If Retirement Looms Large But Your Nest Egg Doesn't, This Article Will Help You Catch Up

Key Ideas

1. Shows how to raise your savings contributions to the next level.
2. Six ideas to convert non-earning assets to income producing savings.
3. How to overcome mathematical limitations to reach retirement on time.
4. Discover the power of redefining retirement so you can retire earlier with less stress.

What can you do to salvage your retirement when you're on the other side of 40 without sufficient savings?

Maybe it's because you were a procrastinator, a big spender, put several kids through college, or experienced more than your fair share of setbacks.

Whatever the reason, you now find yourself behind the eight-ball on your retirement savings. What can you do?

If it makes you feel any better, you're not alone. According to a study done by the National Institute on Retirement Security, over 45% of working-age households don't own any retirement account assets.

Worse, according to research the median retirement account balance is $3,000 for all working-age households, and only $12,000 for near-retirement households.

That's obviously not anywhere near what you need to save for a secure retirement.

The good news is it's never too late to begin.

The road to retirement security for late starters may be more challenging, but it's still possible if you apply the following six tactics to feather your nest egg:

1. Boost taxable savings by reducing expenses and/or increasing income (9 strategies)
2. Convert non-producing assets into investment savings (6 strategies)

3. Maximize tax-deferred savings so that your boss and the government fund your retirement (4 strategies)
4. Overcome the mathematical limitations to savings through leveraged, direct-ownership investments (2 strategies)
5. Stretch your savings so you can retire comfortably on less (3 strategies)
6. Redefine your retirement for a lower savings burden today and greater happiness tomorrow (3 strategies)

The first four tactics fall into the category of what you must do before retirement begins to maximize savings growth.

The fifth and sixth tactics are how you decrease the savings required once retirement has begun.

In other words, use the first four lines of attack to feather your nest egg, and apply the last two tactics during retirement to stretch the value of the savings you accumulate.

Designing your retirement plan with an appropriate combination of the six tactics above gives financial late-bloomers the best odds for retirement success.

Where To Get Started For Catch-Up Retirement Savings and Planning

The first thing you must do is focus forward rather than dwell on past mistakes.

Kicking yourself and getting discouraged by your lack of results to date will only push you further from your goal. Sure you're frustrated, but so what?

It may sound cheesy, but today really is the first day of the rest of your life when it comes to retirement planning.

Your job going forward is to focus on what you can begin doing today that will make the future different from the past.

Once you get over your frustration and decide to do something about it, the next step is a reality check with a little basic retirement planning.

The starting point in this process is determining the amount of retirement savings you'll need in your golden years.

If you haven't done so already, I highly recommend reading my book "How Much Money Do I Need To Retire", which will walk you step-by-step through the process of estimating your retirement savings needs.

I also provide a free retirement calculator here designed specifically for this purpose that I personal use both for my own planning and with my coaching clients as well.

"The ultimate security is your understanding of reality." – H. Stanley Judd

The reason you must first estimate how much money you need for retirement is because all actions and plans will be designed around your retirement savings goal.

Without a specific, measurable savings goal, you'll have nothing to work toward and no way of knowing if you're on track, or behind.

Additionally, studies have shown the act of planning and calculating your retirement needs improves the results you will get in achieving them. In short, it's a worthwhile, necessary exercise.

Once you've completed this exercise, you'll know:

- Your sources of income in retirement
- How much savings you have
- How much more you'll need to be financially secure
- When you can afford to retire by

The difference between your current assets and future needs gives you an expected shortfall amount. This becomes your retirement savings goal to apply when working through the ideas in this article.

Below are 27 separate strategies you can pick and choose from to assemble your plan for overcoming your savings shortfall. Using these strategies will allow you to win the retirement planning game.

Tactic 1: How To Begin Saving More Money For Retirement

The first line of attack is also the most obvious: increase savings.

It's as simple as it is unpopular because it requires decreasing spending and/or increasing income.

This is easy to say, but probably hard for you to do if you're late to the retirement savings game in the first place.

For that reason, I've made the following action steps as painless as possible.

The unfortunate reality is certain medicines must be swallowed regardless of how bad they taste because they're the only way to cure the problem.

