Simple Steps for Late Savers

- Life is a series of choices--how you allocate your spending is also a choice.
- If you are behind in saving for retirement, but you believe you do not have the resources to add to your retirement savings aggressively, creating a budget as the article suggests is a positive first step.
- Another tactic to increasing your retirement savings, not discussed in the article, is to use any pay increases toward increasing your retirement contributions.

The sooner you start putting aside money for retirement, the more you might have once that highly anticipated day arrives. Saving for college tuition, purchasing a new home, unforeseen medical expenses, or life's other necessities, surprises, or even enjoyments can cause investors to postpone saving. Starting the retirement planning process late in one's life can be daunting, but it is by no means impossible.

Crunch the Numbers: The first step to getting back on track is to put together a budget—this will force you to focus on your financial situation and can serve as a road map to success. Once you have outlined all of your expenses, simply subtract the total from your net income. The result will give you a clear indication of how much you can potentially save, and also help you identify areas in which you may be spending too much.

Cut Any Unnecessary Expenses: There are essential expenses that cannot be eliminated: food, electricity, etc. However, most people can identify some areas, like entertainment, that are not vital to one's existence and can be cut back on. The more areas that you can trim will lead to more money that can be earmarked for retirement.

Take Advantage of Catch-up Contributions: Catch-up contribution limits allow investors age 50 and above to increase their contribution. For example, they can make an extra contribution of $5,500 to their 401(k) in 2012, equating to a maximum contribution of $22,500. IRA catch-ups are $1,000 in 2012, leading to a maximum contribution of $6,000.

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