



# Trust Company Oklahoma

## INVESTMENT PERSPECTIVES

July 2018

### CATCHING UP WITH YOUR RETIREMENT SAVINGS Strategies for Late Starters

So you're over 40, retirement age is around the corner, and your retirement savings are not where they should be. What can you do? Whether it's because you started contributing later in life or put kids through college, the reality is you wish you had saved more at this point. Even if your retirement savings are nowhere near what you will need in retirement, don't panic. You can catch up with a few strategies and enjoy financial peace of mind soon.



**BOOST SAVINGS**

It's not pleasant: You have to save more every month. Start by reducing expenses. Consider finding an additional source of income. Eliminate consumer debt: credit card debt is expensive. Also, it's important to save outside your retirement plan.



**KEEP THE MEMORIES, TRIM DOWN EXPENSES & INVEST MORE**

For most Americans, their home is their biggest asset. If the house is beyond your needs or your budget in retirement, consider downsizing to a less expensive house. By doing so, you reduce mortgage expenses now and free up money later by reducing maintenance costs in retirement. The same goes for the vacation home that you rarely visit. Perhaps it can become a source of income in retirement.



**MAXIMIZE RETIREMENT CONTRIBUTIONS**

You can contribute up to \$18,500 annually into your 401(k) retirement plan. Yes, you could use that money towards consumption, dinners out, gifts and unnecessary items. All of which will not increase your financial security in retirement years. Instead, you can maximize the value of tax deferral and employer matching contributions by maxing out your 401(k) every year.



**CATCH-UP CONTRIBUTIONS**

You get an extra incentive to save when you reach age 50. Take advantage of catch-up contributions for retirement plans. In 2018, if you are 50 years or older, you may add \$6,000 to the annual \$18,500 as a catch up. In addition, consider having more than one retirement plan. If you can afford it, maxing out more than one tax-deferred plan is a great way to catch up on retirement savings. When it comes to Roth IRAs, as long as you've owned your account for 5 years and you're age 59½ or older, you can withdraw your money when you want to and you won't owe any federal taxes.