Sorry, but there's no royal road to riches. Here's the medicine:

1. **Eliminate All Consumer Debt**: Credit card debt is wasteful and expensive. Pay off your highest interest balances first and use the money freed up as each card gets paid off to accelerate the payoff of the remaining cards (I provide a free debt snowball calculator here to help you manage this). Never spend more in a month than you can afford so you don't accumulate new debt. Never settle for making minimum payments on credit cards because it's financial suicide on the installment plan. It makes compound interest work against you instead of for you.The sooner you stop overspending and pay down existing debt, the sooner that money can be redirected to investments so you're financing your retirement as a wealth builder instead of the bank executive's retirement as a debtor.
2. **Increase Savings Automatically**: The least painful approach to lowering spending and increasing savings is with an automatic withdrawal plan from your paycheck so you never see the money in the first place. You'll hardly miss it if you never see it, and the small inconvenience of lower pay will be offset by the great feeling of knowing your retirement savings are back on track.
3. **Bank the Raise**: Most people increase expenses every time their income rises, but smart savers control spending by sending all raises and bonuses directly to savings where it can earn more income. What you never had, you'll never miss. I know because I "walked the talk" with this little savings secret during my 20s and 30s when my income

grew ten-fold. The result was the basis of my retiring at age 35. It's simple and it works.

"If you would be wealthy, think of saving as well as getting."

– Benjamin Franklin

4. **Eliminate All Unnecessary Expenses**: A few dollars here and a few dollars there can add up to enormous sums today and compound into a fortune during retirement. The value of a $5 latte at age 40 can compound to over a $1,000 by the time you're in your 80s. The truth is much of our spending is habit, and new habits can be formed that are just as satisfying and a lot more enriching. Examine your expenses closely and get creative, because little differences in spending today can make a big difference in your retirement savings tomorrow.
5. **Recover Lost Money**: Is there an extra space in your house that you could rent out for cash? Could you move your office into a spare bedroom and save the rent money? Is your attic or garage filled with stuff that could find a happy home through eBay and pad your retirement savings in the process? Each action may sound inconsequential by itself, but taken together they can add up to significant savings over time. For my family, this strategy has been worth many thousands of dollars every year. It has since compounded into a small fortune over time.
6. **Consider New Employment**: The savings game isn't how much you earn, but how much you keep after taxes and expenses. One way to expand the gap between income and expenses is to consider new employment in another state or country where the cost of living is lower, allowing you to save more. Another possibility is to negotiate new employment with a company that would offer lucrative pension arrangements, thus taking the pressure off your savings.

7. **Eliminate Unnecessary Insurance Policies**: The rule for insurance is only protect against losses you can't afford to take. The insurance you needed 10 or 20 years ago to protect your family may be an unnecessary expense now. You may be able to eliminate or reduce coverage and save the premiums for retirement instead.
8. **Drive Used Instead of New**: Cars are a big expense. Few people appreciate how certain quality cars can travel 200,000 or 300,000 miles reliably. Let someone else pay the depreciation to impress their friends with new so you can drive used for pennies on the dollar after it's little more than broken in. This strategy can add five figures to your retirement plan every time you apply it.
9. **Moonlighting Income**: Second careers and home-based businesses have several advantages. The most obvious is they can provide additional income for your retirement savings. Less obvious is how they can safely transition you into a second career that you might really enjoy continuing after retirement. Meanwhile, they can open up the possibility of tax-deferred SEP and Keogh plans for self-employment retirement savings and other tax savings. The keys to making this strategy work are to pursue the moonlighting income in a field you're passionate about and would enjoy even during retirement, and to commit all revenue produced toward boosting savings rather than lifestyle.

Always remember it's never too late to begin saving. Some of these strategies might appear too small to dent the savings deficit you face, but small amounts add up over time.

Every little bit will make a difference. Keep a positive focus, choose new habits that build savings, and you can achieve a comfortable retirement.

Finally, it's worth noting that if you've tried to save and are still behind the curve, then odds are good you may require more than a few how-to tips.

You didn't reach the age of 50 or 60 without having saved for retirement because the thought never occurred to you.

Psychological blocks are probably in the way, which may require additional help.

An affordable program offering support and education is our Seven Steps To Seven Figures group coaching.

Tactic Two: Convert Non-Earning Assets Into Retirement Savings

If you've exhausted the ordinary ways to boost retirement savings and still find yourself coming up short, it's time to examine alternative strategies.

