

RETIREMENT PLANNING MYTHS



Retirement planning can seem confusing. Don't let these common misconceptions stand in the way between you and the retirement of your dreams. Separating fact from fiction helps you make informed decisions that will benefit you for years to come.

MYTH

VS.

FACT

"I don't really need to save for retirement. The government will take care of me."

It's true that you will receive money from Social Security in retirement, but it probably won't be enough to keep your current standard of living. You will probably need 70-85% of your current income in retirement.¹ Social Security provides the average worker only 44% of pre-retirement income.² Saving in your 401(k) plan helps you close that gap.

"I'll get less from Social Security if I have money saved in my 401(k) plan."

Your Social Security benefits are not affected by your retirement savings. Your benefits are determined by how much you earned during your working years and the age that you begin taking benefits, not how much money you have when you retire.

"I'll never be able to save enough. Why bother trying?"

Your 401(k) plan makes it much easier to reach your goals than you may realize. Saving even small amounts over a long period of time can really add up. Plus, your employer may offer a matching contribution. And with compound investment growth, your retirement account tends to grow faster the longer it stays invested.³

"You need to be a financial expert to know which investments to pick."

Let's face it—most of us aren't investment experts. Luckily, with your 401(k) plan you don't have to be. Your retirement plan offers an asset-allocation option that provides a diversified portfolio with an appropriate level of investment risk for you based on your risk tolerance and retirement time horizon. Log in to your plan website to view the list of options available.

"I don't need to save. My family will just take care of me in retirement."

Hopefully, you will be able to spend a lot more quality time with loved ones during retirement. You might even live with them. Having your own retirement savings can help ensure you have financial independence and the ability to contribute to your family's household expenses.

¹Scholz, John Karl, and Ananth Seshadri. 2009. "What Replacement Rates Should Households Use?" ²Munnell, Alicia H. and Soto, Mauricio. 2005. "How Much Pre-Retirement Income Does Social Security Replace?" ³Investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

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