



## cutting back on the right things

**We** are in very uncertain economic times – tougher than most of us have ever seen. You may already be trimming your short-term plans, avoiding risk and holding onto your income as much as possible.

By and large, that's a good thing, whether you've already decided to adjust your vacation plans toward a less expensive option, or put off buying a high-cost item this year. But in planning for the immediate future, don't lose sight of the long term. Some things remain vitally important through all economic cycles, and should not be considered luxuries when your personal budget is getting trimmed.

Even in the descending curve of an economic cycle, you should be planning for your retirement. Maybe you already participate in your company's 401(k) plan, or have an individual retirement account that you fund regularly. That's a necessity, not a luxury. You don't want to be one of the 36% of workers who leave the workforce with no retirement account in place. (The situation is even grimmer for working women, 53% of whom don't currently participate in a company retirement program.)

Could you live on Social Security and your current savings if you retired this year? If you're like most people, probably not at your current life style. How will that situation improve down the road unless you're regularly putting away money now? If you couldn't live on a limited income now, it's a good bet that you'll be even less able to do so when you get to the point of retirement.

Think of it as constructing your retirement home. Your foundation is the career you've been building for years. Next you plan your design. With a combination of materials including your own contributions, your employer's 401(k) match, and federal tax breaks on the growth, you can put walls and a roof on your foundation. Since you can choose the level of risk you are most comfortable with and can take advantage of any free financial advice provided through your employer, you're not locked into the same structural design as everyone else.

With regular contributions over time, your account may grow to the point that you can "furnish" your retirement with extras you've always looked forward to having. Travel, new hobbies, even an advanced degree that you always wanted to finish – with enough planning now; you'll have more opportunities to enjoy later in life.

The economic winds are blowing, and it's tempting to change or cease contributions to your retirement accounts in order to meet more immediate needs. But remember that only you can build your "retirement home" to suit your dreams and plans. Without planning, you may be stuck with a structure you like a whole lot less.