Converting big-ticket assets into retirement savings is a good place to start, and for most people, their biggest ticket asset is their home.

1. **Downsize Your Home**: Consider harvesting some of your home equity by scaling down to a smaller, less expensive house. This creates a double-win for your savings because you increase investment income while simultaneously reducing or eliminating certain expenses such as your mortgage payments, utilities, maintenance, property taxes, insurance, and more.
2. **Relocate Where You Live**: For people living in high cost areas where property values have soared, consider relocating to a lower cost

housing market. The price differentials between certain housing markets can be enough to fund a significant portion of some people's retirement needs. For example, $300,000 of equity invested at 7% produces $21,000 per year in income.

3. **Reverse Mortgage**: Another strategy for tapping the equity in your home that has the additional benefit of not requiring you to move is a reverse mortgage. In simple terms, it's a tax free loan against your home equity that typically doesn't get re-paid until after you move or pass away. These complicated transactions often come with high closing costs and high interest rates that will also reduce the value of your estate, so make sure you read the fine print and consider all competing alternatives first. Many people will find downsizing a superior alternative after the facts and costs are considered, but each circumstance is unique.

"Mid pleasures and palaces though we may roam, be it ever so humble, there's no place like home." *– John Howard Payne*

4. **Sale-Leaseback**: One final strategy for people who are house rich and cash poor in their retirement plan is the sale-leaseback arrangement. Usually this transaction involves selling your home to your children and renting it back. The desired outcome is for the homeowner tax deductions to go to the children who are hopefully in a higher tax bracket and for the parents to gain some spending cash while staying in their home. If you take this route, make sure to solicit solid legal advice that includes professional contracts and market rents so you don't run afoul of the law.
5. **Convert Other Assets**: Consider what antiques, jewelry, collectibles, and other valuable items you own that could be converted into productive investments. That old wedding ring from your first marriage, the boat you didn't use last year, the vacation home you seldom visit, grandma's

mink coat, and other infrequently used, yet valuable items, could bolster your retirement savings. What assets can you convert?

6. **Insure Your Inheritance**: This is more of an offbeat asset protection strategy than it is an asset conversion strategy, but it may apply to your situation. The concern is that your parent's asset base (which could equate to your inheritance) is at risk due to the possibility that long-term care expenses and nursing home bills could eat up your legacy. Consider "insuring" your inheritance by funding their long-term care insurance and/or life insurance premiums. This might help you be a good child to your parents and send a lump sum to your retirement savings all in one fell swoop.

Most people that go through the asset conversion process find that less is more.

Less stuff not only equals lower expense and greater retirement savings, but surprisingly, it also equals a lighter and more carefree lifestyle in retirement with fewer burdens and clutter to deal with.

The goal is freedom, and this strategy is perfectly in alignment with that goal.

Tactic Three: Maximize Retirement Savings By Making Your Boss And The Government Pay

It's a lot easier to save for retirement when the government and your employer pay part of the bill. There are two ways you can benefit from this:

1. The first is through tax-deferred savings that provide an up-front tax benefit to you
2. The second is through employer-matching savings programs.

For example, assuming your combined state and federal marginal tax rate is 35%, you can invest in an IRA or 401(k) and it will only cost you 65 cents on the dollar. The government pays the rest by deducting it from your tax bill.

When you add in the possibility of additional tax credits for lower income savers, the advantage is even more compelling.

Remember, it takes a lot less money out of your pocket to save for retirement when the government pays part of the bill.

"For every action there is an equal and opposite government program."

– Bob Wells

In addition to tax savings, some tax-deferred plans (ie: 401(k)) include employer matching contributions ranging from 25 cents to a full dollar (within certain limitations) for every dollar you save.

That's an immediate, guaranteed return on investment that beats any deal you'll find on Wall Street.

The rule is simple: maximize all employer matched retirement savings plans or you're throwing free money away – literally.

Below are four strategies to help you catch up on retirement savings by having your boss and the government pay part of the bill.

