Opinion: Retirement savings should start at young age

By Rick Rodgers

When our generation was growing up, we were taught about Social Security, and many of us had grandparents who were reasonably comfortable with a combination of their investment income and their government checks.

Today, not so much.

Over the last few years, we have seen the market crash and burn, and Social Security is on its way toward doing the same. So, if we're scrambling to salvage our retirement income, imagine what it will be like for your kids. If you haven't done that already, one expert has some good news for you.

When we were just starting out in life, our parents told us to start saving money right out of the gate, but we didn't listen. Instead, we ran up our credit card debt, spent more than we earned and bought more house than we could afford. But our kids can and should learn from our mistakes and helping them to start saving now could give them a nest egg or millions instead of thousands.

Here's some advice:

• **Start at 16** – Just $5,000 contributed to a Roth IRA each year for five years starting at age 16 could be worth more than a million by the time the reach age 65. In a Roth IRA all that growth would be tax-free when withdrawn.

• **10 Percent Rule** – Everyone should save a minimum of 10 percent of their take home pay.

• **Shelter Early** – Ideally, you should save in a Roth IRA account at the beginning of your career. When you reach your peak earnings (usually around age 40), switch to a tax-deferred account like a 401(k).

• **Fun or Fund?** – Take half of what you have been spending on gifts (toys, games, etc.) and invest it in a mutual fund for your child.

• **Birthday Booster** – Encourage friends and relatives to contribute to the mutual fund account you've started instead of buying gifts for birthdays and holidays.

• **Every Little Bit Helps** – Contributing small amounts on a regular basis is a better strategy than waiting to accumulate a larger sum. Get in the habit of saving something regularly.

• **Use the Refund** – Let the government help. Currently the child tax credit is $1,000 per child until they reach age 17. Discipline yourself to save the credit when it is returned to you as a refund.

It doesn't take a lot to give your kids long term security. The magic of compounded interest can do more of the heavy lifting as long as you start early and contribute often.

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