

6 Tips for Retirement Literacy



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RETIREMENT PLANNING

A recent Federal Reserve survey reported that 28% of non-retirees do not have any self-directed retirement savings*.



Saving for Retirement

To help you be better prepared for retirement, consider taking the following steps toward retirement literacy:

1. Start early

Time is your biggest asset when saving for retirement. In addition to having longer to save, your compounding interest has longer to accumulate. Compounding interest allows you to earn interest on your principal investment, plus interest on that growing amount.

2. Take advantage of your employer's match

If you're enrolled in an employer-sponsored 401(k), chances are your company matches a portion of your contribution to supplement your retirement savings. Not taking advantage of this employer match leaves money on the table that could make a large difference over time.

3. Diversify

Diversification can help minimize your investment risk by putting your money into different asset classes. For example, if you were to choose an all-stock portfolio, your return on investment may be higher during periods of market growth; but in periods of market declines, you may risk losing a portion of your retirement savings. In turn, a well-diversified portfolio may help to foster long-term stability.

Reaching Your Retirement

According to a study from the American College of Financial Services, older Americans scored just 31% on the 2023 Retirement Income Literacy Study.¹ Discussing your retirement goals now with your advisor can eliminate financial uncertainty later.

4. Understand your expenses

To estimate how much you need to sustain a secure retirement, you need to first estimate what your expenses will be. Look at recent bank statements and determine how the money you currently spend on food, housing, health care, and other daily necessities may change over time. For example, while your mortgage may be paid off by the time you enter into retirement, your health care costs may no longer be covered by your employer. It's important to categorize your expenses and how they will adjust throughout your retirement.

5. Gauge how long your money will last

Today's retirees are living longer than previous generations. In fact, based on Social Security life expectancy data, the average American spends roughly 20 years in retirement². Make sure your savings can not only cover your expenses during that time, but also cover your discretionary income.

6. Set retirement goals

Everyone's retirement plan is different. While some people want to become world travelers, others choose to learn a craft or pick up a hobby. Determining what your ideal retirement looks like can help to shape how your savings plan will get you there.

While these ideas can help you get started, it is important to reevaluate your plan every few years, as your priorities and goals can change.

Working With Janney

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If you engage in a brokerage relationship, you will buy and sell securities on a transaction basis and pay a commission for these services. Our recommendations for the purchase and sale of securities will be based on what is in your best interest and reflect reasonably available alternatives at that time.

If you engage in an advisory relationship, you will pay an asset-based fee, which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory relationships.

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By establishing a relationship with a Janney Financial Advisor, we can build a tailored financial plan and make recommendations about solutions that are aligned with your best interest and unique needs, goals, and preferences.

Contact us today to discuss how we can put a plan in place designed to help you reach your financial goals.

* Report on the Economic Well-Being of U.S. Households in 2022 - May 2023; <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-retirement-investments.htm>

1. 2020 RICP Retirement Income Literacy Survey; The American College of Financial Services; <https://www.theamericancollege.edu/about-the-college/media-center/press-releases/2020-retirement-income-literacy-survey>.
2. Social Security History. Social Security Administration; <https://www.ssa.gov/history/lifeexpect.html>

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