TEAM RED
money

Save for your future—painlessly

The first step to financial security is imagining the lovely, stress-free life you want when you retire. Let financial pro Nicole Lapin reveal what Future You wishes Present You would start doing.

I KNOW EXACTLY WHY SAVING for retirement can feel like such a drag. Studies show that we see our eventual selves as strangers—Present You literally doesn't recognize Future You as you at all. So it makes sense: Who wants to put aside money for a stranger? But Future You needs your attention! Let me relay a few things I absolutely know she would tell you if she could. These bits of advice will set your finances on the right path and give you peace of mind, now *and* down the road.

1 SPEND AS MUCH TIME PLANNING RETIREMENT AS YOU DO VACATION

Research shows you're likely to devote five hours to making choices about a trip, but not nearly as much time doing the same with your investments. Sure, Future You wants great travel memories—but *she* wants to be able to take vacations too. Do the work now; it's simple.

First, know what you've already got. Is it a 401(k), IRA, or Roth IRA? For IRAs, see if there are fees to make changes—providers like Fidelity and Vanguard don't charge them. Your company's human resources team can give you info on how your 401(k) is invested. Look at how the funds have grown recently and rejigger if they're not performing well.

Then, set 30-year goals. Do you want to RV around the country, or explore Singapore? Thinking this through will make it easier, mentally, to max out your contributions. Take a look at your budget once every quarter to make sure you're doing all you can to get where you want to go.

2 ONE RETIREMENT ACCOUNT IS NOT GOING TO SAVE THE DAY

Imagine your 70-year-old self going to cash out for retirement and finding only one fund—which might not be doing so hot. That's why she's practically shouting at you from the year 2050: *Diversify!* It is the only way to truly reduce your risk when you invest for the future.

On top of a 401(k), consider opening a Roth IRA. Unlike a traditional IRA, a Roth is taxed when you make a contribution. Why is that good? Because the money you see growing in your account right now is exactly what you'll get when you cash it out at retirement. I love that kind of financial clarity.

Plus, you'll pay your Roth IRA taxes at the bracket you fall into *now*. Since I'm positive you're going to be making a lot more money by the time you retire, you will likely fall into a higher tax bracket later. That means you'll pay more in taxes! Future You will definitely thank you for taking that extra bill off her plate.

3 SAVE 1 PERCENT MORE IN YOUR 401(K)

Stop: Before you tell me you absolutely cannot put any more of your paycheck into a savings account for Future You, let the numbers prove you wrong.

One percent is not as much as you think. We're talking about saving an additional $33 per month on a $40,000 salary. That's the cost of one dinner out at a restaurant with friends. Invite the girls over for a Netflix night instead and contribute that $33 to your 401(k).

With a 50-percent employer match and a conservative estimate on how much compound interest you could earn, that $33 per month would turn into about $70,000 after 35 years. Even if your employer doesn't match your contributions, you'd still have close to $47,000. That's a lot of money. So try to remember: Future You *is* you, and you deserve the best.

Former CNBC and CNN anchor Nicole Lapin is the author of the financial best-seller *Rich Bitch* and one of the stars of the CW show *Hatched*.

Photographed by BRECHT VANTHOF