12 easy ways to save for retirement

Saving aggressively for retirement doesn't mean you have to live on canned beans and sawdust. It's easy to make small changes that will make a big difference in your retirement savings, say financial experts Lynnette Khalfani-Cox, founder of AskTheMoneyCoach.com and author of *Zero Debt: The Ultimate Guide to Financial Freedom,* and Elli Dai, director of participant services for Wells Fargo Institutional Retirement and Trust.

Recent statistics highlight the need for some changes: Middle-class people in the USA have a median of $20,000 saved for retirement, far short of the $250,000 they think they'll need during that time of their lives, according to a new Wells Fargo survey of 1,001 adults, ages 25 to 75, with a median household income of $63,000. (Median means half earn more, half less.)

Khalfani-Cox and Dai offer these suggestions for boosting your savings:

• **Create a budget.** Most people think creating a budget means they'll be in a "financial straitjacket. They think a budget means deprivation," says Khalfani-Cox says. "But instead of thinking of a budget as a list of what they can't buy, they should look at it as a spending plan of action."


A budget helps you set priorities so you can become more focused and save for your goals, she says. Some people are overwhelmed by the idea of trying to save more because they have so many bills and other expenses, Khalfani-Cox says. "Sometimes people tell me they can't afford to save, and I say, 'You can't afford not to save.' "

• **Cut spending without feeling deprived.** Eliminate the things you won't really miss so you don't feel like you're going into "severe restriction mode," Khalfani-Cox says. You might stop eating lunch out daily or cancel some cable TV channels that you don't watch.
Dai adds that if you make one change in how you spend your money today, however small it may seem, you can make a difference in your retirement savings. "When you combine several seemingly small changes, they can add up to make a big difference in your retirement savings over time."

• **Don't make minimum payments on credit card debt.** "It's a complete financial trap," says Khalfani-Cox, who once had $100,000 in credit card debt and paid it off in three years. "Minimum payments in the short run mean maximum payments in the long run. It means so much more money in interest." Instead, double and triple the minimum payments.

• **Negotiate better interest rates on your credit cards.** Don't be afraid to call your credit card company, she says. It's a competitive market, which means you have leverage.

• **Don't dig yourself deeper into debt.** Change whatever financial behavior got you into debt in the first place, Khalfani-Cox says. This is something to keep in mind during the holidays. If you spent too much last year and had to dig out of a hole, try not to do it this year.
Many people end up in debt through no fault of their own, but they have been hit by what she calls "the dreaded D's — downsizing, divorce, death of the main breadwinner, disability and disease. These are five personal pitfalls that can throw people into debt and limit their ability to save money."
In this case, it may take time and patience to dig out of debt, she says.

• **Turbocharge your savings**. Contribute to your 401(k) plan or other type of employer-sponsored savings plan, especially if you are getting a match, which is essentially free money, Khalfani-Cox says. "You are getting Uncle Sam's help, too, because you're not getting taxed on those contributions."

• **Consider another turbocharged option.** Look into getting an Individual Development

Account , Khalfani-Cox says. This program is available to low- to moderate-income people who want to save toward a specific goal, such as a down payment on a home, college costs or job training. These accounts are supported by non-profit groups, companies and government agencies and provide matching funds. The savings may be matched 2-to-1, 3-to-1 or even more.

• **Sell things you aren't using**. Take a look in your basement, attic, garage and drawers and get rid of things you're not using. Sell them on websites or have a yard sale. This money should be earmarked for savings.

• **Adjust your withholding.** If you think you're going to get a tax refund, you may want to adjust your withholding now so your tax refund isn't as large in the spring, says Dai of Wells Fargo. Be sure to increase your savings at the same time so you don't end up spending the extra money in your paycheck.

• **Take advantage of pretax savings accounts through your employer.** These may include flexible savings accounts, health savings accounts, dependent day care flex savings accounts and transportation flexible spending accounts, Dai says. If you're going to pay for those things, anyway, you might as well use pretax dollars.

• **Plan for the unexpected.** Have an emergency savings account so that if you have an unexpected house or car repair or medical expense, you don't have to stop saving for retirement or dip into your retirement savings, Dai says.

• **Learn to cook**. "One of my favorite non-traditional savings tips for people is to learn to cook," Dai says. The savings come in many ways: less eating out, buying fewer packaged (more expensive) groceries and possibly eating a healthier diet, which could lead to lower long-term health care costs, she says.