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This Valentine's Day, think of yourself and your future

While millennials and Gen Xers focus on Valentine's Day, they also should consider investing in retirement funds because according to investment industry statistics, they lag in retirement savings

Thomas J. O'Connell, Correspondent | February 10, 2016

With Valentine's Day right around the corner, many are concentrating on that perfect gift to get that special someone. And while it is important to show your love to your significant other, it is also important to show some love to yourself.

Unfortunately, many Gen Xers and millennials have had a tough time financially, growing up and coming of age in a recession. Not to fear, it is never too late to start saving and planning for your future. Now is the best time to get started, as your actions today will have compound benefits for years to come.

Here are a few simple tips to invest in your future today:

Save for retirement right now — This can actually be fairly simple. If your employer offers a plan, sign up. The money usually will come right out of your paycheck each pay period, so hopefully you won't even notice. The amount you contribute is up to you.

Don't have access to an employer-sponsored retirement plan? According to a recent PEW Charitable Trust study, more than 1 million people in New Jersey do not. This is a large number, but the good thing is you can be proactive and save on your own. Open an individual retirement account such as a Roth IRA, which provides tax-free growth and allows you to contribute up to $5,500 a year. You can also set up these contributions to come out of your account automatically, so saving can be effortless.

A little can go a long way — If you are already contributing to a retirement account but not reaching annual contribution limits, aim to incrementally add a little more to the account each year. If you are saving 5 percent, increase it to 6 percent this year. Most people won't notice a 1 percent increase, and you will be surprised how it can make a significant difference over time.

Take the free money — Many employers offer to match (usually up to 6 percent) a plan participant's contribution, so If you are not maxing out this opportunity, you are missing out on "free money." Aim to contribute at least enough to maximize your employer match program each year.

Diversify — Once you have set up your retirement savings accounts, diversify your investments based on your retirement timelines and risk tolerance. Many millennials today are cautious investors, but keep in mind that by investing too conservatively, you may need to contribute more of your own funds to reach your goals versus moderate to aggressive investments with more long-term growth potential.

Additional saving opportunities — Consider supplementing your retirement plans with other savings and investment vehicles that provide a mix of tax benefits and accessibility without age restrictions (since most retirement accounts cannot be touched until age 59½). These options may include traditional savings accounts, investment brokerage accounts, life insurance, and investment properties. All this may seem overwhelming, but seeking knowledge will help: do some research, read a financial how-to book or get some professional advice.

So this Valentine's Day, don't forget to show yourself some love, and start planning a better financial future. In the long run, you will be glad you did.

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