Plan Early – Don’t Have These Regrets

<u>*Consumer Reports Money Advisor*</u> (incidentally, an excellent source of information if you are looking for unbiased reporting) recently ran an article especially relevant to those of us who work in community colleges. Based upon a survey of retired people, they identified 6 key regrets that retirees had. These regrets might apply to us because we are the type of people who tend to get wrapped up in our work, spending lots of time on it and perhaps neglecting other aspects of our lives – and futures! So what are the key regrets to avoid?

Key Regrets

Didn’t start saving young enough. Many retirees regret not starting to save earlier for retirement. Do you know the “rule of 72” – have you even heard about it? The “rule of 72” says that if you take the annual increase in value of an investment and divide that amount into 72, the answer is the number of years it takes the original investment to double.

For example, if you invest in the stock market and get a 9% per year return, 72 / 9 = 7. It will take your investment 7 years to double. If you get that same average 9% return each year for the life of the investment, **every 7 years the amount will double**. *This means that the last 7 years you have the money invested, you make as much as you have for **all the previous years**, and this means invest early!*

Let’s assume a 9% average return:
$4,000 invested at 32
$8,000 at 39
$16,000 at 46
$32,000 at 53
$64,000 at 60
$128,000 at 67

Wait just 7 years after 32 to start saving and you lose $64,000 in compounding the first year! Now, don’t use this as an excuse to not save if you are over 40 – get as many years in as you can. Start where you are, but start now!

Didn’t save enough! The example above assumes saving $4,000. Imagine that you invested $8,000 that year. You’d have $256,000 at 67. That’s right. An investment of just another $4,000 produces and extra $128,000. Enough said. If you have not looked into the state’s 403(b) or 457 plans, ***now is the time to make an appointment*** (contact your HR office for the time when the representative will be on campus or for contact information so you can have a private meeting).

Didn’t take better care of health. You know the risk factors. You know what you need to do, or if not, you know where to gather the information. You want to ***enjoy your retirement***, not spend it with pain and problems that you may be able to avoid. A healthy lifestyle and exercise need to be a part of your life, just as eating and going to work.

Didn't develop friendships that last beyond work. When you make friends, make ***friends***. There is a difference between friendly acquaintances and friends. Spend time building relationships with the people you care about the most. They are not the ones to take for granted. They are the ones you will be spending time with when you retire.

Didn't develop enough interests outside work. Again, many of us like what we do and spend extra time thinking about it. Great. However, unless you are doing something that will also engage you after retiring, think about what you want to do with your time. You can always become active in the 4Cs Retirees Chapter, but what else will you do? Are there non-profits that you want to volunteer for – maybe you want to start now? Is there some skill you want to really develop – maybe you want to start learning it now? What ***will*** you spend your time doing?

Retirement is a wonderful opportunity to spend time doing what ***you*** want to do. It is even better if you have prepared yourself for retirement, have enough money to do what you want to do, and have interests that engage your brain as much as work does – preferably more!

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