



Strategies for Smart Retirement Planning

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A study conducted by the Employee Benefit Research Institute estimated that the average American worker will face a retirement savings shortfall of more than \$47,000.¹ How can you avoid a similar fate?

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Step 1: Stay invested.

It's not easy to see your account value decrease after a decline in the stock market, particularly after a steep, sudden drop of 10% or more. But one of the dangers of cashing out is missing a potential market rebound. Trying to "time" the market is a strategy even the most-seasoned financial professionals have difficulty mastering. It can also lead investors into the trap of "chasing gains"; that is, moving your money from one investment that's lagging into another one that's currently achieving better performance.

Step 2: Regularly monitor your investment mix.

One of the benefits of a diversified portfolio is balance. If one type of investment is experiencing losses, another type may be earning gains. Over time, these gains and losses may cause your asset allocation to skew away from your target mix.² Or your tolerance for risk may evolve over time. Lifestyle changes can also necessitate a readjustment to your allocation. That's why it's important to monitor your mix and make adjustments when necessary.

Step 3: Increase your savings rate.

Perhaps the most important way to help fund your future is to sock away as much as possible. Finding the extra money to invest can be tough -- you've got plenty of expenses to worry about today without the added anxiety of worrying about tomorrow. But every dollar you can spare can make a difference. Whether retirement is just around the corner or 30 to 40 years away, regularly setting money aside --

particularly in a tax-deferred vehicle such as a 401(k) or tax-exempt account like a Roth IRA -- can often be the smartest move you can make.

2011 Retirement Plan Account Limits

Maximum contribution limit for 401(k), 403(b), and 457 plan participants	\$16,500
Maximum additional "catch-up" contributions for 401(k), 403(b), and 457 plan participants age 50 and older	\$5,500
Maximum traditional IRA contribution	\$5,000
Maximum additional "catch-up" contributions for traditional IRA account holders age 50 and older	\$1,000
Maximum contribution limit for SIMPLE retirement accounts	\$11,500
Maximum contribution limit for Roth IRAs ³	\$5,000

Source/Disclaimer

¹Source: Employee Benefit Research Institute, *EBRI Notes*, October 2010.

²Diversification and asset allocation do not ensure a profit or protect against a loss in a declining market.

³Roth IRA contributions may be made only by single taxpayers with modified adjusted gross incomes (MAGIs) of less than \$122,000 and married joint filers with MAGIs of under \$179,000. Phase-out limits for partial contributions also apply. If your MAGI is close to or over these limits, talk to your financial or tax professional before contributing to a Roth IRA.

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