

About Retirement Planning

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10 Retirement Planning Mistakes

From [Jenny McKinney & Patrick McKinney](#),Your Guide to [Retirement Planning](#).FREE Newsletter. [Sign Up Now!](#)

Just because you invest in a retirement plan doesn't mean you will be financially secure when you decide to retire. If you are making these retirement planning mistakes, you could be in for a sad surprise.

- **Not taking full advantage of your company retirement benefits**

You should invest as much money into your company retirement plan as you can afford. At the very minimum, you should invest enough to get your company matching funds if they are offered.

- **Withdrawing money from your retirement plan**

By withdrawing money from your retirement plan, you lose valuable interest that is extremely difficult to replace. Some plans allow for hardship withdrawals and/or loans but you must be careful when taking advantage of these withdrawals. In addition to losing interest, you could face penalties or early withdrawal fees.

- **Not actively monitoring your investments**

Monitoring your investments makes sense so that you are aware of any discrepancies. Monitoring also alerts you to how well your investments are performing or not performing. If you are carefully tracking your investments, you will be better equipped to know when to switch to a different strategy.

- **Relying on Social Security for your retirement income**

While social security might provide a substantial portion of your retirement income, you should have other means of income as a back up. It's best to have a company pension or retirement plan and personal savings in addition to social security when you retire.

- **Relying on your spouse's retirement plan**

If one spouse relies on his/her spouse's retirement plan for his/her retirement, he/she could be in for a very sad surprise. The spouse with the retirement plan could die leaving the other spouse with no income. There could be a divorce or even illness that could compromise the single spouse retirement plan. Each person must have a separate retirement plan for the best retirement security.

- **Forgetting to review your plan regularly**

If you forget or ignore reviewing your retirement plan on a regular basis, you might be losing a portion of your retirement income. You need to periodically review your asset allocation, your balances, your goals, and so on to insure you are making the most of your plan.

- **Practicing poor asset allocation**

Poor asset allocation can be financial suicide. What if all your investments are in one stock and the company goes bankrupt? The secret is to diversify so that if one investment decreases in value, another will hopefully increase.

- **Not checking out your broker/financial advisor**

There are lots of reputable brokers and financial advisors who are knowledgeable about how your portfolio should be set up and maintained. There are also quite a few brokers and financial advisors who are not so reputable or are simply ill informed. If you are going to trust your retirement savings to someone, you owe it to yourself to check credentials and track records.

- **Relying too heavily on your company stock**

Your company stock is a very good way to save for your retirement especially in your company retirement plan. This can be dangerous though if your portfolio consists of mostly company stock. All companies have lean times and some could have mismanaged finances that could result in bankruptcy. It's best to have a good investment mix in your retirement account.

- **Not taking retirement planning seriously**

This very well could be the worse mistake a person can make about his/her retirement plan. Even if you are a very young person, your retirement plan should be a serious priority. By starting early, you can grow quite a large nest egg and might just be able to retire early. A lot of people feel they have plenty of time to worry about retirement planning once they have their home, children through college, the new Hummer, and so on. My answer to these people is to think about the life style they might want to keep once the paycheck stops.

Bottom line is to take your retirement planning efforts seriously, diversify your investments, save regularly, and keep your goals in mind.

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