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GOODCALL EXPERT PANEL: HOW TO START SAVING FOR RETIREMENT NOW

May 18, 2016 - Saving for retirement is something most people know they should be doing. Whether or not they're actually doing it? That's another matter.

According to Capital One Investing's 2016 Financial Freedom Survey, nine in 10 working Americans believe they should be investing for retirement – but only 75% are actually actively doing so, compared to 80% last year.

What's more? Even fewer are confident that they are investing enough to live comfortably after they retire (down eight percentage points from 2015).

There are a few factors behind this lackluster commitment to retirement savings. One is limited knowledge. Half of all investors (and 60% of millennial investors) say they lack knowledge or experience about investing, which causes them to be less confident.

Many are also prioritizing other things. Just 16% listed increasing retirement savings as their primary goal in 2016 – behind things like traveling, losing weight and buying a home. Others are struggling to pay off student loan debt and don't have the resources to worry about retirement savings.

Saving for retirement can feel overwhelming. And retirement seems like a long way off – especially if you're just starting your career. But when GoodCall asked a panel of personal finance, retirement and investing experts about the best time to start saving, we got one overwhelming answer: right now.

We asked each expert one question: **When is the optimal time to start saving for retirement? Should young professionals begin contributing to retirement accounts as soon as they start working – even if they can't contribute much, and even if they are living paycheck-to-paycheck?**

Read on to find out what our experts think, and get more advice on when to start saving for retirement, how to get started, and even what not to do (to read all answers visit https://www.goodcall.com/personal-finance/goodcall-expert-panel-start-saving-retirement-now/):

Joe Roseman, Managing Partner of O.W.R.S.

"If you have income, then you should have already begun putting money away for retirement. Many of us have seen these numbers and say, 'I will start next paycheck,' or 'I will start in January when I have this bill paid off.' Stop! Wait a minute! Start now!

So, where do you put the money once you have made the decision to begin saving?

Create a savings account. You must have an emergency fund of at least 3 months of income, and preferably 6 months of income. Put it aside for emergency.

Enroll in your company retirement plan. It may be called a 401(k) or a 403b. Whatever you company calls it, enroll. Then, check to see if your employer is going to match your contributions. If they are, put at least the amount that will allow you to receive the full amount they match. Most of the time, the match is 2-5%. Put your contribution in so you can get the 'free money' that your company provides.

Look at 'tax free' places to put your money. One of the largest obstacles to saving for retirement is income taxes. Income taxes are also one of the largest detriments to breaking up compound interest. When we say 'tax free,' we mean a financial instrument where you have paid the income taxes up front, the money is allowed to grow tax-deferred, and when you access the account for retirement, there are no income taxes due. There are only 4 financial instruments that allow this type of tax treatment: Roth IRA, Roth 401(k), municipal bonds, and permanent cash value life insurance. Look these over closely."

Trevor Ewen, Blogger of Pear of The Week

"The answer is always, always, always: right away. Compound interest is an incredibly powerful force. Financial advisors, wealthy people, and probably your parents understand this and have built their livelihood on it.

The sad fact is that most people get wise to this at some point in their early 40s. If you start late, years of incredibly powerful earning power has been lost. No matter how young or "paycheck to paycheck" you are, get started and build the habit. I also recommend picking up side work to get yourself towards a goal of 10% per year at the base. Your future self will thank me."

Dolph Janis, Founder and Owner of Clear Income Strategies Group

"It is never too early to save for retirement. Whether it is only $20 a week or $500 a month, it can and will add up. Treat the money you put away like a rent payment. It HAS to be done every month. Commit to the amount, and you will be thankful later in life that you did. Every dollar you can save now, will make it easier later.

With people living longer in life, your time frame to save becomes even more important. Look at your budget and see where you can find some extra funds. Do you really need all that data for your phone? Do you need those extra movie channels on your TV? Or do you need that Starbucks coffee every morning? The answer is, you probably would be fine without it. But would you be fine without having retirement savings?

My recommendation is putting those savings away, up to $458 a month, and open a Roth IRA. It is the best supplement you can have for retirement, as it will be tax-deferred before you retire, and tax-free after you retire. You can fund up to $5,500 a year before the age of 50, and $6,500 a year after. You do not have to fund the full amount every year, but if you can, it will be to your benefit later in life.

With any other savings you have, find an advisor that can help you with accounts for your future. If the company you work for has a 401(k) program, take advantage of it. Remember, time can catch up to you quickly. If you wait too long to do anything, don't let it be saving for your future. Something saved is better than nothing saved."

Craig Gingerich, Retirement Plans Associate at Sage Rutty & Company

"The best time to start saving is right away, especially if you can do it from your first paycheck. We all naturally adjust to live on what shows up in our bank account.

I sit down with the entire age spectrum when helping a new employee setup their 401(k). The people doomed to work forever have two phrases in common: 'I'll save more later when I make more,' followed by 40 years later: 'I wish I would have started in my 20s because I can't possible save enough now.'"

Damon Gonzales, Founder and President of Domestique Capital, LLC

"It is crucial to get into the habit of paying yourself first by saving as early as possible. The most common employer match that I see for 401(k) plans is 50% on the first 6%. Where else can you make a 50% return on your money in a year? There is almost always something people can cut in their budgets in order to save up to the match. Not getting your employer match is the equivalent of burning money or voluntarily asking your boss for a pay cut. Find a way to save up to the match and learn to defer your gratification; your future self will thank you."

Randall "Dolph" Janis, founder and owner of Clear Income Strategies Group, has been in the retirement services industry for more than 11 years, building a strong network of satisfied clients in Charlotte, N.C. and surrounding areas. Dolph's goal is to provide fulfillment for the visions, hopes and dreams from baby boomers to seniors by providing common sense solutions for their retirement needs.

To contact Dolph call (704) 919-0149 or visit www.clearincomeforlife.com.