1. **Maximize Retirement Plan Contributions**: A study by the American Benefits Institute shows Americans contribute an average of 5-7% to their 401(k) plan – far less than the maximum allowed by law for most workers. Maximize the value of tax deferral and employer matching contributions by maxing out your 401(k) every year. The same holds true for 457s, 403(b)s, SEPs and other retirement plans. It's a no-brainer for anybody saving for retirement: maximize tax deferred contributions.
2. **Catch-Up Contributions**: Uncle Sam encourages workers age 50 and older to save more than younger employees by offering catch-up contributions for retirement plans. This can be a big incentive for late savers to get back on track. Consult your accountant or IRS documents for the exact rules and this year's contribution limits as they change frequently.
3. **Multiple Savings Plans**: The 2001 tax law repealed some of the rules that coordinated the various annual contribution limits for the different tax-deferred plans into one limit. What that means is you may have the ability to save in more than one retirement plan at the same time. Contributions to different savings plans are no longer interdependent. For example, employer plans and IRAs may be combined, or those with moonlight income may combine employer plans with self-employed plans. Make sure to consult your accountant for the current rules and limitations and don't forget to include spousal IRAs and Roth IRAs in your strategy. For those that can afford it, maxing out more than one tax-deferred plan is a great way to catch up on retirement savings.
4. **Switch Employers**: It may be worthwhile to shop your services out to other employers with better pension benefits. You may be able to negotiate similar take-home pay while simultaneously qualifying for a generous pension. A lucrative pension plan from the boss can

significantly reduce how much you personally have to save to fund your retirement.

"The government's view of the economy could be summed up in a few short phrases. If it moves, tax it. If it keeps moving, regulate it. And if it stops moving, subsidize it." – Ronald Reagan

Tactic Four: Overcome The Mathematical Limitations To Retirement Savings Through Direct Ownership

The conventional wisdom in retirement savings is to visit your local broker or financial planner and open a retirement account.

Then you stuff this account with savings from your earnings through a variety of tax-deferred and taxable savings vehicles, which are invested in traditional paper assets like stocks, bonds, and mutual funds.

That's the traditional approach to retirement planning, and up to this point, that's what this article addressed.

Now it's time for something different to start catching up on retirement savings.

The reason you want to consider alternatives to the traditional approach is because late savers are, by definition, short on time.

Conventional retirement planning requires you to have sufficient time and money to make the numbers work.

It assumes you can save and grow enough money between now and your retirement date to reach your goals.

Unfortunately, for many late savers, that assumption is false.

For example, let's say you earn $100,000 per year, have little savings or significant assets besides your home, are 55 years old, and want to retire in 10 years.

Conventional wisdom says you need $70,000 plus per year in retirement income (70% * 100,000), and Social Security is likely to cover a small fraction of that (30,000 assumed for this example, leaving a 40,000 deficit).

This would require you to save somewhere in the ballpark of $1,000,000 (4% withdrawal rate from $1,000,000 equals $40,000) by retirement to make up for your savings shortfall.

(If those numbers went a little fast for you, or you aren't totally comfortable with the calculations involved, then I highly recommend my book "How Much Is Enough To Retire". It will give you a behind-the-scenes look into retirement planning calculations so you're able to navigate the numbers with confidence and security.)

Saving $1,000,000 in 10 years is obviously unworkable because it would require someone earning $100,000 per year to save close to 100% of his income every year for 10 years straight (assuming zero taxes, which is also unrealistic).

That isn't going to happen for somebody who is 55 years old with little savings to date. Sorry, but sometimes reality is harsh.

"Argue for your limitations and sure enough, they're yours." – Richard Bach

What can you do when the math you face is similarly impossible using conventional retirement planning assumptions?

The answer is to change the playing field from conventional paper assets that your broker sells you to direct ownership assets that no broker can sell you.

Examples of direct ownership assets include income producing real estate and owning your own business.

These types of assets involve more risk and may have a lower certainty of outcome, but they include leverage principles that make aggressive retirement savings goals possible that would otherwise be mathematically impossible with traditional retirement planning.

The key point to understand is direct ownership assets are not bound by the mathematical growth limitations that govern how fast you can build equity in traditional assets.

For example, the oft-quoted long-term growth rate for stocks including dividends and inflation but excluding transaction costs and taxes is somewhere around 10% depending on time period analyzed and other assumptions. Expected returns for bonds and cash are lower.

That means late savers should expect very little equity growth in their portfolios because they don't have enough time to compound that low return rate.

