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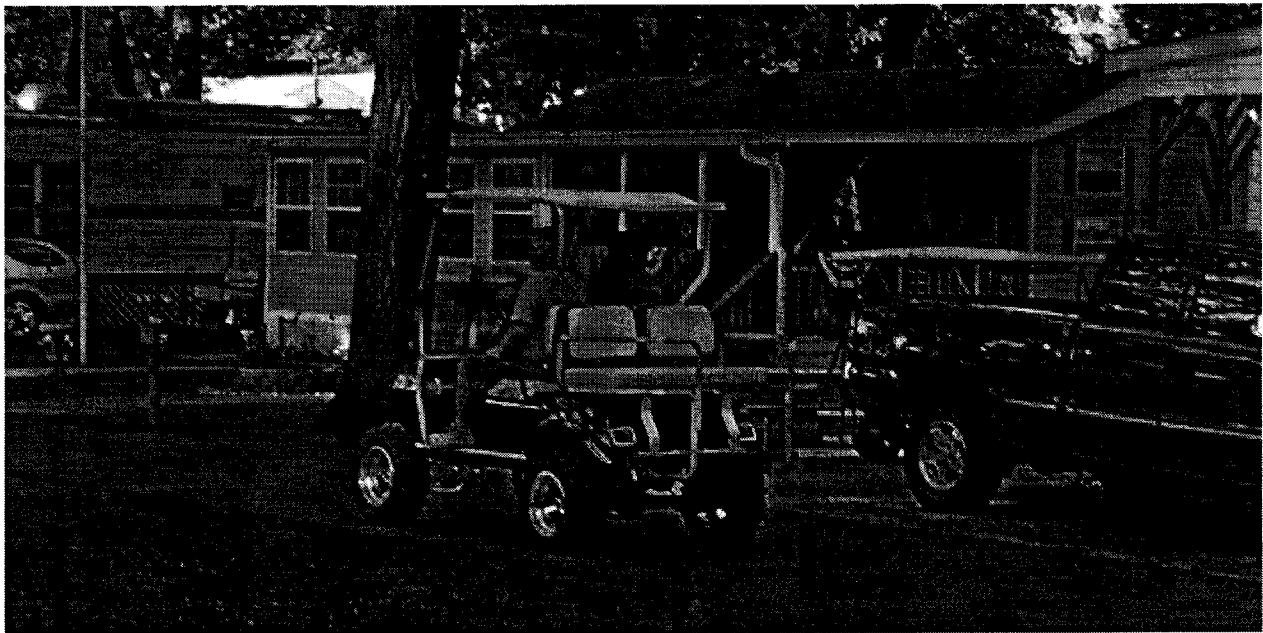
# The Ultimate Low-Income Retirement Strategies That Can Benefit Everyone

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Saving for retirement is seen as the ultimate personal finance goal — and it should be. Even if you're in your 20s or 30s, you're not going to be working forever (or at least you hope you don't have to).



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However, many people are just starting out in a career or perhaps have lost jobs over the last few years and have had to downsize their salaries. There are definitely challenges to finding a bit extra in every paycheck to save.

“One very large issue to deal with is breaking the cycle of unwise financial decisions and helping low-income individuals adopt a horizon long enough to believe that saving for retirement is worthwhile,” notes R. Joseph Ritter, Jr. CFP, of Zacchaeus Financial Counseling, Inc. “This is perhaps the biggest challenge facing financial professionals who deal with low-income households and one of the biggest reasons more people are not saving.”

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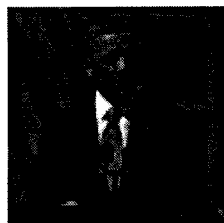
Often, people in their 20s and 30s, will have relatively low incomes simply due to the fact that their prime income earning years still lie ahead of them. These folks are best served by simple, manageable savings strategies. For example, a 28 year old might have student debt and a credit card or two they used to get by out of college, and a \$48,000 per year income. “This 28 year old probably feels like he or she has no money and can never save,” says Dennis M. Breier, president of Fairwater Wealth Management. “But, if you ask them to find \$40 dollars a week in their budget to save, guess what? They can find it, and they can save it. All of sudden, after a few years, they have decent little retirement account built up.”

