
Four Mistakes That Can Upend Your Retirement

Pursuing your retirement dreams requires a bit of preparation. As you develop your vision for the future, make sure you avoid these retirement mistakes:

1. Having No Strategy

The biggest mistake is having no strategy at all. Yet, only 18% of Americans have a written retirement plan in place.¹ Without this framework, pursuing your retirement goals can be challenging. Aim to develop an approach for both your working and retirement years, and revisit them as needed.

2. Missing Tax-Deferred Savings

Many workers have access to 401(k) s or other types of tax-deferred programs. Some even offer an employer match. Unfortunately, about one-in-five participants doesn't optimize their match.² Consider ways to avoid leaving this free money on the table by maximizing any employer-matching contributions. Distributions from 401(k) plans and most other employer-sponsored retirement plans are taxed as ordinary income, and if taken before age 59½, may be subject to a 10% federal income tax penalty.

3. Forgetting High Health Care Costs

The cost of health care rose higher last year: A 65-year-old, male-female couple that retires in 2019 should be prepared to pay \$285,000 in health care expenses during their retirement years.³ From prescription costs to extended care, medical expenses can add up. Outline your potential health care needs today, so you'll be prepared for tomorrow's medical costs.

4. Keeping Too Much Debt in Retirement

Retirees aged 65 to 70 years old have an average of \$20,643 in non-mortgage debt, which may include car loans and credit cards.⁴ You may want to consider managing or reducing your debt level as you prepare for retirement.

Footnotes, disclosures, and sources:

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¹ <https://www.fa-mag.com/news/most-americans-don-t-have-a-written-financial-retirement-plan-44471.html>

² <https://www.usatoday.com/story/money/personalfinance/retirement/2018/02/12/1-in-5-americans-are-making-a-terrible-401k-mistake/110251212/>

³ <https://www.cnbc.com/2019/04/02/health-care-costs-for-retirees-climb-to-285000.html>

⁴ <https://www.lendingtree.com/debt-consolidation/places-where-people-at-retirement-carry-the-most-debt/>