9.1: Retirement

In Chapter Three, we introduced the importance of time value of money as a key component of retirement planning. So, how well do we do as a society in preparing for retirement? The article, Good News: You might live to be 100…That's also the bad news, provides a less than encouraging answer. As life expectancies rise (which is great), it magnifies the importance of being proactive in retirement planning. For people born in 1997, the life expectancy may be as high as 100 years. If someone retires at 65, that means 35 years of retirement income that needs to be planned for. The global retirement savings gap is expected to expand rapidly over the next few decades. This raises the

Figure 9.1.1: 401k, IRA and Mutual Funds are three places to invest for retirement

question of how you avoid falling into this widening gap? Fortunately, there are several tools that can help you with this process. Mutual funds provide easy and convenient ways to invest in a broad asset classes and retirement tax shelters like Individual Retirement Accounts (IRAs) and 401(k) plans help provide tax advantages. Below, we will spend some time talking about these tools to help you meet your personal financial goals, including, but not limited to, retirement.

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