



Are You Ready For Retirement?

Last week, we looked at financial independence at 30. But what about financial independence after 60 when most of us are looking at retirement? Whether we have thought about it or not, retirement is an inevitable stage of our lives. Therefore, it should be one of the first things on your mind as you enter the world of work. The earlier you start to plan, the better your retirement years will be. No matter what your plans are, they will require money.

How much do I need to retire?

This is a common question asked by many people. How much will I need? A simple answer to this question is a lot. Saving for retirement is like doing a high jump and the bar is raised while you are in the air. It is not possible to predict how much you will require say thirty or forty years from now. So you need to start saving now.

What are the sources of retirement income?

There are three main sources of retirement income:

1. Nationally approved pension
2. Employee pension plan
3. Savings & investments

It is important that you invest in savings and investment plans to enhance your retirement income. Note that your pension will not be the same as your present salary, it will definitely be less. So investment and savings plans designed to save for retirement like the Bank of Saint Lucia's **Registered Retirement Investment Account** are a wise idea.

The Rising Cost of Retirement

The cost of retirement is increasing on a daily basis. For instance, health care is a top priority for retirees and this cost keeps going up and up. The rate of inflation has and will impact on the cost of retirement. The only way to reduce the effects of inflation is to increase the amount that you save.

Another factor that has increased the cost of retirement is that people are now living longer than ever. Because of medical advances, people can now expect to live close to thirty years in retirement. Whatever you save will have to last much longer than in the past. So, as you approach retirement, increase the amount that you are saving towards it. Review the types of investments undertaken and evaluate your risk tolerance. As you get older, you should make more conservative investments.

Preparing For Retirement

When approaching retirement, it is vital to devise a plan of action. This plan should include where you will live as it may become necessary to change residence if where you live now is too expensive to maintain. You should decide to pay off your mortgage as you don't want to go into retirement with any major debt. With less income, the mortgage that you paid comfortably all your life may become a major burden.

Budget! Budget! Budget!

The key to an enjoyable retirement is budgeting. You need to budget now to ensure that an adequate amount is set aside for retirement whether it is in a savings account or some form of investment. When you retire, you say good-bye to the world of work and you now have to live the rest of your life on a pay cut so a budget becomes even more critical. Retirement can be golden but you must begin to put away the gold for it early!