Transcript

Building A Foundation For Retirement

Retirement can mean different things for different people.

It could mean stopping work entirely and travelling the country, or it might mean quitting a full time job to work part time and pursue something you love.

Now, if you’re just getting started in a career, you may not be thinking about when you want to retire or what kind of lifestyle you’ll want when you do. But just because you’re not thinking about it yet doesn’t mean you shouldn’t start preparing for it, because the earlier you start saving for your retirement, the more flexibility you’ll have to create the future you want.

One way to get started is to open a retirement account and start contributing to it regularly. You can then choose to invest that money in things like stocks, bonds, and mutual funds. By investing, you’re giving your retirement fund the opportunity to potentially grow over time.

There are of course, some risks to investing. Investment accounts aren’t FDIC insured and aren’t bank guaranteed. And, as the market rises and falls, investments can lose value.

However, historically, over the long term- there have been periods in which the market has recovered losses.

It’s also worth noting that some investments can be riskier or more volatile than others.

And while not all investments may do well,

on a whole, market growth has historically outpaced the rate of inflation.

Of course, past performance is no guarantee of future results.

But, investing is one way of potentially offsetting the effects of inflation on your money over the long term.

Now let’s look two types of retirement investment accounts you might encounter-

of course, there are many more,

but for now, we’re just going focus on two of the most common ones.

Sometimes, they’re referred to as “retirement vehicles.” You could even think of them as vehicles that can carry your money toward your financial goals.

Some retirement accounts might be offered through your employer, like a 401(k).

Other accounts you can set up on your own like Individual Retirement Accounts or IRAs.

Employer plans, like 401(k)s are often set up so that you can automatically set aside a portion of your paycheck to help build your account. Some companies even help out by contributing an additional amount of money to your account. This can be an excellent benefit to take advantage of.

Accounts you set up on your own, like IRAs, won’t have that employer match but you’ll have the freedom to shop around for an account that’s right for you and typically choose between a larger selection of investments. You can manage these accounts on your own or have a professional help you.

Retirement accounts like 401(k)s and IRAs offer tax advantages, but they also have potential drawbacks- for example, you could be charged a substantial amount of additional tax if you withdraw money from them early. Basically they’re designed to encourage you to set money aside for retirement and discourage you from being tempted to use the money you’ve invested before you retire.

Whatever you might envision for your future, if you start early enough, time is on your side. By doing your own research or working with a professional, you can start to create an investment plan that takes your personal goals and ideal retirement date into consideration.

Starting a retirement account early and adding to it often can give you more options and flexibility in the future.