Mistakes to avoid to reach your retirement destination without any incidents

Certain mistakes need to be avoided if you're going to keep your hands on the wheel and reach the retirement you're aiming for. Here are six such mistakes.

Mistake #1: Not planning

Even if your retirement seems like a vague destination far off in the distance, it's important to lay out a roadmap that will show you the best way to get there. Think long term and make a plan!

Do you think investing takes a lot of money? With a little planning and discipline, you can grow your money, even if you don't have large amounts to invest. **Setting aside small amounts on a regular basis is a good way to build up savings for retirement.**

Need a guide to help you draw up your retirement roadmap? Feel free to contact a financial advisor who can help point you in the right direction.

Mistake #2: Relying only on public plans

Do you think that government plans will be enough to give you the retirement income you need? You're probably on the wrong track and quite possibly heading down a dead end street. Public plans like the Canada Pension Plan and the Old Age Security Program, and in Quebec, the Québec Pension Plan, will provide you only basic retirement income. **You will need other sources of income in addition**.

Financial planners estimate that to maintain your standard of living in retirement, you will need to plan on a retirement income equal to approximately 70% of your employment income.

Mistake #3: Getting into debt

It's no surprise that we are "living in a material world." People spend a lot to "enjoy life."

On the road to retirement savings, debt is an obstacle that can slow you down a lot— paying down your debts at a 9%, 15% or 22% interest rate doesn't leave anything for savings. What would you say to paying off your debts

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and investing to maintain your lifestyle at retirement instead of handing your money over to the credit card companies?

Mistake #4: Not taking advantage of systematic savings

Investing fixed amounts on a regular basis, through payroll deductions or pre-authorized payments (depending on what your plan allows), is like making regular stops on a road trip to fill up on gas. That way you know you have what you'll need to reach your destination. In terms of retirement savings, we're talking about not spending what you could save because you're investing on an ongoing basis.

You get the added benefit of higher potential returns through dollar-cost averaging, as you're not buying all your investment fund units at the same price. In the long run, this can make a big difference.

Mistake #5: Choosing investments randomly

Just as there are different roads leading to your destination, you've got a wide variety of investment options to keep you on track toward your retirement. Diversifying your investments lets you get good returns while reducing risk, since your overall returns will be less affected if some investments do not perform as well as planned.

Mistake #6: Not making the most of your tax refund

It's easy to be tempted by a small immediate pleasure when a tax refund comes in. Trip to a sunshine destination, maybe?

But instead of blowing your refund on a whim, there are better ways to use it for the long term that will put you a few kilometres closer to your retirement destination.

You can invest your tax refund in your group RRSP if you haven't already reached your annual contribution limit. You get the best of both worlds: you increase your retirement savings and also enjoy tax benefits.

You can also pay down your mortgage or credit card balance, if you have one—the less debt you have, the more you can save for retirement.