Top 10 Ways to Save for Retirement

1. Know Your Retirement Needs

Retirement is expensive. Experts estimate that you'll need about 70 percent of your pre-retirement income (90 percent or more for lower earners) to maintain your standard of living when you stop working.

2. Find Out About Your Social Security Benefits

Social Security pays the average retiree about 40 percent of pre-retirement earnings. Call the Social Security Administration at 800-772-1213 for a free Social Security Statement. Find out more about your benefits at www.socialsecurity.gov.

3. Learn About Your Employer's Pension Plan

If your employer offers a plan, check to see what your benefit is worth. Most employers will provide an individual benefit statement if you request one. Before you change jobs, find out what will happen to your pension. Learn what benefits you may have from previous employment. Find out if you will be entitled to benefits from your spouse's plan. For a free booklet about protecting your pension, see the Department of Labor's article What You Should Know about Your Retirement Plan.

4. Contribute to a Tax-Sheltered Savings Plan

If your employer offers a tax-sheltered savings plan, such as a 401(k), sign up and contribute all you can. Your taxes will be lower and your company may kick in more. Automatic deductions from your paycheck make it easy. Over time, compound interest and tax deferrals make a big difference in the amount you will accumulate.

5. Ask Your Employer to Start a Plan

If your employer doesn't offer a retirement plan, suggest that it start one. Simplified plans can be set up by certain employers. Read about IRAs in Publication 590 on the IRS website.

6. Put Your Money Into an Individual Retirement Account

You can put up to $5,500 a year ($6,500 if you are age 50 or older) into an Individual Retirement Account (IRA) and gain tax advantages. 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. The after-tax value of your withdrawal will depend on inflation and the type of IRA you choose.

7. Don't Touch Your Savings

Don't dip into your retirement savings. You'll lose principal and interest, and you may lose tax benefits. If you change jobs, roll over your savings directly into an IRA or into your new employer's retirement plan.

8. Start Now, Set Goals, and Stick to Them

Start early. The sooner you start saving, the more time your money has to grow. Put time on your side. Make retirement savings a high priority. Devise a plan, stick to it and set goals for yourself. Remember, it's never too early or too late to start saving. So start now, whatever your age!

9. Consider Basic Investment Principles

How you save can be as important as how much you save. Inflation and the type of investments you make play important roles in how much you'll have saved at retirement. Know how your pension or savings plan is invested. Financial security and knowledge go hand in hand.

10. Ask Questions

These tips point you in the right direction, but you'll need more information. 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. Financial security doesn't just happen—it takes planning and commitment and, yes, money.

Facts

- Today, only 42 percent of Americans have calculated how much they need to save for retirement.
- 30 percent of those who have 401(k) coverage available don't participate in their employer's plan.
- The average American spends 18 years in retirement.

We're here to help! Contact Sentinel Benefits & Financial Group for the guidance you need.