



The Basics

Retirement for the not-so-rich

Not prepared? You can still retire, but you might have to work part time, scrimp a little, tweak your investment strategy -- and maybe hold a garage sale.

By [Bankrate.com](#)

As the baby-boomer generation reaches retirement age, many are facing the harsh reality of a less-than-cushy nest egg. Some put their kids through college at the expense of long-term savings. Others simply didn't save enough.

Indeed, the 78 million Americans born between 1946 and 1964 are on track to replace about 60% of their annual incomes after retirement, according to the [Fidelity Retirement Index](#). The national survey by Boston mutual fund giant Fidelity Investments also found that boomers set aside an average 4% of annual income. So much for maintaining their current standards of living.

Despite the size of their bank accounts, however, many boomers (the oldest of whom are turning 60 this year) are unwilling to put retirement plans on hold. With less money to live on and life expectancies on the rise, seniors who failed to feather their nest eggs may have to get creative to make ends meet, says Brent Meiser, a certified financial planner.

Go to plan B

"I think a lot of people are just drifting into retirement and haven't necessarily done things like calculate what their expenses will be or taken a dry run on living with a more modest income stream," says Meiser, who also serves as director of collaborative programs for the [National Endowment for Financial Education](#) (NEFE) in Denver. "If you've undersaved, you may still be able to (retire on time), but you need to have a plan B in place."

That includes moonlighting. Some 67% of boomers plan to work at least part time for extra income during retirement, according to Fidelity spokeswoman Erika Soto.

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"Part-time jobs, even if they don't offer benefits, give you a little extra cash, and that can be just enough to give you a comfortable margin to live on," says Clare Hushbeck, an economist for [AARP](#). "You can treat it almost as you would a hobby, taking a job that teaches new skills you've always wanted to master. It's also a great social outlet."

Retirees who leave their full-time jobs for consulting gigs or part-time posts should set aside most, if not all, of their income for retirement, notes the National Endowment for Financial Education in its "[Late Savers Guidebook](#)." By saving just \$5,000 a year in an investment with a 7% annual return,

you could accumulate nearly \$69,082 over 10 years.

Boost your budget

Spending less, of course, is another key component to making your money last. But shoestring budgets can be tough to swallow for those who haven't had to do without, Hushbeck says.

"Choosing to downscale your consumption is a no-brainer, but it's not so easily done," she says.

"Many recommendations are of the spinach variety: They may be good for you, but you're not going to like them."

Scrapping such things as high-speed Internet access, cell phones, cable TV and high-priced social clubs, however, could save you hundreds of dollars per month and prevent you from raiding your nest egg's principal. Fewer dinners out will also help you control your budget.

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