning.com