OTHER WAYS TO SAVE FOR RETIREMENT

Direct & indirect opportunities than don't get enough ink.

Besides periodic IRA contributions and elective salary deferrals into 401(k) and 403(b) plans, there are other ways to amass retirement savings, some of them often overlooked.

Put tax refunds & tax savings to work. If you get a few hundred back from the IRS, that is not an insignificant sum. You could save it or you could invest it with the potential to compound that money. The same goes for the dollars you save as a result of tax credits or tax breaks.

Relocation. Ever thought about living where lifestyle costs are less? Moving to a cheaper part of the country might cost you a few thousand dollars, but the long-run savings could end up dwarfing that expense; you could free up thousands of dollars annually toward your retirement savings effort.

As an example, Zillow's Q3 2012 Home Value Index showed the median home value in San Jose as $525,000 and the median home value at $356,100 in Boston. A San Jose resident could move to Reno (Q3 median home value: $145,700) and a Boston resident could move to Nashua (Q3 median home value: $186,300).[1,2,3,4]

You could also downsize as you relocate; moving into a smaller residence could free up even more cash.

Rental income. While property management means occasional headaches even when a third party assumes the duty, a steady stream of income from a rental home or condo may give you another solid way to ramp up your savings efforts.

Redirecting some of your inheritance. If you receive any kind of wealth, think about assigning part of it to your retirement strategy. In fact, this is a good idea for any kind of sudden wealth you come into, whether it comes from a relative, a settlement, a casino, or simply your own talent and initiative.

Sell products or services, not simply your time. Most people sell their time for money. One of the characteristics of the wealthy is the entrepreneurial ability to sell products and services with a value indirectly related or unrelated to a time investment. Consider what products or services you could sell to make more money and build greater retirement savings, with the possibility of positively altering the way you work and live. The start-up costs of such a move may be less than you think.

Stay healthy. Hospitalization costs can be a real setback for retirement savers. Good health (indirectly) pays off as we age. Reasonable daily exercise and smart eating may help to reduce the risk of major hospital, drug, and therapy expenses between now and retirement.

Halt or modify some recurring discretionary expenses. Do you really need cable? Do you have to belong to the most opulent health club in town? Must you have season tickets? Fewer such expenses today can translate to additional money you can invest and save for your future.

Refrain from picking up your child's college costs. If you started a college savings account long ago, that's a different story; you have already dedicated money for this purpose. If you haven't, remember that no one offers "retirement loans" or "retirement financial aid". Your son or daughter may have a decade or longer to repay a college loan, and their incomes may rise significantly during that time. If you elect to pay some of their tuition or housing costs, you have comparatively fewer years to recover from the impact of those expenses. Encouraging self-reliance can lead to you retaining more of your savings for the third act of your life.

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Citations.

1 - www.zillow.com/local-info/CA-San-Jose-home-value/r_33839/ [11/20/12]
2 - www.zillow.com/local-info/MA-Boston-home-value/r_44269/ [11/20/12]
3 - www.zillow.com/local-info/NV-Reno-home-value/r_13478/ [11/20/12]
4 - www.zillow.com/local-info/NH-Nashua-home-value/r_33031/ [11/20/12]