Life Happens

Stay on Track for Retirement, Even on the Curves

To get the most of your retirement savings plan, it should be automatic—like it is with an employer's plan at work. It's nice if you don't have to give it much thought. However, there are times when you should review your savings goals. A wedding, a baby, a divorce, loss of a partner—all can have an impact on how you save.

Keep Your Future in Sight

Life changes can bring joy, and sometimes sadness or stress. Whatever changes come your way, it's important to keep your future a priority. Below are some tips to help you keep your retirement savings on track.

Getting Married

While it may be more exciting to plan the wedding, it is critical for you and your partner to discuss your finances. Money can be a source of contention even for the happiest couples. Avoid potential conflicts with these tips.

Create a Budget
Spend quality time on a budget for your combined incomes and expenses. Retirement saving should be a priority because it will impact your future together.

Save More
If both spouses are near the start of your careers, that's great for your future. You have more time to save. If you're further along, consider finding new ways to save more.

Think Ahead
Regardless of how long your honeymoon phase lasts, be sure to review your finances at least annually, and make changes when necessary.

More happy couples discuss money at least once a month:

90% of Happy Couples vs. **68%** of Unhappy Couples

16% argue about money weekly and 36% argue about money at least monthly.

Source: TD Bank Love and Money Survey, 2017.

What if?

Let's say you've been saving $200 a month in your retirement account and have $50,000 today. What could happen to your savings in 25 years if you change your monthly savings amount?

Changing Your Savings Plan Can Impact Your Future

What if I:	In 25 Years
Stop contributing to my account	$214,594
Reduce my savings to $100 a month	$282,552
Continue saving $200 a month	$350,510
Increase my saving by $50 a month	$384,489

Source: American Century Investments, Future Value Calculator, Financial Calculators from Dinkytown.net, 2019.
Hypothetical calculations assume a 6% investment return for 25 years in no particular investment, reinvestment of all realized gains, dividends and interest, and do not account for fees, expenses or taxes. If all taxes, fees, and expenses were reflected, reported values would be lower.

Having a Baby

From daycare to college, raising a child can be both rewarding and frankly, expensive. With new immediate needs, you might be tempted to pull back on your savings. Don't. Retirement will be here before you know it.

Remember Your Future

Your future security will actually benefit your children. By saving enough now, you won't need to depend on them later. And, if you continue savings, there's more potential to grow your money.

Save for Emergencies

Kids come with all kinds of unexpected expenses. Build an emergency fund to cover at least six to 12 months of expenses.

Get Creative for College

There's more than one way to pay for college—financial aid, grants and scholarships to name a few. There aren't as many choices for retirement. Saving now is one of your few best bets for success.

Going Single

Divorcing or losing a spouse can take a big toll emotionally and financially. Even if one partner managed the daily finances, it's important to know your assets and debts. In the midst of other decisions, be sure you also understand the impact on your retirement accounts.

Create an Action Plan

Even if the emotions haven't settled, it's important to plan for your new financial situation. That includes creating a new budget and considering how your retirement needs will change. In divorce, some of your savings may go to your ex-spouse. As a widow or widower, you may need to manage benefit payments.

Stay Focused

Your income may have changed, but your long-term goals should stay intact. It may mean finding ways to set aside more for retirement. Be careful to follow your budget. The temptation to use credit cards can be greater when your income is reduced. Accumulating debt now could have a worse long-term effect on your financial future.

Deal with the Details

You will have a lot of details to manage when a family change occurs. It's a good time to review the beneficiaries you've named for your retirement account too. Try to take care of the details as soon as possible so your wishes are followed.

37% of parents say they've considered borrowing from their retirement savings to pay for college.

18% said they weren't sure if they'd dip into their retirement accounts. This approach may not add up.

- Reducing your retirement savings now could mean you have to relay on your children for financial support in the future.
- Borrowing from your retirement isn't a good idea either. It reduces your balance and you could miss accruing earnings. Plus. you usually have to pay it back within 5 years, or immediately if you change employers.

Source: Student Loan Hero survey of parents, 2018.

The Bottom Line

Your family life may change, but one thing needs to stay the same. Stay committed to your retirement savings. Your future is counting on it.

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