



WEEK 5

MONEY MINDSET

Planning for Retirement

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Your retirement may be years, or even decades, away—but the sooner you start saving money, the better prepared you'll be for the future you have in mind. **By taking appropriate steps now, you can help set yourself up for a better financial situation in the future.**



Retirement happens sooner than you think. Whether you're just starting out or transitioning toward retirement, you can set appropriate financial goals that will fit your stage of life.

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Saving for Retirement

HOW MUCH TO SAVE FOR RETIREMENT

Even though it would make retirement planning so much easier, there isn't a single magic number everyone should aim for. What might be enough for one person won't be enough for another. To start figuring out how much savings you might need, start by thinking about you.

Retirement planning starts with envisioning your future. Think about how you want to spend your time, where you want to live and what big goals you might have. Then, think about ways you can save more. Remember, even small adjustments can make a big difference in your future income in retirement.



Answer these five questions to get a clearer picture of your life in retirement:

- 1. When do you want to retire?** Knowing when you'll retire can help you figure out how many years you should be saving for.
- 2. Where will you retire?** Will you want to live the big city life or settle in a smaller community, downsize, continue to own your house, sell, rent?
- 3. Will you work in retirement?** How many hours will you work, and how much will you earn to complement your other sources of income?
- 4. How will you spend your time?** Are you planning to spend time with family and friends, volunteer, travel, eat out at restaurants, or just take it easy?
- 5. What will your health be like?** Are you healthy now? What about your family history? How might that affect your spending needs?

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Once you've answered those questions, think about how much you spend in a year now, and compare that to what you'll need to spend for the life you've pictured in retirement.

One way to frame your budget is by breaking it into three categories:

Essentials

These include basics such as rent or mortgage, groceries, taxes, transportation, heat, and electricity.

Non-Essentials

These include travel, helping out family members, and buying a home or a new car.

Healthcare

This includes medication, long-term care, special housing, and other special care.



Depending on when you plan to retire, you may need to save enough to keep up your lifestyle for 20 to 30 years. Are you saving enough to be able to afford the life you want in retirement, or should you save a little more to give it time to grow?



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START SAVING TODAY

The important thing is to start today. When you invest your money in a retirement savings plan, you can benefit from compounding interest, which means that it can earn interest, and that interest can earn interest, and so on, which can really add up over time.

So get started as soon as possible.

Consider choosing a higher contribution percentage to get more earning power from the start, and try increasing your contribution by 1% every year. If you increase it at the same time as your annual raise in compensation, you may not even notice the extra 1% you're saving today, but you'll thank yourself in retirement.



If you were to contribute \$3,000 to your plan each year starting at age 25, you could have close to \$400,000 by the time you're 65, assuming your investments earn an annual return of 5%. If you don't start saving that money until you're 35, the amount you'd have at retirement is cut almost in half, and it's another 50% reduction if you don't start until age 45.

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Tools and Resources



CHALLENGE ACTIVITY

Learn about how to create a plan for your best future. There are many factors that can affect your retirement and making sure you have a plan is important. Find resources below to help you start saving and planning for your retirement - at any age!

US RESOURCES

- [MyOrangeMoney Calculator](#)
- [Journey to Retirement Workbook](#)
- [Retirement Planning Under 40 Webinar](#)
- [Retirement Planning Over 40 Webinar](#)

CANADIAN RESOURCES

- [Canadian Retirement Income Calculator](#)
- [Financial Literacy 101: Retirement Planning](#)
- [Retirement Planning in Your 20s](#)
- [Retirement Planning in Your 30s](#)
- [Retirement Planning in Your 40s](#)



MONEY MINDSET WEEK 5 SUBMISSION FORM

Complete the [Week 5: Challenge Submission Form](#) by **Tuesday, March 26** to earn one Wellbeing Ticket.