

Catching Up On Retirement Savings

John and Cindy, both 53, have been married for 28 years and can't believe how quickly the time has gone by. They spent much of it raising three sons and pursuing their respective careers. John is a sales representative, and Cindy is a part-time nurse. They have few regrets, but they do wish they'd started saving for retirement sooner. The couple has saved roughly \$60,000 over the years in their retirement accounts, and they currently each contribute \$100 a month to their company-sponsored retirement plans. Still, they figure that's not enough.

Figure out what to do

Fortunately, John and Cindy are taking steps to catch up. They recently sized up their retirement situation. They calculated how much they're likely to need to supplement John's military pension and their combined Social Security benefits when they retire. They discovered they'll need to accumulate an additional total of \$140,000. They also figured out that they'll need to save roughly \$350 a month—an additional \$175 for each of them—to meet that goal in 12 years, (assuming a 7% annual return) when they'll both be age 65.

Then follow through

John and Cindy then created a budget that helped them identify areas of overspending. They set reasonable limits in those categories to free up money to save. Meanwhile, they each arranged to have an additional \$175 transferred from their salaries into their retirement plans each month. They'll invest the money in growth-oriented mutual funds that have the potential to grow their money faster than inflation during the coming years. The upshot: John and Cindy feel a new confidence that they are on track to meeting their retirement goals.

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