

How to Save for Retirement

It pays to start early with retirement planning.

You may need up to 80% of your annual income today to retire comfortably.¹

Here are five ways to help get your retirement plan off the ground.

1 Determine How Much You Might Need to Retire Happily

It's time to crunch some numbers and review your expenses.



Let's say the total equals **\$3,000/MONTH**.

You'll likely need a minimum of this amount in retirement income to cover these expenses.

$$\begin{array}{ccccccc}
 \$36,000 & \times & \text{clock icon} & = & \text{SAVINGS GOAL} \\
 \text{total retirement} & & \text{anticipated length} & & \\
 \text{income for the year} & & \text{of your retirement} & &
 \end{array}$$

2 Make Saving a Priority

After you have a savings goal, determine how much you should put aside each month. A good rule of thumb is to set aside about **10-15% of your income² for retirement.**



3 Decide How You'll Prepare for Retirement

Here are some options:

401(k): Contribute a percentage of your income. Some employers even match a portion of your contributions.

Traditional or Roth IRA: Put pre-tax or after-tax dollars into a retirement account.

SEP IRA: Self-employed? Make tax-deductible contributions of up to 25 percent of your salary, which cannot exceed \$58,000 for 2021³

SIMPLE IRA: Make tax-deductible contributions of up to \$13,500 of your salary for 2021.⁴

Annuity: Potentially earn interest and defer paying taxes on the earnings until you make a withdrawal.



4 If You're 50 or Older, Consider Making Catch-Up Contributions

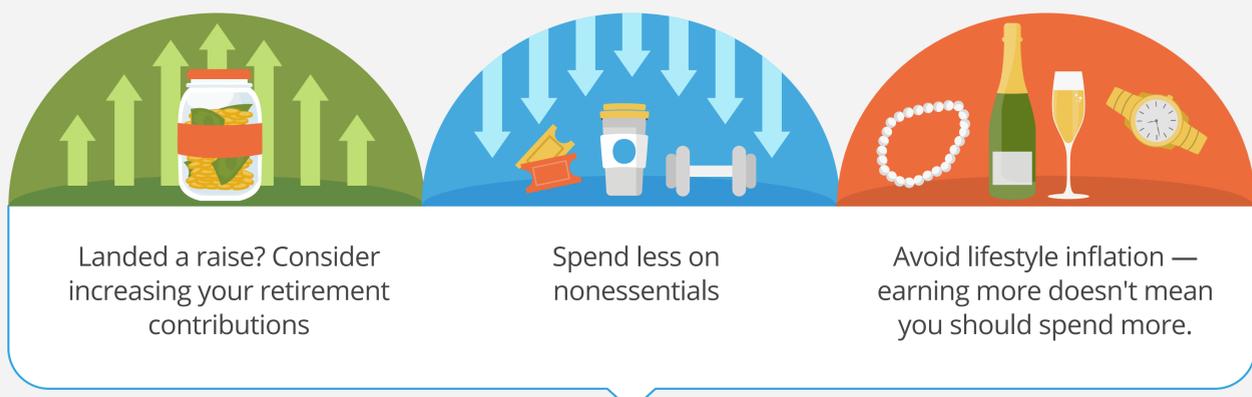
Behind on retirement savings? If you're 50 or older, making catch-up contributions can help you get closer to your goal.

For 2021, you can contribute an additional \$1,000 to an IRA⁵ or an additional \$6,500 to a 401(k).⁶



5 Put in the Work

Continue to save every month.



Start developing the road map to your retirement destination today.

www.westernsouthern.com

Sources:

¹ www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-benefits-of-saving-now

² money.cnn.com/retirement/guide/basics_basics_moneymag/index7.htm

³ <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-seps#contributions>

⁴ www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-simple-ira-contribution-limits

⁵ <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>

⁶ <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>

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