

Get Retirement Ready

How millennials can start preparing for retirement right now

In your 20s and 30s, there are so many expenses competing for your dollars that it can feel impossible to make retirement a priority. But when you're finally making more money and those student loans are history, you won't want to be playing catch-up with your retirement savings. Saving your money now can give you the freedom to spend more freely later.



Follow the money



66%

of millennials expect their retirement to be funded primarily through retirement accounts or other savings and investments.¹
The sooner you start saving for retirement, the more time your money has to grow.

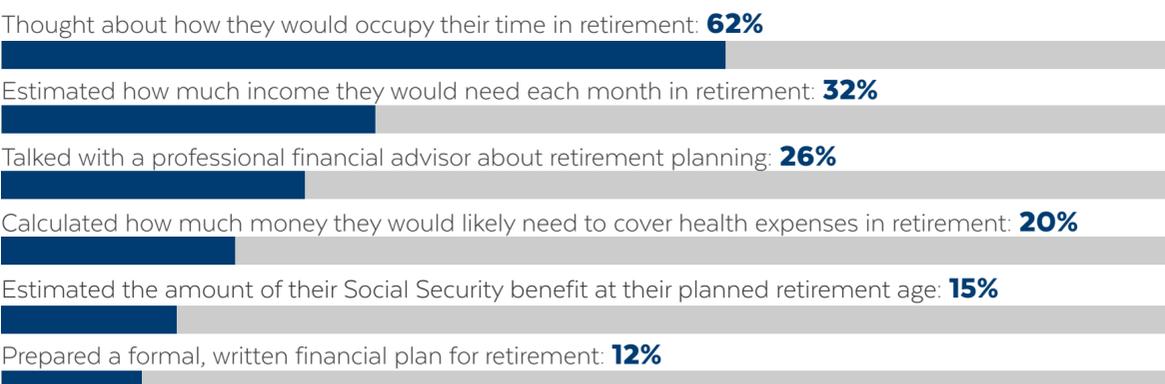
By age 65, contributing \$2,000 annually to a retirement account with an average annual return of 8% will accrue:²



Time to start thinking ahead³

Only 38% of workers ages 25-34 have tried to calculate how much money they need to accumulate for retirement.

Percentage of workers ages 25-34 who have:



Only 24% of young workers feel very confident that they will have enough money to live comfortably in retirement.



Ready, set, save

Saving for retirement is simple. Here's how to get started:

- **Develop a savings plan.** If you haven't started saving for retirement yet, start with an amount you feel comfortable contributing monthly, such as \$50, and try to increase the amount every few months.
- **Contribute to your employer's plan.** If your employer offers a 401(k) plan, sign up. If your employer offers a matching contribution, aim to contribute at least enough money to receive the full match.
- **Maximize compounding potential.** When you save early, you take full advantage of compounding returns, which is calculated based on principal and accrued interest.
- **Calculate how much you'll need.** When you retire, you could need 70 to 90 percent of your pre-retirement income to maintain your lifestyle. Keep in mind that the average American spends about 20 years in retirement, and it's wise to plan for even longer.
- **Make your goals social.** If you want to make your savings plan stick, consider mentioning it to your friends via social media. They can help talk you out of that splurge purchase if they know about your goals.



Go DIY with an IRA

Your employer doesn't offer a retirement plan? Not to worry. You can save for retirement on your own with an individual retirement account (IRA).

Two of the most popular types of IRAs:⁴

- 1 Traditional IRA:** An account that allows pre-tax contributions of up to \$5,500 to be made annually. Withdrawals in retirement are taxed as income. (People over age 50 can contribute more using "catch-up" contributions.)
- 2 Roth IRA:** An account that allows after-tax contributions of up to \$5,500 to be made annually. Withdrawals in retirement are tax-free as long as you are at least 59½ years old and the account has been open for at least five years.



¹ "The Retirement Readiness of Three Unique Generations: Baby Boomers, Generation X, and Millennials," 2014, TransAmerica

² "Traditional IRA Calculator," Bankrate.com

³ "Age Comparisons Among Workers," 2016 Retirement Confidence Survey, Employee Benefit Research Institute

⁴ "IRA Contribution Limits," IRS.gov

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