Countdown to Retirement: Strategies for Saving in Your 50s

Strategies for saving in your 50s

Many retirees today are redefining the "golden years." Forget about endless days of leisure. Retirees seek adventure, travel, and new business pursuits. While these changes may redefine retirement, will retirees be able to finance their plans? Today, many people age 50 and older have not begun to save for retirement or have yet to accumulate sufficient funds.

If you're in this age group and find yourself facing an underfunded retirement, it's not too late to take charge. There are actions you can take today to get on the right track. Here are some ideas:

What's it going to take? First, estimate how much money you will need in retirement. Once you have an idea of the amount, you can work toward meeting that goal. HFM can help you assess the best amount for your situation.

Maximize your contributions. If your employer offers a retirement plan, contribute as much as the law will allow. In 2018, those age 50 and over can contribute up to $24,500 to an employer-sponsored 401(k) plan ($18,500 + $6,000 "catch-up" contribution). Many employers also offer a company match, so be sure you contribute enough to claim this "free" money, which can add up over time.

Create a spending plan. In other words, make a budget. Many people think a budget is restrictive, but look at it this way: You can spend now, or you can have the money to afford your dream adventures later. To start, it is important that you pay down debt and avoid accruing new debt. Next, examine your spending habits and replace some of your discretionary spending with saving. Saving even $20 more per week is a step in the right direction.

Hang out your shingle as a hobby first. Many Boomers hope to start their own businesses in retirement. Why wait? If you test out your entrepreneurial ideas now, your business has the potential to be better thought out by the time you retire. Be careful dabbling, as upstarts can as easily drain your hard-earned savings.

Consider downsizing. Your home may have significantly increased in value since you first bought it, and you may have already paid off the mortgage. With children at or near adulthood, do you really need all that space? Selling now and moving to a smaller, more affordable location better suited to a senior lifestyle may allow you to transfer some of the equity in your home into a savings vehicle.

Reconsider your retirement age. If you want to cushion your retirement savings, consider staying on the job longer. Some people actually leave retirement to reenter the workforce because they feel more fulfilled while working. Others seek part-time work, consulting, or entrepreneurial endeavors. Such options may enable you to earn more money to save, which may help to postpone spending down your savings.

Regardless of which options you choose, you can benefit from time and compounding interest. Every year that your savings remain untouched allows more time for growth. It is never too late to start preparing for your future. So, take action *now* to get on track to saving for your retirement.

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