The bulk of their savings must be funded directly from earnings.

In other words, late savers generally can't grow their assets to reach their goal using traditional strategies because of the return and time limitations.

They must save their way to the goal instead – and that's very difficult for people who don't already have the savings habit.

Conversely, direct ownership assets like building your own business or real estate portfolio have no upside limit to equity growth because they have multiple sources of return and leverage.

You could conceivably start a business (easier said than done) with little or no money down and build it to support a lucrative retirement in 10 years.

It's mathematically possible to do this without saving anything from your regular income. This advantage isn't available using conventional retirement planning strategies.

Similarly, with real estate, I know people who have built a portfolio of properties over a period of just a few years and funded safe, secure retirements in a relatively short period of time through a combination of smart buying, rent increases, and adding value to their properties.

Maybe your particular twist would be to convert that old garage on the side of the house into a rental apartment for additional income during retirement, or maybe you're handy and would enjoy fixing-up dilapidated structures and converting them to long-term rentals.

Others have started sideline businesses to their regular occupation and built them into cash flow machines in just a few years, sufficient to support a generous retirement. The options are only limited by your creativity and dedication.

What skills do you have that would be fun to convert into a business or real estate empire?

Direct ownership opens up the possibility of achieving aggressive retirement goals when the math governing the traditional approach is all but impossible.

It’s not an easy path, and it require skills and involves risks, but a late saver with aggressive retirement goals may have no other viable alternative. It’s a choice that should be considered as part of any catch-up retirement plan.

Tactic Five: How Late Starters Can Get More Out Of Their Retirement Savings

Up until this point, we’ve talked about how to maximize your nest egg *prior* to retirement. The flip side of the same coin is to lower the amount you spend during retirement so you reduce the savings required.

The less you have to save, the easier the goal is to reach. Small differences in spending multiply to huge differences in savings burden.

For example, using the “4% rule” or the “rule of 25”, for every $10,000 less you spend annually in retirement, your savings requirements drop by roughly $250,000 (250,000*.04 = 10,000).

Or an easier way to think about it is the "'Rule of 300." For every $1,000 per month reduction in spending in retirement it reduces your savings need by roughly $300,000. Same thing, just simpler math.

Many late savers will find it far easier to lower their budget by $1000 per month compared to coming up with another $300,000 in retirement savings. (See the ebook"How Much Is Enough To Retire" to fully understand these calculations and how they apply to your situation.)

The way you do this is by controlling expenses. Many of the examples cited in the first section of this article that help you increase savings apply equally to reducing expenses, so they won't be repeated here.

Controlling expenses isn't just for increasing savings – it's for stretching savings as well. The key principle is that you must get maximum value for every dollar spent.

Buying used, eliminating unnecessary expenses, and only spending what you can afford so you don't incur consumer debt are always good principles to live by when you're trying to get more value out of less money.

This isn't that hard to do when you realize that happiness comes from experiences, not stuff. When you focus on experiences the spending naturally drops.

In addition to the well-known and proven dollar stretching methods for consumers, there are three strategies that apply specifically to stretching a retirement nest egg for investors.

1. Control Investment Expenses

Just as you must control your personal expenses, you must also control your investment expenses. The only justifiable investment fees are those that put more money in your pocket than they take out.

Few people intuitively grasp the large difference a mere 1% increase in return can make when compounded over 30 years of retirement (10 years of saving plus 20 years retired).

For example, if $10,000 grew annually at 10% for 30 years, it would become $174,494. If you increase expenses just 1%, giving a net annual return of 9% (10%-1%), it only grows to $132,677 – which is $41,817 less.

In other words, if you can add just 1% to return by controlling investment expenses, then you can increase the dollars earned by a whopping 31.5% – not just 1%. Amazing!

This is a big deal and can make a meaningful difference in your retirement. The rule is simple:

Little improvements in return when compounded over time become big differences in the dollar value of your account.

Pay attention to that 1% expense ratio by only hiring investment services that add more to your return than they cost you.

How can you capture that 1% or more? Consider how the average mutual fund expense ratio approaches 1.5% annually while low cost alternatives are under .5%. Numerous studies show the high expense funds under-perform their low-cost cousins on average over time.

