

STICKING TO BUDGETS AND DIETS

Budgets, like diets, are short lived for most of us. You do a proper job of planning by looking over the past and determining where you need to make changes to meet your goals. And, you live by your plan for a few days, maybe even a few weeks. But, then all the detail of keeping track of what comes and goes gets to be more than you are willing to put up with.

If you can plan a budget and live with it, more power to you. This should put you with the 5% of people who can retire without financial assistance from family or the government.

For those of us who can't live with the detail of tracking budget numbers, here is a simple way to make sure you don't retire totally broke. Take a fixed percentage of every dollar that comes into the household and set it aside for retirement investing. Say, for example, that you decide to save 10% of your \$100,000 income. Here are some rough numbers for those aged 35 who would like to retire in 30 years. \$10,000 invested each year will accumulate to \$697,000 in 30 years at a 5% annual return. The earlier you start, the greater the retirement benefits. If you started at age 25, the accumulated value at age 65 would be over \$1,268,000.

You may think it is impossible to save 10% of your current income. Let's assume that you lose your current job. The next job you find pays 10% less than your current job. The chances are that you will figure out where to cut the spending to make it work. So, why not discipline yourself and your family in order to make your current income provide both a current living and an investment in your retirement.

For more information on budgeting, contact our office at (888) 388-1040.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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