5 ways to make the last 10 years before retirement count

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In an ideal world, retirement savings goals are balanced by the 30 years or more savers have to meet them.

But in the real world, many people find themselves knocking on retirement’s door with little stashed away: Households with members ages 56 to 61 have a median retirement savings of just $17,000, according to an Economic Policy Institute analysis of 2013 Survey of Consumer Finances data.

If that amount feels familiar, here’s how to turn the next decade into a retirement rally.

1. Contribute to a Roth IRA.

Contributions to a Roth IRA are made with after-tax dollars, but distributions in retirement are tax-free. This account often gets pitched to young, lower-income workers. Because taxes are paid on the front end, you lock in your current tax rate. That’s a good thing if you expect that rate to go up in retirement.

At a later age, having a Roth in your retirement arsenal tackles a potential issue: Higher earners may pay more for Medicare parts B and D, and Social Security becomes partially taxable if your income is above a set amount.

If some of your retirement income comes as a qualified distribution from a Roth, you could reduce your taxable income, avoid or minimize Social Security taxes and lower Medicare premiums, says Chris Chen, a certified financial planner in Waltham, Mass.

The rub: If you earn too much, you may not be eligible for a Roth. A Roth IRA calculator will tell you if you qualify and how much you can contribute.

2. Consider a health savings account.

This may be the only account to one-up the Roth, tax-wise: Contributions to a health savings account are tax-deductible, and distributions for medical expenses are tax-free.

An HSA must be linked to a high-deductible health insurance policy, which has higher deductibles, but lower premiums. The idea is that plan holders put their premium savings into an HSA, to be used for medical expenses before meeting that higher deductible.

"If you can build it up and have a nice balance to be able to use tax-free to pay health care expenses, deductibles and copayments in retirement, it's going to be really helpful," says Hans Scheil, a certified financial planner in Cary, N.C.

Unused funds roll over from year to year, and beginning at age 65, it essentially becomes a retirement account: You can pull money out for non-medical expenses, although it will be taxed as income.

3. Start wiping out debt.

Your income will likely go down in retirement, so you'll need to whittle expenses down, too. And while some expenses may naturally fall, others will take a little work.

Paying down high-interest debt is one of the best ways to trim your budget. If downsizing your home is in your retirement plans, do it now instead of later. Then, use the funds your smaller footprint frees up to hammer away at debt.

4. Don't shy away from risk.

It's true you would be wise to dial down the risk in your investment accounts leading up to retirement. But there's a difference between trimming and eliminating completely — and being too conservative can quickly shrivel your savings.

One happy medium, Chen says, is to divide your assets. "Have a bucket of assets that are more conservative, to use in the early part of retirement and a bucket that is less conservative to use in the latter part." That way, money you'll need in your 80s can continue to grow.

5. Think about stopgap measures.

Maybe you've paid off your home and you can tap a reverse mortgage. Maybe you want to explore annuities, which — in their most basic form — turn a lump sum of your savings into a stream of income. Or maybe you're up for a side gig (Uber says a quarter of its drivers are over 50). Whatever you're thinking, now's a good time to make a few backup plans.

http://www.usatoday.com/story/money/personalfinance/2016/11/28/retire-retirement-plan/94080150/