5 RETIREMENT MYTHS

THAT MAY BE COSTING YOU MONEY

We all dream about what our ideal retirement looks like. Your dream can become reality, but you need to be prepared. The truth is that there's rarely a one-size-fits-all answer to retirement, but there are general rules that you should follow. Don't let these five common (and costly) retirement myths keep your ideal lifestyle out of reach.

MYTH 01

I can't afford to save for retirement.

Every journey begins with the first step and saving for retirement is no exception. Start by ensuring that you're contributing to your employer's 401(k) or retirement plan. At a minimum, you should contribute the employer match percentage if applicable, if you're contributing 2% but your employer matches up to 3%, you're leaving 1% on the table. Many experts recommend contributing 10 percent of your income, but if that's not doable start with the employer match percentage and work your way up each year. Every time you get a raise, take one percent of that raise, and direct it right to your retirement plan.

MYTH 02

I'll spend less in retirement.

That may be a promise that's hard to keep. Most financial experts say that you should expect to spend between 55% and 80% of that income every year throughout retirement, depending on your income and retirement lifestyle. And you should plan on 15% of your living expenses to be related to health care expenses. While you may spend less in some areas, inflation and unexpected events can make it difficult to stay on budget.

MYTH 03

You don't need to save for retirement while you're young.

Understandably, retirement is not top priority when you're in your 20s. But the younger you start to contribute to retirement, the earlier you could take advantage of compound interest, giving your savings plenty of time to grow and setting you up for success in the long run. The easiest way to start is by taking advantage of your employer's retirement plan.

MYTH 04

Retirement plans are a waste of time and money.

Not starting the retirement-planning process is one of the biggest retirement mistakes you can make. It's important to determine your needs and goals for living well after you stop working. A retirement plan is an investment in your future. While there is some risk associated with any investment, it's important to remember that over time, the market trends upward and over time you're likely to see positive returns.

MYTH 05

The Rule of 100 for asset allocation.

There is an old rule that an investor should subtract their age from 100 to determine the percent of assets to place into investments. While there is no magic number, no one has ever said "I saved too much for my retirement". The general rule is to contribute as much as you are comfortable with and as early as possible. Reviewing your plan at least annually will give you a good idea if you are on target to your goals.

Fulton FINANCIAL ADVISORS