5 Resolutions to Enrich Your Retirement Plans

By Scott Ho

Americans still place improving their financial safety net at the top of their list of new years resolutions. Fewer Americans are spending money on things not needed and spending more than they earn.

While many of us achieved our goals to improve our spending habits, being tactful with money is not the same as long-term financial planning. People need to take the next step and turn better financial habits into a stable retirement.

Most of us have not saved enough for retirement. Sometimes life gets in the way and we are forced to focus on our immediate finances over our future needs. However, with a stock market at record highs and a housing market on the mend, look for hope and opportunities to help improve your overall financial plans.

So whether you are 25 or 55, here are 5 resolutions which are sure to improve your retirement plans:

Resolution #1 – Commit to Developing Better Financial Habits

A major mistake many people make as they improve their financial habits is not aligning their short-term goals, such as cutting debt with their long-term financial goal, a long and happy retirement. As we head into the new year try to align those short-term goals with your long-term plans.

When you resolve to create a savings habit by cutting out an unnecessary expense or putting your left over cash and change into an account each week, it can have a positive effect on your finances, but it should also be tied to a larger savings goal by setting a portion into your retirement fund or increasing your weekly 401k contributions.

Resolution #2 – Learn More About How Social Security and Taxes Affect Retirement Plans

To reinforce your desire to learn more about your finances, this is an ideal time to examine the role of Social Security benefits and taxes in retirement. How much Social Security you earn is different for every person, taxes vary widely and everyone needs a customized strategy that takes into account their financial situation, longevity and existing retirement assets.

When it come times to tap into your Social Security or withdrawal funds from one of your retirement accounts, it is best to consult with a financial professional that understands the tax implications so you can save. This is also an opportune time to learn more about available options for generating income in retirement – including products that can provide guaranteed income such as annuities or income property.

Resolution #3 – Learn More About Long Term Care Insurance

There is a good chance you will live into your 80s or 90s. This means there is a real possibility of running out of money in retirement and for many retirees, long-term care is the single largest expense during retirement. Take some time to plan a little further and learn more about your long-term care insurance options.

It can be difficult to budget for long-term care needs (nursing homes, medicines etc, all while keeping up with the cost of inflation on the price of goods). You may never need long-term care, but if you do, it could cost hundreds of thousands of dollars. You can attempt to estimate the cost of care and nursing home fees to factor into your calculations, or you can include a monthly insurance premium in your budget. A **long term care insurance policy** can greatly reduce the financial burden of medical costs and care in your later years.

Resolution #4 – Meet with a Financial Advisor

Unfortunately, stretching your savings into your 90s or the generating income part of retirement is not as easy to DIY (do-it-yourself). If you have not had a discussion with your financial advisor in a while or you don't have a financial advisor, then resolve to meet and discuss any changes and/or new opportunities for your retirement plans.

Don't just establish better habits or learn more, get engaged in your finances. Discuss catch-up contributions for those starting to save for retirement after age 50. Determine how long you will need to work before taking retirement. Find ways to invest, earn income or stretch your budget for the long-term.

Review your credit, savings assets, investments and goals with your financial advisor, insurance agent, lawyer, tax professional, etc., so you can have confidence in your finances throughout 2014. Retirement planning should not be a *set it and forget it* event. To truly succeed you will need time, flexibility and support from experienced and knowledgeable professionals.

Resolution #5 – Review and Adjust Current Retirement Savings Plans

Once you've done your homework and spoken with your trusted financial advisor, it's time to make a new retirement plan. If you are young and just starting the retirement planning process, commit to putting something away each month or week. If you're older, make changes to ensure you have enough assets, long-term retirement with proper insurance coverage and income for 20 extra years.

If you have received a pay increase or bonus, it's time to up your withholding. Are you taking advantage of employer-matching options – you can take advantage of catch-up contributions; if you're over 50, you can make additional **"catch-up" contributions** to your IRA plans before the April tax deadline (this helps you save more and lowers your tax liability).
Bear in mind that many of the factors that will influence your retirement expenses change from year to year and adjustments will need to be made often to stay on track towards your goals.

Take Hold of the Reigns And Commit to Your Retirement Plans

Like many New Year's resolutions, this list may seem a bit daunting. Remember that reaching these goals do not require any special skills. They may require a change in mindset and most likely a change in habits. And with support, you can commit to these New Year's resolutions to save enough for retirement now and beyond. The effort involved is worth it.

If you need a referral to a great investment advisor, let me know.   --