MANAGING YOUR MONEY

Taking Control of Your Retirement Nest Egg

(NAPSA)—When it comes to retirement planning, if you snooze, you lose—in more ways than one.

If the debate over Social Security reform has made anything clear, it's that each individual is responsible for planning his or her own retirement—and that means investing enough money to make a difference and paying attention to what's happening to your money once it's invested.

Avoid paralysis by analysis

Sitting on the sidelines and thinking about increasing your contribution to your retirement plan is not the same as doing it. Plus during all the time you are thinking and not acting, you may be missing out on the potential benefits of long-term compounding.

Let's assume you earn $30,000 a year and defer 5 percent of your salary, for a contribution of $1,500 a year to your retirement plan. If you earned 8 percent a year on that investment, you could have $177,202 after 30 years. Not bad.

While $177,202 is a sizeable sum, look at what you could accomplish if you had doubled the contribution. Using the same assumptions for an extra $1,500 a year for 30 years, you could accumulate a total of $354,404.

However, waiting 10 years to double your contributions could result in missing out on $105,619 in accumulated contributions and compounded earnings, based on the assumed 8 percent annual return. Taking action today is in an investor's best interest over the long term.

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Be a vigilant investor

Your investment time horizon (how long you expect to keep the money invested) is an important factor when deciding how much money to place in stock, bond and money market funds.

There are no guarantees, but exposure to a moderate mix of stocks, bonds and cash would make sense for most long-term investors. Remember, when it comes to investing, you can't just set it and forget it. It's important to periodically evaluate the mix of investments in your portfolio to make sure you are getting the desired return.

The experts at Diversified Investment Advisors caution that the value of an investment will fluctuate with market conditions. As such, you should consider your ability to continue investing during periods of low price levels. It's important to note, however, that regular investing does not guarantee a profit or protect against a loss in a declining market.

To learn more, visit the Web site at www.divinvest.com.