

Are You Saving Enough?

A recent news story states that people are saving at the lowest level since the Great Depression. According to the Commerce Department, the nation's personal savings rate for all of 2006 was a negative 1 percent, the worst it's been in 73 years!

The one percent negative savings rate in 2006 followed a 0.4 percent negative rate in 2005. There have been only four years in history that the savings rate has fallen into negative territory. The other two years were 1932 and 1933 (during the Great Depression). During the Depression, when as many as one in four people were out of work, households were exhausting savings in order to pay the rent and buy food.

Maximize Your 401(k) Deferrals!

To ensure a secure financial future, you should defer the maximum amount to your 401(k) (\$15,500 for 2007). If you are unable to do this today, increase your deferrals in small amounts every six months, or with every pay increase. Also, rebalance your account often and keep an eye on your asset allocation, or rather, how you invest your money.

The chart below illustrates how much you might need to defer according to your income and age (the sample below assumes you currently have no retirement assets.) If you are not deferring enough, contact the HR Department to find out how you can increase your deferral amount, as well as the dates you are allowed to do so.

	INCOME	AGE									
		20	25	30	35	40	45	50	55	60	65
No Retirement Assets	25,000	8.1%	10.1%	12.6%	15.9%	20.2%	26.1%	35.0%	50.4%	MAX	MAX
	30,000	8.2%	10.2%	12.8%	16.1%	20.5%	26.6%	35.8%	MAX	MAX	MAX
	35,000	8.3%	10.3%	12.9%	16.3%	20.9%	27.2%	36.8%	MAX	MAX	MAX
	40,000	8.3%	10.3%	12.9%	16.4%	20.9%	27.3%	36.9%	MAX	MAX	MAX
	45,000	8.3%	10.4%	13.1%	16.6%	21.2%	27.7%	MAX	MAX	MAX	MAX
	50,000	8.4%	10.6%	13.3%	16.9%	21.7%	28.4%	MAX	MAX	MAX	MAX
	55,000	8.5%	10.6%	13.4%	17.0%	21.8%	MAX	MAX	MAX	MAX	MAX
	60,000	8.5%	10.6%	13.4%	17.0%	21.8%	MAX	MAX	MAX	MAX	MAX
	70,000	8.5%	10.7%	13.5%	17.2%	MAX	MAX	MAX	MAX	MAX	MAX
	80,000	8.6%	10.8%	13.6%	17.3%	MAX	MAX	MAX	MAX	MAX	MAX
	90,000	8.6%	10.9%	13.7%	MAX	MAX	MAX	MAX	MAX	MAX	MAX
	100,000	8.7%	11.0%	13.9%	MAX	MAX	MAX	MAX	MAX	MAX	MAX
	120,000	8.8%	11.1%	MAX	MAX	MAX	MAX	MAX	MAX	MAX	MAX
	150,000	8.9%	MAX	MAX	MAX	MAX	MAX	MAX	MAX	MAX	MAX

(*Assumes a 7.5% annual rate of return; inflation at 2.8% and a retirement age of 67. This table is meant as a guideline and is for illustrative purposes; it makes assumptions that may or may not represent the future. "MAX" means you should be deferring the maximum amount.)

Ask For Help

The great part about saving for your future is that you don't have to have to "go it alone." Talk with a professional financial planner for a strategy that's right for you.

For more information please contact us at 401khelp@jrnbenefits.com.