

## Retiring on the Wrong Side of Recovery

A guide for tackling shortfalls

John Lennon wrote, "Life is what happens to you while you're busy making other plans." Most people's plans involve saving for retirement. What life delivered is the worst recession in 80 years, in terms of how long it has continued.<sup>1</sup> Chances are, the slump took a bite out of your savings. If you had planned to retire soon, you're probably wondering what to do now. Here are three things to consider:

**Work longer.** Staying on the job can beef up your savings in several ways. You continue earning income for more years. And while you work, you keep making tax-deferred contributions to your employer's retirement savings plan. Finally, while you keep working, you can afford to delay collecting Social Security. Your benefit could start at age 62, but it will be larger if you hold off until full retirement age (66 for those born in 1938 through 1959) and larger still if you delay benefits until age 70.

**Contribute more.** It's more important than ever to keep contributing the maximum to your retirement plan. In 2011, you may contribute up to \$16,500 to a workplace retirement savings plan such as a 403(b). But if you're age 50 or older, you can also make a catch-up contribution of \$5,500, for a total of \$22,000, if your plan allows.

**Pare your expectations.** Balance your plans for retirement against today's economic realities — meaning some of your plans might have to be trimmed. Think in terms of postponing, scaling back and shifting priorities to get your plans in line with what you can now afford.

<sup>1</sup>National Bureau of Economic Research, 2009.

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