No Savings at 50? 3 Simple Steps to Grow Your Retirement Savings

Description

With the cost of living being high, it can be difficult to put money aside each month for retirement. As such, having no retirement savings at age 50 may not be an uncommon situation.

Furthermore, there may still be time to build a retirement nest egg which can provide a generous passive income in older age. By living within your means, investing in assets that can offer long-term growth and reinvesting where possible, you could generate a substantial retirement portfolio.

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Living within your means

Clearly, living within your means is easier in theory, rather than in practice. However, by putting in place a budget and seeking to save money on everyday items, it may be possible to spend less than you earn each month.

With the stock market being more accessible than ever due to lower dealing costs, investing modest sums of money on a regular basis could be a worthwhile means of kickstarting your retirement plans. For example, setting up a regular payment from your bank account to a sharedealing account on payday could mean there is less temptation to spend, and may lead to growing returns over a long time period.

Investing in growth assets

Starting to invest at age 50 means that you are likely to have a long time period until retirement. For most people, they will have at least ten years until they plan to finish working, which means they may be able to take risks with their capital.

This may mean that investing in shares that offer growth potential is a worthwhile move. Certainly, it could mean there is a higher chance of paper losses in the short run, due in part to relatively highlevels of volatility. But in the long run companies that offer growing profitability may have a higherchance of delivering impressive capital returns.

By investing in a range of companies it may be possible to reduce your overall risk, as well as increase your exposure to a diverse mix of stocks that can produce impressive levels of growth.

Reinvesting your capital

It may be tempting to spend your dividends and capital returns before retirement. However, reinvesting them and allowing compounding to positively impact on your portfolio could be a much better idea. It is likely to lead to significantly higher returns, which could produce a larger passive income in retirement.

With the world economy constantly changing, there is always likely to be an industry or sector that offers investment appeal. Therefore, using your profits and income to capitalise on it over the long term could be a highly profitable move.

Although it may take time to build a portfolio that can provide a passive income for your retirement, starting at age 50 may not be too late. By living within your means, investing in growth assets and reinvesting where possible, you could build a surprisingly large retirement nest egg.

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