12 ways
to revive your retirement savings

If you're concerned that you haven't put enough away to retire, you have plenty of company – about one in four Americans feel the same way.[1] And while there's no silver bullet solution, you may be able to catch up – if you're willing to be realistic and take the steps necessary to get on track.

Let's address the biggest problem first. If – for whatever reason – you're just getting started on building that retirement nest egg, you've lost *some* of the advantage of time. They key word, however, is "some." Money put away in an investment account that grows 6% annually will double in 12 years,[2] which means that unless you're already on the cusp of retirement, there's still time to accumulate a significant sum. Bear in mind, too, that today's retirements can last a long time and that your money will be withdrawn gradually. The balance will likely be able to keep growing while you're retired.

[1] Employee Benefit Research Institute, "The 2014 Retirement Confidence Survey"
[2] This is a hypothetical example for illustrative purposes only. It is not intended to reflect the actual performance of any security and does not include transaction costs which would reduce an investor's return. Investments involve risk including the possible loss of principal.

Saving more now is the key

All that said, there's no getting around the reality that catching up probably requires changing your current lifestyle (so you can save more) and your anticipated retirement lifestyle (so you will spend less). While boosting savings is the most important factor, there are many changes you can make to increase your odds of attaining a comfortable retirement. Here are some effective ones:

1

LOOK AT EXPENSES

Depending on the projected shortfall, this might mean trimming expenses or really slashing them.

2

ELIMINATE CREDIT CARD DEBT

Slash high-interest debt as rapidly as possible, and construct a new household budget that makes retirement savings your top priority.

3

SAVE AS MUCH AS POSSIBLE

Think in terms of putting away at least 15% of your income. Don't be upset if you can't hit that immediately – the important thing is to set a specific savings goal and get there as quickly as you can. And don't forget to maximize your contributions to any employer-sponsored accounts that offer a match. Once you're 50, you can bump up again using catch-up contributions.

4

RETIRE LATER

You may not like this option, but the more time your investments have to grow, the bigger the ultimate payoff can be. Even a couple more years in the workforce can make a big difference.

5

REVISIT YOUR ASSET ALLOCATION

While you don't want to take undue risk, you may have to allocate more of your investments to equities if you're behind. Historically, they have provided better long-term returns than bonds. Your advisor can help you find a mix that fits your specific situation.

6

MAXIMIZE SOCIAL SECURITY BENEFITS

While waiting as long as possible to begin taking benefits makes sense for many people, Social Security is complicated. There are many different claiming strategies and, as with many things, no one-size-fits-all approach. Your advisor can help you with this also.

7

RETIRE PART TIME

Many retirees find that they miss the workplace camaraderie and feeling of purpose that goes with a job, not to mention the income. If you – or your spouse or partner – can work part time, you'll boost your retirement cash flow and give yourself more time for savings to grow.

8

RETIRE SIMPLER

We've all had the experience of our desires being bigger than our wallets, and if you're behind on funding your retirement, it may be time to accept that things aren't going to work out quite like you had hoped. That doesn't have to be a disaster; many retirees find that living more simply is just fine. You want to strike a balance here – don't give up on your dreams, but don't be too aggressive with your investments because you're pursuing a lifestyle that's unattainable.

9

RETHINK YOUR HOME EQUITY

For many Americans, their home represents the single biggest asset and single largest expense. That makes it a critical part of retirement planning, on both sides of the ledger. Although getting rid of your mortgage may seem like a good idea, you may want to think twice before tying up a major portion of your net worth in a relatively illiquid asset. Instead consider deploying that equity (via a home equity line of credit, for example) to establish an emergency fund or to meet other essential expenses.

10
DOWNSIZE FOR SIMPLICITY

If you truly have more home than you need, investigate the feasibility of downsizing and investing whatever you clear in an income-oriented account. Be careful to account for all the costs associated with two real estate transactions, moving, etc., and don't forget to account for all the costs of owning even a smaller home.

11
MAXIMIZE TAX BREAKS

Once you're past 50, the amount you can contribute tax-free to retirement accounts goes up. Investigate all your options and take advantage of those that fit your specific situation. For example, if you have a workplace retirement plan with an employer matching program, be sure you're making the maximum allowable contribution. Also think about prior jobs – did you leave anything behind in a retirement plan?

12
GET HELP

Last, but certainly not least, lay out everything with your advisor. Determining how much you need for the retirement you envision, what you need to get there, how to invest your money, how to account for inflation, what your healthcare costs are likely to be – these are all matters your advisor understands and deals with every day. Get the numbers and ask your advisor to run the appropriate what-if scenarios. You may find your situation is brighter than you think and that knowing your options allows any lingering concerns to fade. Your odds of achieving a comfortable retirement increase significantly if you get professional advice – and follow it.

Housing is the largest component of the average retiree household's expenditures at 35%.

Source: SSA.gov, Expenditures of the Aged Chartbook, 2010

Retirement remains a challenge

Although more Americans are confident they'll have enough money to retire comfortably, about one in four are not – with too much debt being a major obstacle, a respected study has found.

The 2014 Retirement Confidence Survey, conducted annually by the nonprofit Employee Benefit Research Institute, reports that confidence about retirement has increased from the lows recorded during the depths of the recession. However, this increased confidence resides almost exclusively among those with higher incomes and a company-sponsored retirement plan or IRA.

More than half (58%) of workers and 44% of retirees report having a problem with their level of debt, the survey found, with cost of living and day-to-day expenses heading the list of reasons workers say they do not save (or save more) for retirement.

Interestingly, confidence in having a financially secure retirement has increased among those who already have retired, which may mean they are finding their savings go further than anticipated. This squares with other research showing that after spending a lot in their first year or two of retirement (think dream vacation, home remodel) retiree spending tends to drop substantially.

Many report debt problems

58%	44%
of workers	of retirees

Source: 2014 Retirement Confidence Survey

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