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Beware of These 6 Common (and Costly!) Retirement Mistakes

Our retirement is our responsibility, yet many people do not think about how they are going to spend their retirement time. More importantly, even fewer people plan on how to fund it until it is too late. If you are old enough to buy a drink at a bar, it is time to think about your retirement.

In March 2013 the Employee Benefit Research Institute (EBRI) found 57% of U.S. workers have less than $25,000 in total household savings and investments, excluding their homes.

Of workers and retirees, 28% reported no confidence that they will have enough money to retire in comfort, the highest level of concern in the 23-year history of the EBRI study. Only 66% of Americans report having any retirement savings, compared to 75% of workers in 2009.

Only 50% of Americans say they can put their hands on $2,000 cash for an emergency.

Many Americans are not good at saving money and dismally poor at saving for their later years.

What are the common mistakes and how can we avoid them?

1. Mistake #1: Starting too late. Many of us believed we were immortal in our 20s. By the time we get into our 40s and 50s, we regret not only neglecting our physical health but also ignoring our financial health. Those lost decades can mean hundreds of thousands of dollars in lost retirement savings because then we cannot take advantage of compound interest.

Bottom line: Your retirement is your responsibility. Start now. Be smart.

Please share your feedback on this article on my blog.

Mary's Updates

Mary's Video of the Month
~ Finding Balance in Your Life ~

This month's featured video is about your life's priorities. When leading a busy life trying to grow your business, we tend to forget our life resolutions. It's so important not to forget what's really important in your life!

Mary's *Money Smart* Hits the Best-seller List!

Did you know that Mary's new book is on the best-seller list? *Money Smart: How Not to Buy Cat Food When You Don't Have a Cat* is available as a Kindle and hardcopy here.

Cadets at the Air Force Academy were gifted with the Money Smart book right before finals!

All proceeds from *Money Smart: How Not to Buy Cat Food When Your Don't Have a Cat* are donated to the Wounded Warrior Program, Together We Can Change the World, and Take Me Home Pet Rescue. Please email Mary at Mary@ProductiveLeaders.com on how to get a tax deduction for bulk orders.

People often don't start saving money because they don't think that what they can afford to put away will make a difference.

Saving just $100 per month starting at 20 years old at a 10% interest rate means having $1,761,413 when you turn 70. Waiting until you are 30 to start saving reduces that amount to $643,048. Time matters!

2. Mistake #2: Not saving enough during working years. The average person working today will likely live to be almost 90.

   Let's say your parents support you until you are 21, and you want to retire at 65. For the first 21 years of your life and the last 25 you are not producing income for yourself. From age 21 to 65, you have to make enough during those 44 years to support not only YOUR children for the first 21 years of their life, but also to fund the last 25 years of your life.

3. Mistake #3: Funding your child's college fund instead of your retirement account. Yes, you want the best for your children, but remember that they can borrow money to go to college, while you cannot borrow money to retire.

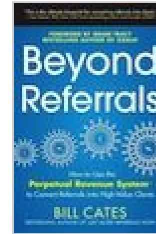
   One strategy is to encourage friends and family members to contribute to your child's college fund instead of giving them birthday or Christmas presents. The children may not appreciate that at the time, but once they start looking at college costs, they will be very grateful.

   If your relatives jointly contribute just $41.66/month ($500 per year) to a child's college fund, after 18 years of contributions at 10% your high school graduate will have $25,227.

4. Mistake #4: Not taking advantage of the ROTH IRA (Individual Retirement Account) while you still can. The ROTH IRA is a fantastic retirement medium because it allows your money to grow tax-free forever. You are not taxed on the capitals gain, dividends, or profits you make within a ROTH account. Because this is such a good deal, Congress and IRS have income limitations restricting who can invest in a ROTH.

   A single person can contribute $5,500 per year into a ROTH IRA

Mary's Book of the Month



Beyond Referrals
by Bill Cates

I saw Bill Cates speak in 2009 and he forever changed my business model.

Since then I have read everything he has written and when I travel, I carry one of his books with me at all times. So yes, I am a fan. Bill Cates makes sense and his system and methods work for a variety of business and sales people. I read and reread his books because he provides steps, techniques, the right mindset, and the words that I need to develop and improve the referrals in my business.

Bill writes exactly what I need to know about how to ask for referrals, manage referrals, and give referrals.

This book is for anyone who delivers superior customer service in an environment that demands high levels of trust and real value. Beyond referrals is particularly helpful for people in the financial, legal, insurance, and IT industries.

Twitter and Social Media

Did you know that you can read Kindle books without having a Kindle? You can read Kindle books on your phone, Ipad, MAC or PC by using the quick download here.

Pet Tip

Be aware of the chemicals you use to clean around the house as they can be dangerous for pets. If you are thinking about alternative more eco-friendly cleaners, such as vinegar or baking soda, your pets might give you the motivation to make the organic switch. **For natural cleaning ideas, please visit this webpage.**

account (like a Traditional IRA) but only if they make less than $112,000 per year. For married couples the income restriction begins at $178,000.

5. Mistake #5: Underestimating your costs of living in retirement. Chances are, with more free time, you will spend money. During retirement you want to travel, visit friends and family, and spend more time on activities that interest you, such as hobbies. Golf (as well as many other activities) costs money. For years, many financial planners were telling their clients that they only need 65% of their working income for retirement.

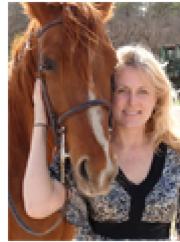
   I disagree for 2 reasons.

   First, these planners were often not considering the impact that rising inflation (overall levels of prices going up) would do to their clients' purchasing power.

   Second, some costs in retirement are higher, not lower such as health care, medications, insurance, entertainment, and home maintenance.

6. Mistake #6: Social security was developed as a retirement supplement, not as a single source of income, and it is not solvent. We are facing a crisis with some baby boomers heading into retirement suddenly realizing that they are not going to be able to sustain themselves. Their children will suddenly realize that their lifestyle is going to be affected when they have to support their aging parents.

Thank You for Reading this Newsletter



Know anyone planning a conference who needs a motivational leadership speaker, or a business that needs a push forward? Please **contact me**. I greatly appreciate your referrals!

Mary C. Kelly

Connect with Mary

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