10 smart financial steps that lead to a comfortable retirement

The Street Brian O'Connell 6/20/2017

A blueprint for retirement

With so many Americans lagging behind on retirement savings, it's high time workers had a blueprint for retirement that, if followed, will lead to a golden time in one's golden years. There's a good reason why. According to a recent study by the Employee Benefit Research Institute, only 18% of Americans are very confident they'll have the income needed for a comfortable retirement.

Let's stop that negative sentiment with this blueprint, including 10 specific financial steps to take to guarantee a great retirement - as long as you stick to the plan. Click ahead for more.

You may think of your company as a printing press, but it's not -- it has many employees just like you, all angling for the same thing. With that in mind, keeping expectations in-check is the way to go. "You may have asked for a dollar amount or percentage increase that was far above the company norm," Laura MacLeod, creator of From The Inside Out Project, told Glassdoor. "If so, your boss may feel you are totally out of touch with what you are worth and the company's budget."

As Significant Assets Are Needed To Retire, Start Saving Early

The earlier you start, the more time your money has to grow. Yet, according to a survey by American Funds, nearly two-thirds of Gen X-ers are kept up at night thinking about financing their retirement, when the answer is right in front of them. "The best way to avoid the fear of retirement is to plan ahead and start saving early," says Todd Erkis, a professor of finance and risk management at Saint Joseph's University in Philadelphia. "Deposit as much as is allowed into tax-advantaged retirement accounts, like 401(k)s, before considering any other retirement savings products, like an annuity."

Maximize 401(k) Plan Contributions

Byna Elliott, senior vice president at Fifth Third Bank advises taking full advantage of company-sponsored 401(k) plans and/or other retirement vehicles, "at least up to any company match." Schedule a meeting with your financial advisor, banker or retirement vehicle representative to discuss your plan contributions. "Talk to them about what you need to save to get the most of your retirement," Elliot says.

Rebalance Annually

It's important to rebalance your retirement portfolio (especially as you near retirement), so that your portfolio doesn't stray too far from its target, says Paul Jacobs, chief investment officer at Palisades Hudson Financial Group, in Atlanta. "Portfolios don't need to be frequently traded, but you should be rebalancing your portfolio at least once a year," Jacobs explains. "If stocks go up or down significantly during the year, this can create additional opportunities to rebalance. By buying when stocks drop, and selling when they appreciate, you'll be continually buying low and selling high, which should be the goal of any long-term investor."

Have Your Own Cash Reserve

With marriages and businesses often taking unexpected turns, be sure to have a portion of your assets or savings separated for a rainy day or unexpected event, notes Lacey Manning, a retirement specialist at LTG Financial in Ocala, Fla. "Many individuals fall victim to these unforeseen events, but it's always nice to have financial security when you need it most," Manning says.

Plan Like You're Saving For Early Retirement

Start planning for early retirement, even if you don't wind up leaving the workforce early, says Sarah M. Place, CEO of Place Trade Financial, in Raleigh-Durham, N.C. "Cut ten years off of your anticipated retirement date and save as much as possible towards that goal," Place states. "The idea is this - instead of thinking that you have 20-plus years to save, starting saving as if you had only ten years, and watch the money add up." Whether you choose to retire early or plan to work forever, having the option available is priceless, Place notes. "That's especially so in the event that you are forced to due to unforeseen circumstances such as health related issues, economic downturns, or company downsizing," she says.

Balance Your True Investment Risk Tolerance

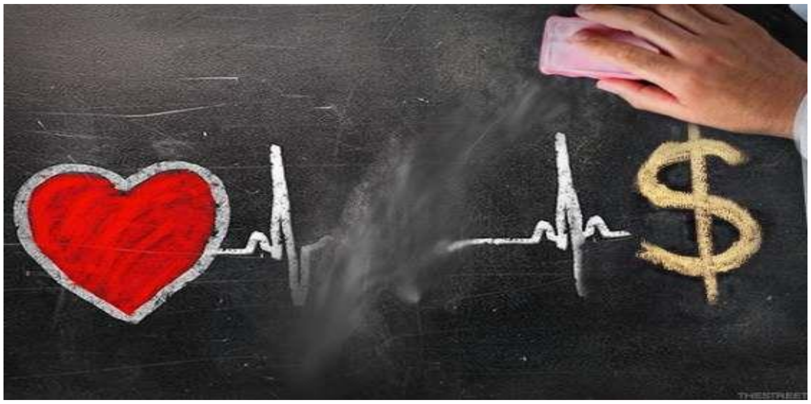
Place says that, whether you are a smart Millennial who is getting a jump-start on retirement, a retiree seeking to offset inflation or somewhere in between, it's always important to consider your own true personal risk tolerance and circumstances. "That includes how much risk you can afford to take both financially and emotionally, prior to making investment decisions," she explains. "There is a fine line between taking on too much and too little risk with retirement assets." Investors who are trying to make up for lost time often lose money by taking on too much risk, buying high and selling low, counting on past performance to offer future results and choosing inappropriate investments, Place notes. "On the other hand, investors who are too conservative with their money may not only find themselves without having enough to retire but they may also find that, due to the negative impact of inflation, they are losing money -- buying power -- very safely," she says.

Plan Ahead For Social Security

Don't wait until you're 61 to start planning for when you will take Social Security payments, says Mike Pruitt, a money manager at MBE Wealth Management, LLC, in Madison, Wis. "I see many clients that are forced to draw early from Social Security, when if we had met ten years earlier, we could have devised a plan that actually allowed them to draw later while their Social Security amount grew in deferral," he says. Pruitt recommends starting to plan for Social Security payments when you turn 50. "This gives you ample time to work with a qualified retirement income planner to construct a Social Security strategy that takes your other assets into consideration and potentially provide a higher Social Security benefit for the long term," he says.

Watch Out for Inflation

Many people view retirement as a time to become much more conservative with their savings, says Craig Bartlett, division consulting manager with U.S. Bancorp Wealth Management. "While this may be the appropriate decision don't forget about the effects of inflation on your nest egg, Bartlett says. "Retirees are living longer than ever and it may make sense to dedicate a portion of your retirement savings to vehicles that have historically outpaced inflation."



Don't Forget About Health Care

Health care is the topic of our times, and it is an important consideration in retirement, Bartlett adds. "You should be aware of issues that can arise and plan for how you might address them," Bartlett says. "One topic that many people fail to consider is that Medicare availability does not begin until age 65. If you plan on retiring at age 65 and you have a younger spouse you are going to need to make certain that you have thought about how you will manage your healthcare until the younger partner turns 65."