

00:00:18:02 - 00:00:47:15

Speaker 1

Welcome, my name is Andrew Baron and this is Well... It Depends! The podcast where I present the pros and cons of different financial decisions so that you, the audience, feel better informed when you are confronted with these decisions in your own life. In this episode, I asked a question should I prioritize saving for retirement? But, before we begin a short disclaimer. This is being recorded on May 2nd, 2023.

00:00:48:11 - 00:01:14:17

Speaker 1

The contents of this podcast are strictly for informational purposes only, and nothing said should be taken as investment, tax or legal advice. It is important to discuss your situation with a professional before making any financial decisions as the strategies discussed may not be suitable for you specifically. Getting into it, should I prioritize saving for retirement? Well... It Depends!

00:01:15:17 - 00:01:42:09

Speaker 1

Saving for retirement is an important financial goal and depending on a number of factors such as your life stage, total assets, total debt, and other financial priorities, you may consider a number of different strategies. Your stage of life plays a significant role in determining whether you should be prioritizing saving for retirement. For example, early on in your career, you have time on your side.

00:01:42:22 - 00:02:05:18

Speaker 1

This means that all of the money that you save today will be there to benefit you in the future. However, because you are likely lower income, after paying for your necessities, you probably don't have very much to save for your retirement. Moving on to mid-career, at this point, you likely are making more than when you first started out, which enables you to save for retirement more.

00:02:06:07 - 00:02:39:18

Speaker 1

However, you likely also accumulate financial obligations such as mortgage payments, children, or even supporting aging parents. Lastly, we have late stage career. Late stage career may create a sense of urgency for saving for retirement since you have fewer years to get there. However, you likely are also

more established. This means that you may have paid off the mortgage and got the kids out of college, which helps you with these reduced obligations to set aside more money for your own retirement.

00:02:41:12 - 00:03:10:18

Speaker 1

Next, we have the consideration of total available assets. Total available assets help determine the amount you are able to save for retirement. If you have substantial assets, this can help drive growth by being able to take on additional risk. However, by locking up lots of money in tax advantaged accounts, maybe inaccessible to you for other financial goals, especially if you are under age 59 and a half.

00:03:11:05 - 00:03:43:05

Speaker 1

If you have a low amount of assets, saving regularly for retirement can build a habit and provide for security long term. However, you may be less able to weather an emergency which can offset your retirement even more in the future. Next, we have total debt. Obviously, carrying debt can impact your ability to save for retirement. If you have high debt saving for retirement, especially through a traditional IRA or a traditional 401K may bring some tax advantages to it.

00:03:43:14 - 00:04:10:14

Speaker 1

However, especially if you have high interest, it may make more sense to address your debt than aggressively saving for retirement. If you have low to no debt, it can be beneficial to save aggressively. But remember, you don't want to lock up your money in inaccessible accounts, especially if you are on the younger side.

00:04:11:05 - 00:04:50:08

Speaker 1

This brings us to other financial priorities, to make a well-rounded financial decision, we need to balance our short term needs with our long term needs. For example, while retirement savings can provide for our security, long term, short term emergency funds fill this gap. Small disturbances in our cash flow can be detrimental to long term wealth without an emergency fund. Even if you are able to regularly save at your job to your retirement accounts, if you were to instead take this money and invest in yourself through either education or professional development, how much more would you be able to save?

00:04:51:09 - 00:05:23:16

Speaker 1

This is an important consideration to make, and there may be additional benefits long term, such as career growth as well as overall job satisfaction. Lastly, we have home ownership, while retirement accounts are important home ownership provides many benefits for those who own them. Such as having regularly stabilized payments compared to regular rent payments. To recap, we explored whether you should be prioritizing saving for retirement.

00:05:23:22 - 00:06:14:04

Speaker 1

To recap, we explored whether you should be prioritizing saving for retirement according to a number of different factors such as your life stage, total assets, total debt, and your other financial priorities. The key takeaway is there is no one size fits all plan and instead you should evaluate your own unique circumstances. So, to answer the question, should I prioritize saving for retirement? Well... It Depends!

Speaker 1: Andrew Baron, CFP®, EA