



Maybe You Are Saving Enough for Retirement

By Dennis Blitz, President, The IRA Club

Newspaper and magazine headlines shout that “American’s are not saving enough for their retirement.” The evidence offered to support that point of view is simple “look at how little most people have in their retirement accounts.” Dennis Blitz, author of the forthcoming book *Saving More Is Not the Real Answer* believes that the headlines are not be telling the whole truth.

Blitz points out that while saving for retirement is indeed essential; the *amount* we save may be of secondary importance as we seek success for our retirement savings. Far more critical are the *returns we earn on the savings that we have already have*. According to Blitz, the fictitious Joe Smith has worked for the same company for several years has \$90,000 in his 401(k) plan. In 2007 he plans add \$4,000 to the plan. His employer offers a 50 percent match bringing the total amount of funds being added to the account to \$6,000. (Sounds good so far.) The \$90,000 that is already in the account plus the additional \$6,000 will bring Smith’s account to about \$96,000. But, what about the earnings of the account? If this year Smith’s account has a poor return, let’s say 2 percent, the value of the account will grow by less than \$2,000. If the account earnings have been good, let’s say 12 percent, there would be an additional \$11,000 in the account. Blitz points out that many times people focus more on the *amount* they invest then they do on the *returns* they are earning.

To put retirement planning in the proper perspective, Blitz suggests that investors do three things:

1. Ask what are my investment options? Which options will work best for a person with my needs? How much are the investment management fees? (Blitz cautions that some human resources professionals who will say that there are no fees for 401K accounts, THEY ARE WRONG!)
2. Read and keep your statements. Watch your account trends – is it growing fast enough to meet your needs? If not, what changes can you make to improve your results?
3. View your 401(k) as part of your total investment portfolio. If your 401(k) is loaded with mutual funds, don't buy more mutual funds outside the 401(k). Consider alternative investments such as real estate, bonds or money markets.

Blitz cautions, "You'll never save enough to offset poor performance."

For more information on this topic and hundreds of additional investment ideas, watch for my forthcoming book [Saving More Isn't The Real Answer](#) or visit www.dennisblitz.com.

Dennis Blitz is an active writer and lecturer on the topic of investing; he is President of The IRA Club, an organization dedicated to providing investors with the education to achieve the greatest growth in their Individual Retirement Accounts. Mr. Blitz was president of Dearborn Financial Publishing before its acquisition by The Washington Post Company.