

The Importance of Saving For Retirement

As a teenager, retirement along with saving money for something that is likely decades down the line may seem irrelevant and boring. After all, a lot of teenagers do not even know what they want to do with their lives after high school let alone at age 65. While it is true that retirement is a long way away for young people, it is definitely never too early to start planning for retirement and putting away money for it. The choices that investors make at a young age are actually typically the most important because of how much money can compound and grow over time.

Starting such a long journey with small steps at a young age will be much more beneficial in the long run. By starting to save young, small amounts of money will compound into much larger sums of money over time because the compounding interest will not just apply to the initial investments, but the compounded interest over time also. Making small contributions over time will add up in the end more than most people would imagine.

Saving for retirement is not just about stopping work at an arbitrary age and doing nothing afterwards but instead is about gaining financial freedom and doing the things that you have always desired. Having money saved away for retirement allows you to have flexibility with your life without stress and anxiety about expenses. Whatever your desires may be, you can fulfill them with a good retirement plan.

It is always impossible to know what the future may hold. Job markets will change with evolving technology, the economy is always taking turns, and social security is never a guarantee. By thinking and saving at such a young age, a safety net is created for the uncertain future.

You may be wondering how to get started? After all, most retirement accounts aren't even available to open until at least age 18, but there are always ways you can prepare yourself before then. Educating yourself about

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different retirement accounts like Roth IRAs, individual IRAs, 401(k)s, and employer sponsored accounts are all valid options. Learning the benefits and differences between all of them are important to understand before creating a plan. Coming up with a plan, having goals, and setting a general plan are also key when coming up with a retirement plan. Creating a budget (which has already been mentioned in previous articles) and developing good money skills are also great foundations for investing. No matter how small contributions may be, starting is starting and it is the best way to get the ball rolling.

Saving for retirement may not be on the forefront of most teenagers' minds, but it is a great way to get ahead of the pack. This plan will determine the rest of your life and is a crucial step in securing financial freedom in the future. Learning how important compounding interest is and starting young are truly amazing things to do at a young age. By doing all of these steps, your future self will not be able to thank you enough for the moves you made today at a young age.