Buckingham
RETIREMENT SOLUTIONS

Retirement Planning Essentials

GETTING FROM HERE
TO TOMORROW

Fight Inflation with Investing

Inflation is the reason that things cost more today than they did a few years ago. With inflation averaging about 3% over the long term, $1 this year will be worth 97 cents next year. That may not seem too bad, but it adds up over time. Assuming inflation continues to average 3% ...

$1 = $0.74	$1 = $0.50
10 Years	23 Years

Think about it ... what you can buy for $10 today will cost about $20 in 23 years. Just think back 30 years ago and remember when the price of a movie ticket was roughly $4,[1] a loaf of bread was about 70 cents,[2] and you could buy a new car for around $12,000![3]

Your retirement is years away and could easily last decades. If your savings aren't growing at least as quickly as inflation, the value of your money is decreasing without you even realizing it!

While investing may sound daunting, it can be a lot smarter than stashing your cash in the bank, where the rate of return is usually low. Investing may help you stay ahead of inflation and, over the long term, significantly grow your nest egg.

Note: Past performance is not indicative of future results. Diversification does not guarantee a profit or protect against a loss. Investors with time horizons of less than five years should consider minimizing or avoiding investing in common stocks.

1 https://www.usatoday.com/story/money/2019/08/29/cost-of-a-movie-ticket-the-year-you-were-born/39998123/
Average ticket price in 1992 (~30y ago) was $4.15

2 https://beta.bls.gov/dataViewer/view/timeseries/APU0000702111
1 pound of bread was $0.72 in 1992

3 https://www.farmersalmanac.com/a-look-back-at-what-things-used-to-cost-18228
$12,000 in 1989. Understates 1992 costs, but I can't find anything else.

SOMEDAY YOU'RE GOING TO WANT TO WORK LESS AND ENJOY LIFE MORE – AND WHEN YOU DO, YOU'RE GOING TO NEED MONEY TO REPLACE YOUR PAYCHECK.

HOW MUCH MONEY WILL YOU NEED TO RETIRE?

More than you think. Studies have shown that, on average, retirees need anywhere from 70% to 120% of their pre-retirement income to live comfortably. We're not talking about exotic trips around the world — just enough money to maintain your current lifestyle with confidence.

SOCIAL SECURITY ISN'T ENOUGH TO RETIRE ON

While the amount you can expect to receive from Social Security will vary depending upon your income, the reality is that Social Security will replace only about 33-53% of your income for most Americans.*

Even if you've saved a little, it might not be enough. People are living longer than ever. If you're in good health when you retire, there's a good chance you'll live well into your 80s and beyond. It's possible that you will be retired for 30 years — almost as long as you worked!

That's why you need to save for retirement and take charge of your financial future — so you can retire with confidence.

* https://www.fool.com/investing/2020/11/18/how-much-of-your-pre-retirement-income-will-social/

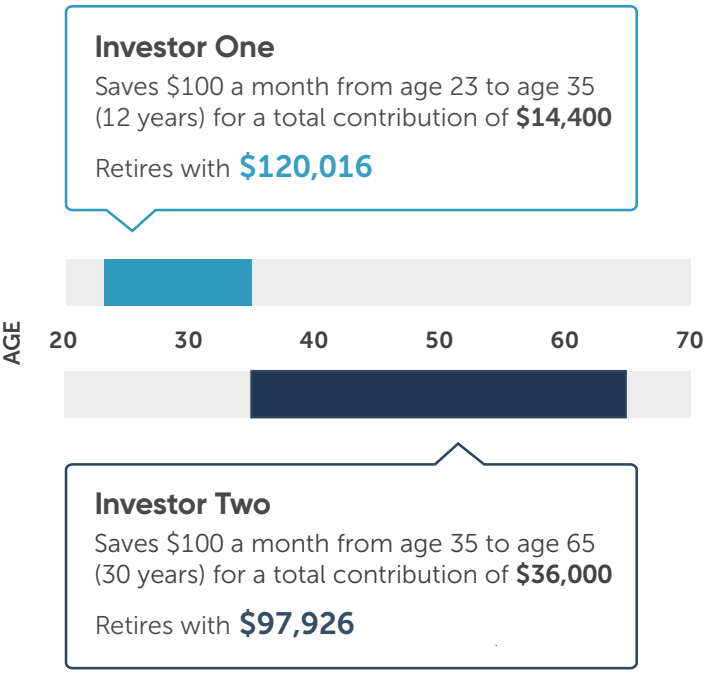
WHEN IT COMES TO RETIREMENT, TIME REALLY IS MONEY

The sooner you invest, the longer your money has to grow.

Just look at who comes out ahead in the chart below. Investor 1, a 23-year-old who saves $100 a month for nine years and then stops at age 35, ends up with more money at age 65 than a 35-year-old who saves $100 a month for 30 years!

DON'T DELAY

Even a few extra years can make a big difference. The following illustration assumes an annual return of 6%.



For illustrative purposes only

EVERY DOLLAR MAKES A DIFFERENCE FOR RETIREMENT

INVESTING EARLY AND OFTEN CAN HAVE A BIG IMPACT

Look what happens over 30 years with 6% growth.

For illustrative purposes only

MAKE SAVING FOR RETIREMENT EASY

Your retirement plan at work is one of the best ways to save for retirement.

Saving is easy and automatic.
You don't have to remember to do it.

Contributing can lower your tax bill.
Pre-tax contributions to your retirement plan are tax deductible. For example, if your tax rate is 20% and you contribute $50 to your plan each paycheck, you'd save $10 in taxes. That means your take-home pay is only reduced by $40.

Some plans also offer a post-tax (Roth) feature if you prefer to pay taxes on the front end instead of when the money is withdrawn.

Your employer may offer matching contributions.
Many employers offer to match your retirement plan contributions. This is free money — but the only way to get it is to contribute to your retirement plan.

STAY FOCUSED ON YOUR GOALS

Your personal roadmap of saving and investing can help you reach your retirement goals — but only if you stick with it. That's not always easy.

Don't dip into your retirement savings (and pay substantial tax penalties) to fund unnecessary impulse purchases.

And though down markets can be scary, don't give in to fear and put your savings into cash only because markets are going through a bumpy patch.

In the long run, whether the stock market is up or down today doesn't much matter. It's only a problem if you don't stick to your plan and possibly miss out on the market's potential for long-term growth.

GET STARTED TODAY AND TAKE CONTROL OF YOUR FINANCIAL FUTURE

Now you know why you need to save for retirement and the best ways to do it.

So what are you waiting for? Tomorrow begins today.