The Basic Principles of Retirement Planning

1) Set a retirement goal. Know how much you need to save.

2) Time is money. The sooner you begin saving, the better.
   Example A: Susan saves $2,000 a year starting at age 35. She saves for 10 years ($20,000). At 8% interest a year, she will have $151,000 at age 65.
   Example B: Rick saves $2,000 a year starting at age 45. He saves for 20 years ($40,000). At 8% interest a year, he will have $99,000 at age 65.

3) Target at least of your profit for retirement savings. If you are over age 30, 20% is better!

4) Make regular, consistent investments into a retirement fund, regardless of general economic conditions.

5) Don't be overly conservative in where you invest your money.

6) Don't put all your eggs in one basket. Diversify your investments.

7) Develop the savings habit. Don't buy anything unless you can pay cash for it. The only exceptions: house, home improvements, education.

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