

Help your loved ones retire with \$1 million

Retirement may be a strong focus of your financial goals right now, but it might be a distant concern for the younger members of your family buying their first home or car, starting a family of their own or even just graduating college. As an experienced family member, you can be an important resource for helping the younger generations start planning for their retirement. For example, making a \$10,000 investment today has the potential to help your loved one retire a millionaire.

According to a May 16, 2011, MarketWatch article by Jonathan Burton, reaching age 65 with \$1 million saved requires strong discipline and sustained effort – and just \$10,000 to start.

“If a 25 year old with \$10,000 invested \$320 a month at a 7 percent annual compound rate of return until age 65, he or she would wind up with \$1 million,” Burton wrote.

Saving \$320 a month can be a challenge for a new college graduate at his or her first job, possibly trying to pay off student loans. However, if a person waits until he or she is 35 years old, that number increases to \$775 a month, and at 45 it increases to \$1,850. While these numbers may frighten younger generations, they are attainable.

“One way to make the job easier is to rely on your job – especially investing in your company’s 401(k) plan and enjoying whatever contribution match your employer offers,” Burton writes. “Think of it as free money.” If a 401(k) is not available, a person can open a Roth IRA and automatically deposit money regularly from his or her bank account. The longer a person waits to get started, the harder it will be to accomplish. By 55, a person will need \$5,700 a month for 10 years to meet \$1 million – virtually impossible. At this point other strategies beyond savings will be needed.

You may already be set to retire soon or are already enjoying your retirement, but you can still help get your family members on the right path toward their own retirement. Call our office today for more information on how you can help younger generations plan for a comfortable retirement.

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