

# 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.<sup>1</sup>

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 income<sup>2</sup> 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 2021<sup>3</sup>

**SIMPLE IRA:** Make tax-deductible contributions of up to \$13,500 of your salary for 2021.<sup>4</sup>

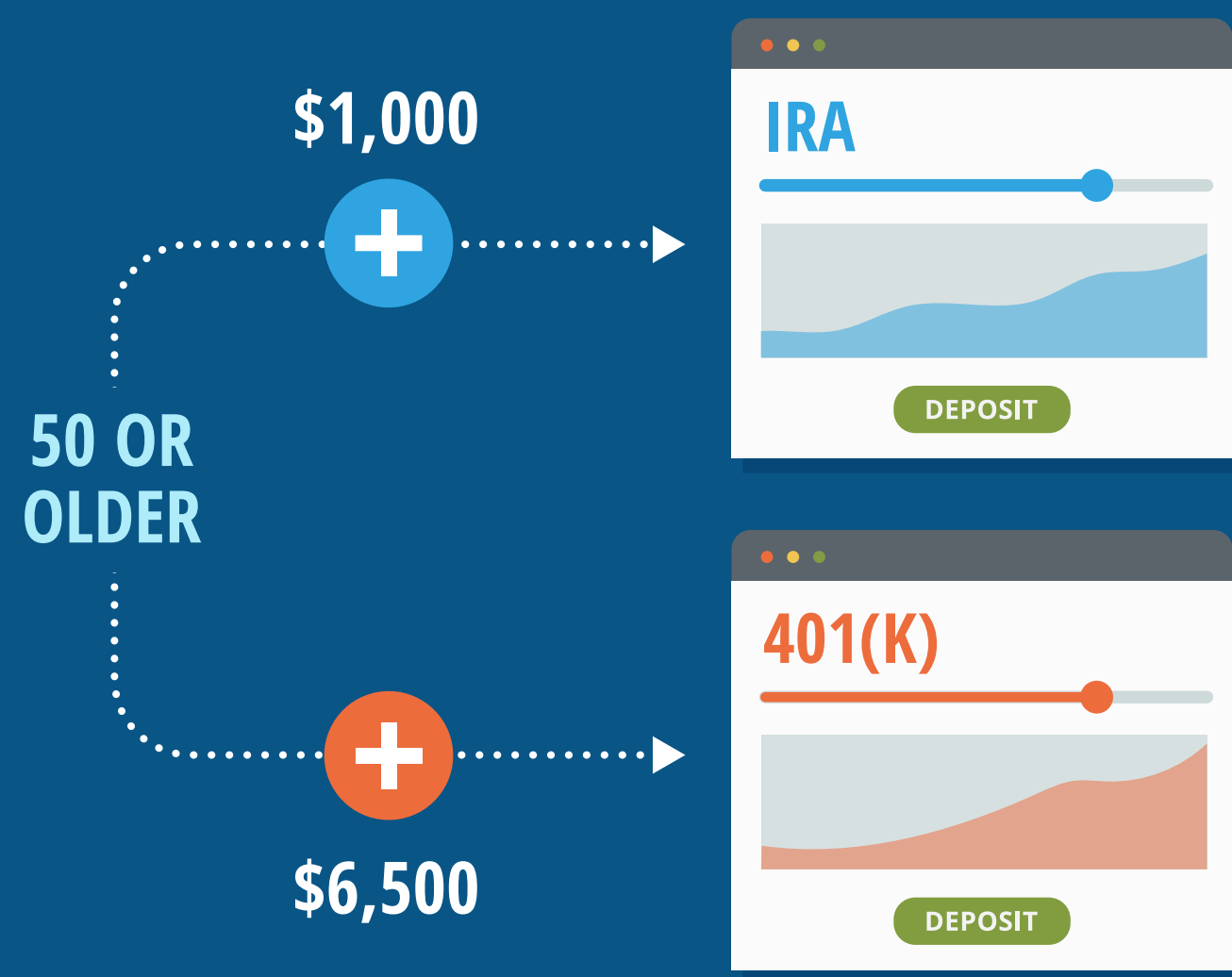
**Annuity:** Potentially earn interest and defer paying taxes on the earnings until you make a withdrawal.



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

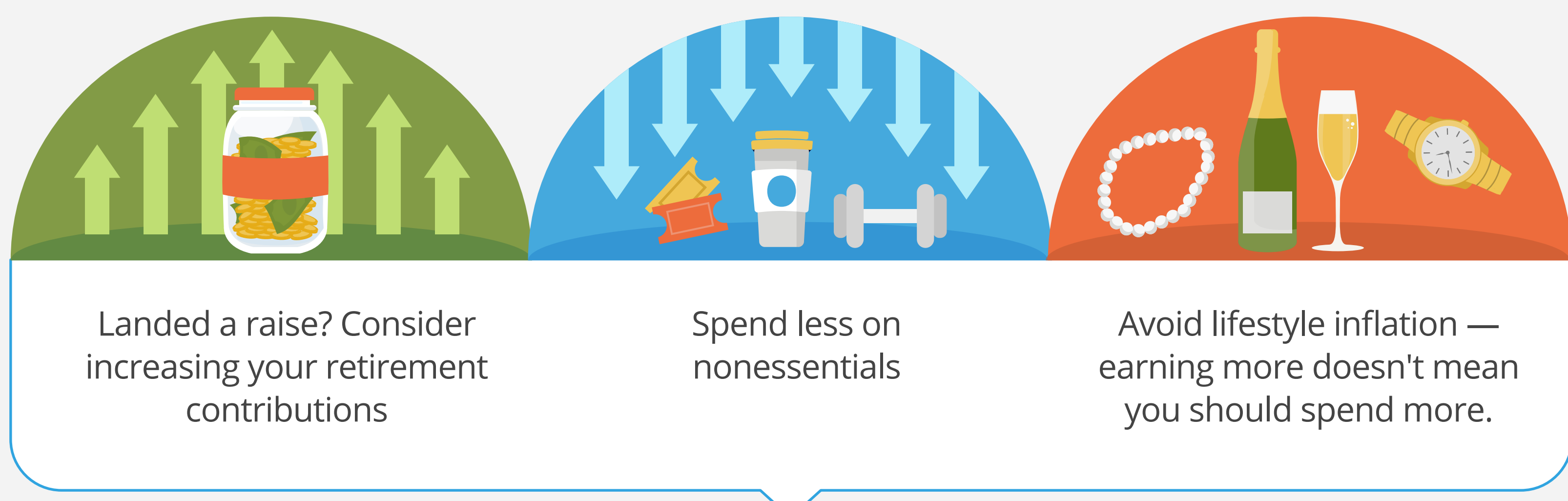
Behind on retirement savings? If you're 50 or older, making catch-up contributions can help you get closer to your goal.

For 2021, you can contribute an additional \$1,000 to an IRA<sup>5</sup> or an additional \$6,500 to a 401(k).<sup>6</sup>



## 5 Put in the Work

Continue to save every month.



Start developing the road map to your retirement destination today.

[www.westernsouthern.com](http://www.westernsouthern.com)



Sources:

<sup>1</sup> [www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-benefits-of-saving-now](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-benefits-of-saving-now)

<sup>2</sup> [money.cnn.com/retirement/guide/basics\\_basics\\_moneymag/index7.htm](https://money.cnn.com/retirement/guide/basics_basics_moneymag/index7.htm)

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

<sup>4</sup> [www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-simple-ira-contribution-limits](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-simple-ira-contribution-limits)

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

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