

# MINNESOTA GOOD AGE

## A retirement roadmap

**It might not be as much fun as vacation planning, but managing money now can really pay off**

SKIP JOHNSON | JUNE 5, 2017



With summer fast approaching, your vacation planning has most likely shifted into high gear.

Maybe you're conducting Google searches about places to see at your destination. If you're old school, perhaps you checked out a travel guide at the library. In either case, you're developing a roadmap for your big trip this summer.

Think, for a moment, about the way you meticulously plan for your annual summer vacation. You develop an itinerary. You look for ways to cut costs and maximize your dollars.

Now think about your retirement planning. In many ways, retirement is your ultimate vacation — and too few consumers take the time to map out their destination.

A 2014 retirement survey revealed that 39 percent of retirement savers spend more than five hours researching their next vacation while only 11 percent devote that much time to researching investments for their 401(k)s.

The irony is, if people would put more time into their retirement planning, they would be better able to enjoy their ultimate vacation. I hope the following tips can help you get started on pursuing your retirement dreams:

### **Maximize savings**

Always remember to pay yourself first.

A traditional IRA is one way to get your savings rolling. You may contribute up to \$5,500 to a traditional IRA. If 2017 is the year you turn 50, you may make a “catch-up” contribution of up to \$6,500. A 401(k) is another way to build your nest egg. If you have access to a 401(k), at least meet your employer match.

An employer match allows you to essentially double your money with no risk. If you can save beyond the employer match, then do so. In 2017, you may contribute up to \$18,000 to a 401(k) and \$24,000 in the year you turn 50.

### **Avoid temptation**

Debt can be a huge roadblock to reaching your retirement goals. As you develop a savings plan, you might find an occasional budget shortfall and be tempted to dip into your retirement accounts. Resist that urge!

Borrowing against your savings may seem like an easy out, but it comes at a cost, and can put your retirement goals at risk. If you're paying more in interest on debt than you're earning on your retirement accounts, you're heading in the wrong direction.

Start by avoiding or paying off high-interest debt, then set up an emergency fund so your retirement portfolio can grow untapped.

### **Insure yourself**

Life insurance is a proactive way to protect those you love. In the event something should happen to you, you can make sure your family will be protected just as they would be if you were still able to earn income.

If you already have a policy, take a moment to review it and make sure the coverage fits your family and its needs. You might consider adjustments that will take into account inflation or potential long-term care needs.

You may also need to update your beneficiaries if there have been any changes to your family.

As you plan your vacation this summer, remember to develop a roadmap for your retirement, too, so one day you'll be able to enjoy the ultimate vacation of a lifetime.

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