Likewise, [many brokers charge 1% annually for their services] without any provable value added to return over investing independently at zero cost.

These are just two examples of ways you can control your investment expenses by only paying for services that add more money to your pocket than they cost you.

2. Maximize Tax Advantages

Tax efficiency is also important for your retirement savings. Minimize tax expenses to maximize the value of your savings.

For example, if your taxable portfolio includes mutual funds, then consider owning competing funds or ETFs managed for tax efficiency so you minimize the taxable distributions passed through each year.

"The hardest thing in the world to understand is the income tax."

– Albert Einstein

Similarly, once you're retired, all withdrawals to cover living expenses should be tax efficient.

The way you do this is by liquidating your taxable and tax deferred investment accounts first up to the point of an acceptably low tax bracket (these investments are taxed at ordinary income rates so are best used to fill out the lowest marginal tax brackets) so you can make use of your standard deduction and low tax marginal tax rates.

Use Roth IRA assets for liquidation once your taxable income is in excess of acceptable marginal tax rates. This minimizes liquidations to maximize the time these assets can grow tax-free plus the liquidations themselves are completely tax free.

When contributing to your retirement savings, earlier is better than later.

Contributions to tax-deferred retirement plans made on the first of the year have one more year to grow inside your plan compared to deposits made on the last day of the year – and it's all tax free growth.

Again, this may not sound significant, but over many years it can add up to tens of thousands of dollars, so it's worth doing. Little details can result in big differences when compounded over many years.

3. Move to a Low Cost Area

I mentioned this strategy earlier, but it's worth repeating because it can play such an important role in stretching your retirement savings.

Consider moving from a high cost of living area like San Francisco, New York, or any other major city or coastal area to a low cost alternative such as the South, Midwest, or even a foreign country.

The cost differential can be as dramatic as night and day, so don't dismiss this possibility if location doesn't matter a lot to you.

Several things to consider before moving include proximity to family, friends, and important medical providers. Are there other retirees to connect with, and how does the lifestyle fit your retirement interests?

Consider visiting the area first and renting for awhile so you can try before you buy.

There are many low-cost alternatives for retirement living including moving abroad, so try visiting and renting at several until the fit feels just right.

Tactic Six: Redefine Your Retirement Plan For More Happiness and Less Savings

Working after retirement may sound like an oxymoron, but working like crazy for 40 years and then spending 30 years doing little or nothing doesn't make much sense, either.

For many people, having a full time career until the magical age of 62 and then stopping cold-turkey is an artificially contrived ideal.

Reality seems closer to a transitional period of semi-retirement from your 50s through your late 70s (depending on health).

The list of reasons to continue working part or full time after "retirement" is important to consider:

- You want to stay active and relevant
- You enjoy the personal connection with co-workers
- You prefer a daily routine to 30 years of unstructured days
- You want to turn an avocation into a vocation
- You need to get out of the house and away from your spouse
- You want to reinvent yourself and pursue a dream career

- Endless rounds of golf, reading novels all day, and knitting are not your definition of happiness
- The additional money would be helpful

"Work saves us from three great evils: boredom, vice and need." – Voltaire

Assuming you generate $20,000 per year in extra income by working during retirement and use industry standard withdrawal rates of 4% from savings, you'll need roughly $500,000 (500,000*.04=20,000) less in retirement savings to support the same lifestyle when compared to not working.

Clearly, this additional income can be a big band-aid to a late saver's wounded portfolio.

Before getting excited about this strategy, carefully consider if you have the desire to work full or part time during retirement. Do you want to develop a second or third career that interests you?

Maybe you want to continue with what you already do, but work fewer hours? You can redefine what retirement means to fit your exact needs.

1. Postpone Retirement

The longer you work, the fewer years in retirement you must finance from savings.

Not only does this lower the savings required, but it gives more years to continue growing your savings while having your employer cover medical insurance and other expenses. This can dramatically close the retirement savings gap.

In addition, continued work can allow you to delay when you begin taking Social Security, which can significantly increase the level of benefits you receive. Similarly, some defined benefit pension plans increase benefits when you remain on the job longer.

2. Phased Retirement

Rather than stopping work, how about just slowing down? Some employers encourage workers to phase into retirement by reducing workload to three days a week so they can retain worker knowledge and skills.

