

Planning for Retirement



You've heard it before: Save early, save often. But how can you do that when you've got rent, food, student loans and other expenses?

That's where a budget can come in handy. A budget lays out how much money is coming in and where it's going. It helps you identify areas where you can trim spending, so you can direct more into your retirement and other savings.

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Where does it go?

Chances are you know how much money you earn each month. But can you pinpoint how much you spend and on what? Tracking your spending for at least a month should give you a realistic picture of where your money is going.

Find a budgeting method that can guide you in your day-to-day expenses. The budgeting example below buckets your money into three categories:

- **Need to have.** Spend no more than 50% of your take-home pay on essentials such as rent, food and insurance.
- **Nice to have.** No more than 30% of your take-home pay should go toward discretionary spending including entertainment and dining out.
- **Planning ahead.** Try to save at least 20% of your after-tax salary into long-term financial goals such as retirement and debt repayment—especially credit card balances. Of course, the more debt you have, the less you'll have for savings. But once your debt is paid off, you can redirect those payments toward savings.

Building on Wellbeing

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