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Meet 'Future You.' Like What You See?

New 'Virtual Reality' Techniques Could Help Solve The Age-Old Problem of Saving for Retirement



Failing to save enough for retirement during your working life could result in a diet of ramen noodles.

The stakes are high. Employers, having cut back on fixed pensions for years, have pushed workers into 401(k)s and other voluntary retirement plans that offer variable rates of return. Policy makers have tinkered with tax and other incentives to encourage savings. And yet, according to the Center for Retirement Research at Boston College, 51% of American households are at risk of being unable to maintain their standard of living in retirement, up from 43% in 2004. The center estimates that savings shortfall at \$4.2 trillion, or roughly \$120,000 per household at risk. In sum, despite decades of badgering, Americans are farther behind than ever in their struggle to save. Other research found that 35% of workers who said they weren't saving enough in their 401(k) intended to raise their contribution rate over the next few months—but that only one in eight of them did so.

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A Charles Schwab survey found that 70% of participants who received 401(k) advice nearly doubled their savings to an average of 10% of pay. In the survey, 53% of investors said they found choosing 401(k) benefits to be more confusing than choosing health-care plans - highlighting how confusing many investors find retirement plan investing.

One of the biggest mistakes investors make during their career is forgoing a company match. If your employer matches your contributions 50 cents on the dollar up to 6%, contribute at least 6% and earn a guaranteed 50% return. Better yet, defer a larger percentage and earn additional tax benefits throughout your career and thereafter.

Another big mistake investors make during their career is forgoing financial advice. In a study based on nearly 400,000 401(k) participants, the average participant who did not seek help fared poorly in comparison to those who did seek help. **On average, the median annual return for participants who did not seek help was almost 2% worse (net of fees) than participants who did seek help.** Note: The study included one bull market year (2006), one mixed market year (2007) and one bear market year (2008).

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<http://www.skloff.com/services-401k-403b-457.htm>

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