Your Lifestyle
Your Goals
Your Retirement

Get Your Savings Strategy in Place

The money you are saving in your employer's plan can play a crucial role in providing you with retirement income. But how can you be sure that you are saving enough? The only way to be truly confident that you'll have the money you need to retire is to have a savings strategy in place. Here's how to do it.

Set a Savings Target

Your plan may offer calculators and other tools that can help you determine your goal. Essentially, you are trying to project how much you will need to have in total savings and investments when you retire.

Know How Much You Should Be Saving

Break down how much you will need to contribute to your employer-provided retirement plan from each paycheck to meet your savings target.

Have a Plan B

What happens if you realize that you might not be able to reach your target by the time you are planning to retire? Your best option is to attempt to come as close as you can now to hitting that target. Look for ways to increase your contributions as soon as possible, especially after a pay raise or bonus payment. Another option may be to work a little longer than planned in order to reach your savings target.

TD Ameritrade

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Spreading the **Risk**

An extended period of volatility in the stock and bond markets can test even the coolest heads. Losses, even on paper, aren't good. But without diversification,* it could be worse.

If you look at the performance record of stocks and bonds over an extended period, you can see that they do not always move in perfect harmony with each other, up or down. When one asset class falls in value, the other may rise. The low correlation between stocks and bonds means that investors who own both asset classes in their retirement plan accounts can better manage the risk of significant losses in their portfolios. This is basically the theory behind diversification.

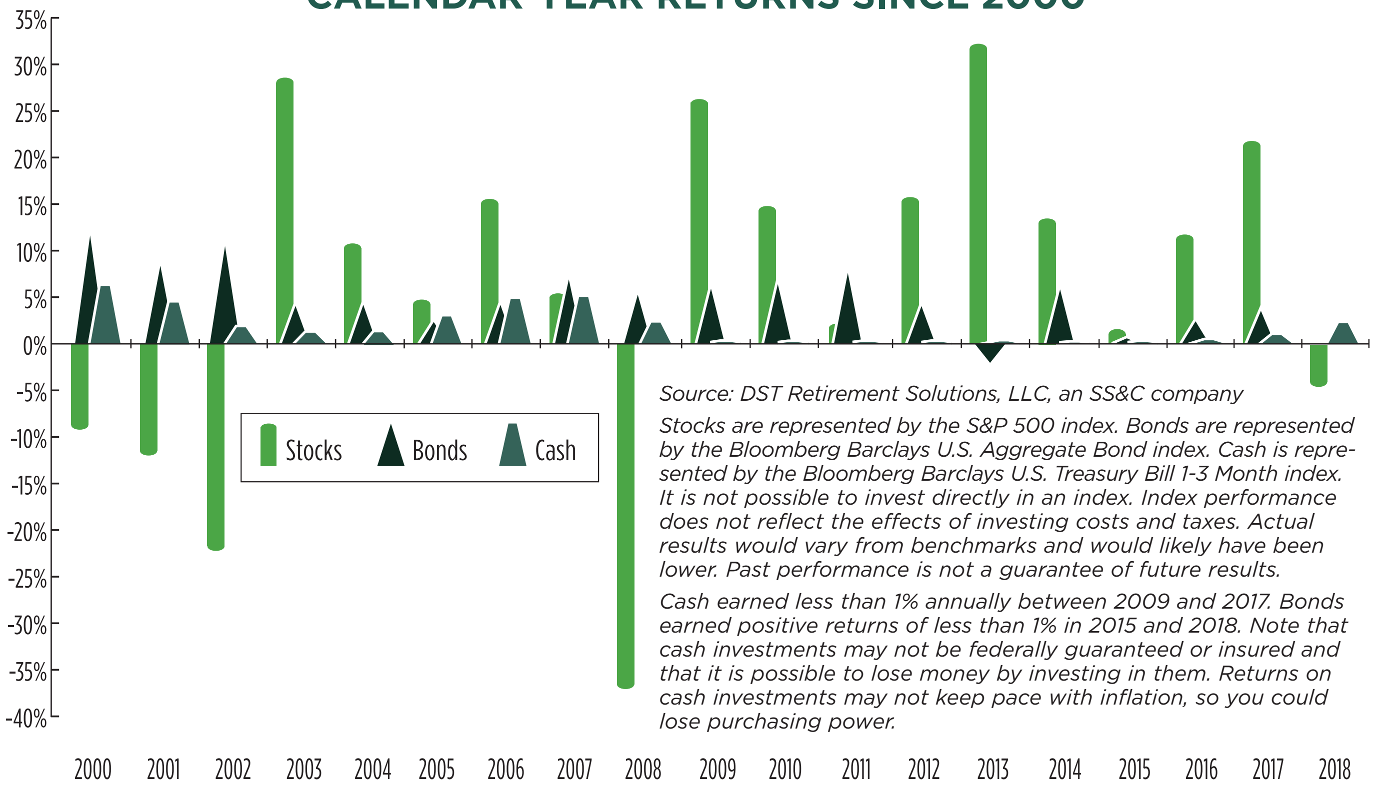
As a retirement plan investor, you can diversify on multiple levels. When you invest in a mutual fund through your retirement plan, you can obtain a measure of diversification. Investing in a stock mutual fund, for example, essentially means that you are investing in many different companies that may be spread across different industries. So, if several of the stocks in the mutual fund perform poorly and lose value, their underperformance may only have a slight impact on the fund's overall value. They represent only a small fraction of the fund's total holdings.

You can also diversify *within* asset classes. For example, your retirement plan might offer stock funds that invest only in large, mid-size, or small companies or even a mix of all three types.

The chart below illustrates the annual returns of the three major asset classes (stocks, bonds, and cash) from 2000 through 2018, a period that included significant fluctuations in stock performance.

** Diversification does not ensure a profit or guarantee against loss.*

CALENDAR-YEAR RETURNS SINCE 2000



Source: DST Retirement Solutions, LLC, an SS&C company

Stocks are represented by the S&P 500 index. Bonds are represented by the Bloomberg Barclays U.S. Aggregate Bond index. Cash is represented by the Bloomberg Barclays U.S. Treasury Bill 1-3 Month index. It is not possible to invest directly in an index. Index performance does not reflect the effects of investing costs and taxes. Actual results would vary from benchmarks and would likely have been lower. Past performance is not a guarantee of future results.

Cash earned less than 1% annually between 2009 and 2017. Bonds earned positive returns of less than 1% in 2015 and 2018. Note that cash investments may not be federally guaranteed or insured and that it is possible to lose money by investing in them. Returns on cash investments may not keep pace with inflation, so you could lose purchasing power.