Reaching your goals

An investment strategy for every life stage

What are you saving for?

The down payment on a house, your child's college education, or maybe even a vacation home? You will probably have different goals at different stages of your life. But no matter what else you're saving for, you should make sure you're putting enough money aside for one of the most important goals of all – your retirement.

Since you could be retired for 20 or 30 years or longer, you will probably need to invest more for your retirement than for any other goal. The key is to begin saving early.

The Roaring Twenties

Investors who start saving during their 20s have an invaluable ally: time. Over the years, your account will benefit from compounding – the continual reinvestment of investment earnings. The more time investments have to compound and grow, the greater the potential benefits.

Because it will be a long time before they will need their money, investors who start saving early may feel comfortable taking on more investment risk. Allocating a large portion of your portfolio to investments such as stocks, which have the potential for significant growth, can help you build a comfortable nest egg. However, it is important for investors to fully understand an investment's objectives and performance history, as well as their own individual risk tolerance, before committing any money.

And by contributing to an employer's retirement saving plan as soon as you're eligible, your contributions and any earnings from the plan will benefit from many years of tax-deferred growth.

Pre-tax contributions are deducted before paycheques are distributed or direct deposited, so there's no temptation to spend that money. Over time, the relatively small amounts contributed each pay period can really add up.

The Middle Years

Maximum growth of assets should be your goal during your 30s and 40s. Make sure you are saving as much as possible in your retirement and other investment accounts. Take full advantage of any "free money" available through your employer's plan by contributing at least as much as your employer will match.

Since you still have many years before retirement, you should consider continuing to invest a large portion of your portfolio in securities such as stocks, with the potential for strong returns.

Preserve and Grow

Investors who have contributed steadily to their accounts may have considerable assets by the time they reach their 50s and 60s. As retirement gets closer, you may want to think about preserving your gains and protecting against losses by reducing your portfolio's exposure to riskier investments and focusing on lower-risk investments, such as bonds and cash equivalents. But even modest inflation can threaten the future purchasing power of your money, so you may want to keep a portion of your portfolio invested in stocks – even after retirement – since, historically, stocks have outpaced inflation.

!

For more information, speak with your BMO financial professional.

BMO Financial Group

We're here to help.™

(02/16)15-1226