

You're 25: Start Saving Now



In a poll, Americans in their 20s and 30s said they had more confidence in the existence of UFOs than in the long-term viability of Social Security. And according to Fidelity Investments' report Building Futures Volume VII, 35 percent of employees in their 20s are saving in their company's 401(k) plan, as are 29 percent of American workers making between \$10,000 and \$20,000. Today's 20- and 30-year-old workers understand the need to start saving for retirement early—which is remarkable, because such saving behavior was unheard of in earlier generations.

But what if you are among today's youngest workers and you still haven't started saving and investing for retirement? Many employees in their 20s, trying to adjust to being financially independent after college, feel they can barely pay their bills, much less save for a retirement 40 years into the future. Debt from school loans, the seemingly easy access of money through credit cards, and the idea that twenty-somethings are "just too young" to save are among the reasons why younger workers do not participate. But the real issue is that you may not realize that the best time to save in your 401(k) plan is now.

Why should you be concerned at such a young age? Reality today is that you will be more responsible for your retirement income than prior generations and your retirement goals will be higher. Start now when you are young and you will be able to meet your retirement goals with ease. Wait until later and you will face some really challenging and difficult trade-offs in life to meet your goals.