How To: Overcome Retirement Savings Excuses

Overcome the excuses and move forward with your workplace savings

Don't fool yourself into thinking you can't save for your future. The fact is, your workplace savings plan helps make it easy, convenient, and affordable to accumulate the money you need for retirement. Having trouble getting started? Here are some facts that can help you overcome eight of the most common excuses.

Excuse #1: I don't understand investing. You don't need to be an expert to save for your future; you just need to know a few fundamentals. Your employer and Fidelity can provide the education, tools, and resources to help you become comfortable with investing.

Excuse #2: I can't afford to save. You can't afford not to save, especially when you realize what a big difference small contributions may help make. Let's say you start by putting just $10 a week in your workplace savings plan. You might barely notice the difference in your paycheck. But when you get your yearend account statement, you'll see that you contributed $520. That's a good start. Automatic payroll deduction makes contributing to your plan account easier. If you save on a pretax basis, you reduce your current income tax bill with every dollar you put in. Putting away a percentage of your paycheck, instead of a set dollar amount, will keep your savings in line with your pay raises. And even better, your employer may help you save more by making matching contributions to your account.

An action plan to help you overcome the excuses and move forward with your workplace savings.

Overcome the excuses that may keep you from saving for retirement.

Decide on an amount you can afford.

Get started today!

Excuse #3: I have plenty of time. Being young is the perfect reason to start saving in your plan, not to put it off. Thanks to the potential of compounded earnings, the money you save may multiply many times over in the years between now and retirement. In fact, if you start saving early in your plan and then stop, you could actually accumulate more for retirement than a coworker who starts later, saves longer, and puts more money in.

Excuse #4: I worry about losing money. Fear of losing money is understandable, but not investing your money doesn't give it a chance to grow. Your workplace savings plan offers a broad range of investment options with different risk and return characteristics — from conservative to aggressive. When you enroll, you'll get the tools and education to help identify the type of investor you are. This will help you determine which choices you'll be most comfortable with.

Excuse #5: I've got Social Security coming. The federal government estimates that Social Security benefits currently provide less than one-quarter of what many retirees need to cover their expenses. This makes sense, given the ongoing expense of living in retirement. A couple retiring today at age 65 will need current savings of at least $285,000† to cover medical costs in retirement. So it's important to save all you can.

Excuse #6: I don't plan to stay at my job forever. That is why your plan is portable. Your contributions and any earnings are yours to take with you if you do change jobs. You'll be able to roll your eligible account balance into an IRA or transfer your savings into a new employer's plan, if allowed. You can even keep your money in this plan, if plan rules allow it.

Excuse #7: Small investments aren't going to get me to the retirement savings I need. Don't underestimate how a small amount of money can grow over time, especially in a plan like yours. Any earnings on your savings are reinvested right into your account — where they can produce additional earnings. The longer this "compounding" process continues, the better your chances to accumulate more retirement savings. And you won't pay taxes on either your original investments or any investment earnings until withdrawal. You have the opportunity to save big, even if you have to start small.

Excuse #8: I won't be able to access my money if I need it. Although the plan is designed primarily for retirement saving, you may be able to borrow from your account. If you have a financial hardship, emergency withdrawals may also be available. However, loans and withdrawals can create tax issues for you. Contact your plan administrator or tax advisor to find out about your plan's provisions and the relevant tax laws.