POWER YEARS TO RETIREMENT

ICMARC
Building Retirement Security

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With mortgages, health care, tuition, and other day-to-day expenses eating away at your paycheck, it's easy to put off saving for the future. Since retirement won't always be a few years away, it's imperative to begin saving now.

Here's why:

- The Employee Benefits Research Institute reports that more than half of all workers aged 25 and older have less than $25,000 saved for retirement. Even more startling is the fact that 41 percent of workers aged 45 to 54 also report less than $25,000 in total savings.*

- A healthy couple, both age 65, stand a 50 percent chance that one of them will live to age 92.*

With longer life expectancies and rising costs, it's easy to see why having personal retirement savings is important. There are ways to balance life's checkbook *and* build retirement security. The good news is: it's never too late to start.

- **Pay yourself first.** Take advantage of your employer-sponsored retirement plans. One advantage of saving through your employer-sponsored retirement plan, is that the money goes to savings before you have a chance to spend it. An added benefit is that you are saving pre-tax, which means you get the full benefit of the money you save and reduce your taxable income at the same time.

- **Play catch up – literally**. Catch-up provisions in the Economic Growth and Tax Reconciliation Act of 2001 make it possible for workers who are age 50 and older to "catch up" on their savings by allowing them to put away additional funds in their employer-sponsored plans or an individual retirement account (IRA). The "Age 50" catch-up provision allows workers to make an additional contribution of $5,000 to the standard $15,000 amount allowed in employer-sponsored plans, for a total maximum contribution of $20,000. Employees age 50 and older can also invest a catch-up amount of $1,000 to the $4,000 already allowed for an IRA, for a maximum contribution of $5,000.**

- **Consider working longer**. If you're a typical 50-year-old with a household income of $62,500 and savings of $60,000, you would have to put away $12,500 every year in today's dollars to retire comfortably at age 62. That would drop to between $3,750 and $7,500 if you work full-time until 64 and then part-time until 75.***

- **Save a little every day**. Stashing the equivalent of an extra $60 a month in your retirement plan will boost your savings by more than $150,000 over 40 years if your investments earn 7 percent a year.

Whatever you do, don't delay planning and saving for your retirement – talk to your benefits specialist and visit our Web site at www.icmarc.org/save4retirement for more information.

**Statistics compiled from the 2004-2006 Retirement Confidence Surveys, Employee Benefit Research Institute*
***Annual normal contribution limits is the lesser of 100 percent of compensation or $15,000. The limit for a 457(b) plan participant within three years of normal retirement age may be up to twice the "normal" limit (i.e. $30,000 for 2006).*
****2005 Merrill Lynch New Retirement Survey*