

Four Things You Should be Doing in Your 50s

If you are in your 50s, there's plenty you can do to build retirement savings and plan for your future. Here are four steps you can take to make the most of the opportunities available to you:

- 1) **Calculate the assets** you'll need to retire comfortably. You can use an online retirement savings calculator to determine how much you should be saving now.
- 2) **Make catch-up contributions** to your workplace retirement savings account and IRA. If you're age 50 or older, you may be able to contribute an extra \$5,500 over and above the \$16,500 annual maximum (as of 2011) to your employer-sponsored plan, such as a 401(k). You can also contribute an extra \$1,000 beyond your traditional IRA's annual \$5,000 limit.¹
- 3) **Estimate future withdrawals.** To make sure you're saving enough now, think about how much you'll withdraw from your retirement savings account each year. One rule of thumb is to shoot for a retirement account that is 25 times your first year's suggested withdrawal of 4%. You should also consider factoring in a 3% increase in the dollar amount of your withdrawal for every year thereafter, to keep pace with inflation.
- 4) **Stay invested** so your savings can potentially continue to grow. Your goal is to stay ahead of inflation and create enough growth to be able to support withdrawals over the next 30 to 40 years.

Adapted from On Investing magazine, fall 2009.

¹ 2011 IRA Contribution and Deduction Limits, irs.gov.

CustomSolutions
FROM SMARTMONEY