



# RETIREMENT ISN'T A DESTINATION, It's a *Lifelong Journey*

**Whether** your retirement is far away or just around the corner, one thing's certain: When it comes to achieving a comfortable retirement tomorrow, a consistent savings plan must be part of your lifestyle today.

Does this mean you have to trade your daily gourmet coffee for the office mystery blend? Not necessarily. Instead, commit to balance your daily indulgences with responsible savings.

## Savings Strategies for Your Life Stages

Start by checking to ensure your savings strategy is appropriate for your stage in life. Find your age range among the following series of profiles to discover how you can make saving a comfortable part of your long-term lifestyle.



## Where Will Life Take You?



### In Your 20s

#### CURRENT REALITIES

Your 20s bring a time of freedom, self-discovery and new adventures. It can also be the first time you've managed your own finances.

You may find yourself juggling common expenses including:

- Rent
- Credit card debt
- Car loan
- Student loans

With freedom comes responsibility and your finances should be a top priority.

#### IMMEDIATE ACTIONS

- 1 Arrange automatic savings –** One of the advantages to your company's 401(k) plan is automatic payroll deduction. When you receive your paycheck, money is already deducted and moved into your retirement savings account, so you don't have to think about it.



As you journey through life, so too must your savings plan. And that means saving consistently, and regularly increasing contributions – starting right now.

#### 2 Balance indulgences with savings –

It's okay to enjoy a night out with friends, *after* you've contributed as much as possible to your 401(k) plan. Create an overall budget to help identify and prioritize indulgences you can and can't live without.

#### 3 Prepare for the unexpected –

Things can change quickly. A job loss or unplanned car repairs can put you in a cash crunch. Start building an emergency savings fund to cover 3-6 months of living expenses.

#### FUTURE REWARDS

Saving for retirement as early as possible gives you a huge advantage – the luxury of time. The longer you let money grow, the bigger your savings can become. This is the power of compound interest. And it means you can invest a smaller dollar amount and potentially finish with a bigger retirement nest egg than if you started saving later.

# In Your 30s

## CURRENT REALITIES

At this stage you may be family- or career-focused, or both. You may face new expenses including:

- Supporting a growing family
- Mortgage payments
- Saving for children's college

As you advance in your career, your income may grow as well. This gives you even more opportunity to increase contributions to your 401(k) and fully fund an emergency fund.

## IMMEDIATE ACTIONS

**1** **Set goals** – Set monthly savings goals for major life events:

- College savings
- A new baby
- Six-month emergency fund
- Retirement

**2** **Maximize tax savings** – The tax savings built into 401(k) plans can be useful at this stage when you may have other tax deduction opportunities as well, including a small business, children, or mortgage interest.

## FUTURE REWARDS

Time is still on your side in your 30s. With up to 35 years until retirement, your savings has plenty of time to grow. A disciplined financial plan will pay off when you can enter retirement with major expenses already covered.

# In Your 40s

## CURRENT REALITIES

By this time, some monthly expenses may end, such as child care or a car loan. Others may begin, including:

- Purchasing investment property
- Paying college tuition

As your financial obligations shift, adjust your saving and spending habits.

## IMMEDIATE ACTIONS

**1** **Increase savings** – As some expenses end, put that money into your retirement plan. Do the same for any work-related bonuses or pay increases.

**2** **Eliminate debt** – Commit to paying off all outstanding consumer debts such as credit cards and car loans. Consider if and when you plan to pay off your home mortgage.

**3** **Use retirement savings for retirement only** – It may be tempting to tap into your 401(k), but when you consider the monetary penalties involved, and the loss of future savings, borrowing against or withdrawing your retirement savings could prove costly.

## FUTURE REWARDS

As your financial obligations change, you may be in a better position to fund your retirement account. Even with 20 years until retirement, the sooner you establish a solid financial plan – with a focus on saving and eliminating debt – the sooner you can retire.

# In Your 50s

## CURRENT REALITIES

These may be your best earning years. Major monthly expenses may be behind you. Dream vacations may become a reality. Retirement is on the horizon. Know where you stand financially and what you need to change to meet your goals.

## IMMEDIATE ACTIONS

**1** **Firm up your retirement savings** – Take advantage of 401(k) “catch-up” options, which allow individuals over 50 to save an additional amount of pre-tax money.

**2** **Create a budget for retirement income needs** – You may need 75-90 percent of your current income in retirement. Start examining your financial needs to determine exactly how much you need to achieve your desired lifestyle.

**3** **Consider where you will live** – Do you plan to stay in your current home through retirement? Do you dream of a vacation home? Think about your real estate needs and prepare to take action.

## FUTURE REWARDS

All the hard work and diligent savings you've practiced since your 20s is about to pay off. It's up to you to decide when you're ready to retire.

## MAXIMIZE LIFE'S MILESTONES

**It's possible to enjoy** life and save for retirement. Just make sure that as you journey toward retirement, you take steps to align your financial priorities with your stage in life. **Remember: The most successful retirees made savings a long-term part of their pre-retirement lives, and started saving early!**

To find out how much monthly income you may need in retirement, visit your Participant Web site for more information.

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