

How to Save for Retirement While Still Enjoying Today

By Tracy Piercy, CFP

First, understand that you can't save for retirement. Retirement is not something like the purchase of a new car or holiday that has a fixed price and can be purchased when you have the money.

In order to retire from the workforce, you need to have enough financial resources that you can support yourself in the lifestyle you desire. This will require you to be financially independent – not that you have a fixed amount of money stashed away in some investment account somewhere.

Second, you must understand that you don't have two different lives – the working life and then the retirement life. You have one life and the money you need to support your lifestyle in that one life is not something you can save for.

Yes, one thing you can and should do is to have some money invested for long-term support of your lifestyle. But, the only way to do this is to start with every dollar you earn and simply designate a percentage for long-term savings.

Third, long-term savings can include the retiring of debts which have accumulated because you have already spent your future earnings. If you have enjoyed a lifestyle benefit from the advancement of credit today, then you are simply doing things in reverse. If you are being charged, say eighteen percent, on your credit card and are paying that amount with after-tax dollars, the best investment you can make is to pay that bill.

Fourth, the only way you can know how much money you need to have coming in each month so you can be financially independent is to first know how much is going out. This amount needs to be an exact amount – not a guess. That means that for a period of time you must do some research by tracking your expenses – all of them.

Fifth, when you know what money is going out, you can evaluate where to allocate funds most effectively. You can work with a professional to compare alternatives for paying off debt if necessary and to consider options for combining financial programs. Some examples, of this type of financial strategizing are reorganizing debt, combining mortgage payments with investments, investing within insurance or leveraging exiting assets.

Whether any of these strategies makes sense for you personally, isn't something that can be answered until you have the other items in order first. You will then know what you need, exactly where you stand today and can explore alternatives to bridge the gap that enable you to develop long-term financial independence while still enjoying your life today – because it's all one life.

Money expert Tracy Piercy is a Certified Financial Planner, author, and founder of the personal MoneyMinding Makeover System. To learn more about this step by step system and to get the **Free 12 Simple Steps** program visit www.moneyminding.com.

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