Breier’s takeaway is that if a young person wants to implement low-income retirement strategies, the habit of saving — plus compounding interest — generally carries through for the rest of his or her life. “Even if their income remains low, they have learned how to regularly save,” he says.

The good news is that saving for retirement on a lower income isn’t impossible — it just takes some solid planning. Whether you make \$35,000 per year or \$135,000 per year, the willingness to sacrifice for security in the future has to be there. Without the desire to save, even the wealthiest people can find themselves unprepared for retirement.

## Retirement savings

More retirement savings strategies



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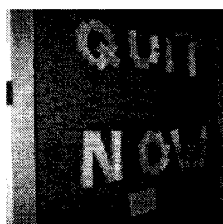
Do You Know When Your Retirement Funds Will Run Out?



## Do You Know When Your Retirement Funds Will Run Out?



## Should You Save for Retirement or for Your Kids' College?



## Left Your Job? What to Do With Your Retirement Plan

Regardless of your income level, here are four tips to help you reach the retirement of your dreams:

### **1. Recognize that there is no 'one-size-fits-all' retirement plan**

Because no two lives are the same, it's important to realize that there is no golden retirement strategy that will meet everyone's needs. You need to assess your income, spending habits, and overall budget to make sure you are coming up with a plan that you can manage. "This is why it's important to work closely with a financial professional to develop a personalized plan that fits your circumstances and needs," says Elle Kaplan, CEO and founding partner of LexION Capital Management, LLC.

### **2. Open a Roth IRA or traditional IRA**

Holly Wolf, chief marketing officer of Conestoga Bank, recommends if you want to incorporate low-income retirement strategies, to deposit money into your Roth IRA or traditional IRA account using any of these techniques:

Review your take home pay. "If your take home pay is \$314.27 take the first number \$3 and the change .27 and deposit that in an IRA (\$3.27). It's a small amount each pay, but it's a start," she says.

Don't pay with change. Take all the change you get, save it, and then deposit that into your IRA

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Put at least 10 percent of your IRS refund check into your retirement account — and add more if you can afford it.

Take half of your birthday, holiday or anniversary money gifts and put them into your retirement account.

Never touch the money once you put it in the account. "It's better to put less money in an account and not touch it than to put money in and take it out," advises Wolf. If you're under 55 ½, not only will you pay taxes on the amount you take out, but you will also pay a 20 percent penalty.

### **3. Try using the 20-30-50 plan**

The 20-30-50 plan can help you develop that road map and make sure you have everything you need to get started and grow your wealth. The "20" of the strategy means that 20 percent of each paycheck goes into investing or saving; 30 percent is for leisure and general spending; and 50 percent goes toward bills and necessities such as rent, student loan payments, utilities and groceries.

To make things easier, set up an automatic 20 percent transfer from your paycheck to your savings account. The point is, if you don't see it, you won't be tempted spend it. Think of your savings (after you've built an emergency fund) just like any other bill — a percentage goes directly to your retirement account.

### **4. Assess your long-term goals**

This applies whether you have a small income or a multimillion-dollar income. At what age do you want to retire? What do you hope that your life in retirement will look like? What are your legacy goals? It's why you need to plan for your expected future needs, and build room for unanticipated expenses. "You would never just hop into your car without a clear idea of how to get to your destination," notes Kaplan. "The key to a secure and happy retirement is to have a detailed road map that will help you navigate the terrain and get you where you want to go."

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Retirement is possible given any income level. Like most other financial decisions, it takes is some careful planning and some sacrifices to make your retirement goals come true.