If your employer doesn't offer this program, consider switching to a job that offers flex hours or large blocks of vacation time like teaching. This way, you can slow down without quitting entirely.

Maybe you want to pursue dreams of entrepreneurship in retirement. You wouldn't be alone. According to a study by the Ewing Marion Kauffman Foundation in Kansas City, Americans aged 55-64 were more likely than anyone else to start a new company.

A tried and proven path to entrepreneurial transition in retirement is consulting for your previous profession.

Another popular phased retirement strategy is to convert an artistic passion or hobby interest into extra revenue.

What avocations of yours could be converted into revenue streams? The choices are limited only by your creativity.

Regardless of the part time or second career option you choose, be careful to check how the additional income will affect your social security benefits and tax situation.

3. Don't Retire

Maybe your work is downright fun and so satisfying that you hope to never retire. Consider yourself fortunate. Some people find an active, fulfilling work life beats a life of leisurely retirement any day.

If that's true for you, then why fight it? It certainly makes your retirement planning easy.

Retirement Savings No-Nos – Don't Make These Mistakes

The road to catching up on retirement savings is well-trodden. Many have traveled the journey before you and their experience teaches us where the most obvious potholes in the road are located.

Anyone trying to catch-up on retirement savings faces certain incentives and realities, making them susceptible to making the same mistakes.

By learning about these common mistakes and avoiding them, you save valuable time and money.

4. **Reaching for Return**: Don't ramp up portfolio risk in a desperate attempt to improve returns. You might luck out and enjoy magnified returns, but the odds favor something worse. Beware of investment

scams, speculative stocks, viatical settlement deals, and anything else promising high returns with little or no risk. You're a prime target for investment con men because of your need for above market returns – so walk carefully. If it sounds too good to be true, then it probably is.

5. **Assuming Overly Optimistic Returns**: Retirement planning would be a whole lot easier if we could assume investment returns of 15% or more indefinitely into the future – but that's not reality. Use conservative estimates so your retirement is secure. Never use aggressive return estimates to force the numbers to work because running out of money in your old age is a tough price to pay for unrealistic assumptions.
6. **Eggs in One Basket**: Beware of investing too much of your 401(k) plan in company stock as you near retirement. A single company is much riskier than a diversified portfolio, and you can't afford the double whammy of losing your job and retirement savings at the same time should your company run into problems. Just ask former Enron employees who were nearing retirement.
7. **Banking the Inheritance**: Many people use an expected inheritance as an excuse to not save for retirement. Life is uncertain. The grantor could spend the inheritance on health care in their final years or make a foolish investment. A lot of things can go wrong and leave you empty-handed and destitute in your golden years if you don't take self-responsibility for your retirement savings.
8. **Don't Follow Simplistic Guidelines Blindly**: Retirement planning is an inexact process despite what all the experts may claim. You're unique with skills, abilities and interests different from others. Your solution to catching up on retirement savings could look totally different from what your broker tells you. Just because he outlines asset allocation and savings requirements doesn't mean you shouldn't go build that dream business and invest in real estate instead. It's your financial security and you're responsible. Consider all options and trust yourself

to do what is uniquely right for your situation. You're the only one that has to live with the results.

9. **Invest For A Lifetime**: If you're 55 years young and planning to retire at 65, you would be mistaken to believe your investment time horizon is just 10 years. Odds are good you'll live at least another 30 years in retirement, lengthening your investment time frame to 40 years or more. Plan your investing accordingly and don't think too short-term.
10. **More Procrastination**: What got you into this bind in the first place is procrastination, and what will get you out of it is doing the opposite. Get proactive by taking aggressive actions now to catch up on your retirement savings. The longer you wait, the harder it will be to catch up. There's no better time to get started than today.

In Summary

The bottom line is it's never too late to begin saving for retirement.

You still have plenty of options and solutions available to increase savings and reduce cash flow needs – but you must act now.

Retirement planning late in your working years may be more difficult, but it can be done regardless of your age if you follow the strategies above.

Commit to adopting one or more strategies from this article and begin implementing action steps today. As you get one strategy firmly in place, begin implementing another strategy.

Nobody should need or want to adopt *all* the strategies, so pick and choose only the ones that work best for you. Before long, you'll be well on your way to a secure and fulfilling retirement.