Retirement Planning

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If you're just starting your career, the last thing you may be thinking about is retirement, but it's never too soon to start planning. There are several ways you can easily prepare for your future to have a financially healthy retreat from veterinary medicine.

1 Social Security

The government requires most employers and employees to fund Social Security, but it is designed to supplement your retirement and is not intended to be the sole source of your retirement income. If you were born in or after 1960, the full retirement age is 67; therefore, if you choose to receive Social Security retirement benefits before you turn 67, payments will be less than if you wait until, or after, full retirement age. You can access your Social Security account to estimate your future benefits at **ssa.gov**.[1]

2 401(k)s

Employers that offer 401(k) retirement savings plans typically pay the account management fees, but they also often match a percentage of your contributions. You should always contribute at least as much as your employer will match into your 401(k) account so your account can grow more quickly. While there can be risks with saving money in this type of investment account, over the long term, 401(k)s average a yield return of 5% to 8%. If you change companies, your 401(k) is yours to keep, and you can roll the funds over to your new employer-sponsored 401(k) account. You cannot withdraw the money without paying a penalty until you are 59.5 years of age.[2]

3 IRAs

If you are looking for another retirement savings account option, you can open a tax-advantaged individual retirement account (IRA) at a bank on your own. There are still tax benefits to saving for retirement in IRAs, but your employer won't be contributing to it or paying any account maintenance fees if it's not offered through them.[3]

4 HSAs

The money in your health savings account (HSA) is yours for life to use for qualified medical expenses, but some HSAs also have investment options. You can use your HSA to fund your retirement.[4]

5 Financial Advisors

If you are ready to save for retirement outside of your employer-sponsored 401(k) but need some trusted guidance or management of your investments, a fiduciary financial advisor can help. Fiduciary financial advisors will typically charge 1% to 2% of your account balance to manage your money and guide your financial decisions, but some will offer hourly consultation options if you aren't looking for long-term financial advice or management. Avoid nonfiduciary financial advisors unless you are comfortable knowing they are not legally required to act in your best interest when they make financial product recommendations.[5]

References

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