

Building Your Nest Egg

Some ideas to guarantee more peace of mind when you retire.

Building your nest egg isn't difficult, it simply requires that you make some good choices and get into a couple of good habits. The thing that happens to many people is that they consider the total amount that they will need to retire comfortably and are paralyzed by the sum. They figure that there is no way they can save that much, and so they do the absolute worst thing - they do nothing.

Like most things - you've got to do it in manageable steps. Following the suggestions listed below won't guaranty that you'll retire in the same style as David Robinson, but they will provide a retirement cushion which will help your peace of mind. None of them are exotic or unusual, the trick is to **DO THEM**, and do them **REGULARLY**.

It's called getting into good habits and, as Ed Foreman says, "Getting into bad habits is easy, but they're hard to live with. Getting into good habits is hard, but they're easy to live with". Here are the suggestions:

1. Live below your means. Don't try to earn enough money to live the life to which you are getting accustomed; rather, realistically consider your current income, and adjust your spending habits accordingly. Don't spend more until you make more.
2. Leverage your employer's contributions. If your employer offers a 401(k) match, take advantage of the maximum amount that they will provide (hey, it's free money). If they don't offer a 401(k) plan, pretend that they do and regularly save a specific amount from each of your paychecks. The most important thing to remember is to put the money aside **FIRST**, so that it never becomes part of your household budget.
3. Buy a home. If you don't already own a home - go buy one as soon as possible. Don't wait until the "right time". **NOW** is always the right time to start enjoying the appreciation and tax benefits of home ownership. Why rent, and pay off someone else's mortgage, when you can pay off your own mortgage and increase your equity each month?
4. Start a "Starbucks" savings plan. Think Christmas Club, but one that lasts until retirement. By design, give up; cut down or substitute one or two things that you buy regularly, and bank the money that you are saving. It's a small amount each time, but over a period of years, this one good habit can add tens of thousands of dollars to your retirement nest egg.

Happy saving!

Bob Reisen - Reverse Mortgage Consultant
Wells Fargo Home Mortgage