When you are young, thinking about retirement planning may not be the coolest way to spend your time, but if you give it a thought or two, you may see that it is worth your time. Just like you need money today to pursue the lifestyle you like – shopping, traveling abroad or buying that set of Instagram worthy wheels, you also need money tomorrow to maintain a comfortable life, even when you stop working. Fortunately, millennials have time on their side and when it comes to saving for retirement, time is a great asset. Harnessing the power of compounding through reinvesting the returns of your investments can have a great multiplier effect. As an example, if you invested just Rs.5,000 each month regularly starting your 25th birthday for 30 years and got 12% annual returns, on your 55th birthday, you would have given yourself a present of about Rs. 18 lakh.

So how can you save money to retire in comfort and style? Here are ten tips to put you ahead of the curve:

1) Start today: The earlier you start, the easier it becomes to save for retirement. Indian Millennials (those born after 1990) can on average expect to live 11 years longer than their preceding generations. The earlier you start to save, the more you can accumulate for your later years. Let's take an example of a 23-year-old with monthly expenses of Rs. 20,000 and life expectancy of 90, who plans to retire at 65. Assuming a 5% inflation and a 12% return on investments, he would accumulate Rs. 1.93 crore with monthly savings towards retirement of Rs. 1,275. Now if he were to start saving at the age of 40, he would need to save Rs. 4,432 each month and he would only be able to accumulate Rs. 84.11 lakh. Clearly, when you are young, you can save more by investing less. As you have already seen, compounding is a powerful tool, but it is also important not to stop investing regularly or else it will fail to give the desired results.

2) Learn to manage your money: Do you know how much money you have in the bank? How does your salary get spent each month? Knowing your position money wise can give you ideas about where you can cut back, how you can pay back student loans and how much you can allocate to retirement.

3) Have goals: By goals we mean financial goals. Knowing your goals will help you figure out how much money you need for your retirement.

4) Money for emergencies: A medical emergency, unemployment or unplanned expenditure can mean the need for extra funds. Have an emergency fund comprising of 6 months of salary ready at all times.

5) Keep the debt away: Do not spend money that you do not have. Bad debt like credit card or consumer loans can be expensive. It is best to save up to make purchases instead of borrowing money to do so.

6) Get insured: Health insurance, life insurance and home insurance are all essential to protect your savings against erosion from unforeseen circumstances.

7) Automate investments: You can create a systematic investment plan (SIP) to invest money each month as soon as you are paid your salary.

8) Be frugal: Do not spend money for pursuing the latest and the greatest gadgets or vehicles and learn to spot a great deal where you can.

9) Invest in yourself: Get new skills that can help you create multiple income streams. Use your hobby if you can to generate funds.

10) Take advice: It is okay not to know what to do; you can always seek the help of a professional like a certified financial planner or a mutual fund distributor.

Why use a retirement calculator?

Investing for retirement needs you to know the amount of money required to live comfortably. A retirement calculator can help you arrive at that figure easily. All you need to do is input your current expenses, time horizon and the expected rate of return. Once you know how much you need to invest, consider investments in mutual funds as they offer the benefit of asset allocation and diversification. You can choose between equity and debt and use different assets at different stages of your retirement planning. Equity growth funds for example, can be used to build your retirement corpus and debt funds to preserve the corpus during retirement and to derive a regular income. Use the services of a financial advisor to know what are the most suitable funds for your situation.

As a millennial, your youth is your greatest asset and it can provide you a great return for your future, but most importantly, it can give you a perspective on how to live a satisfied life so that you can always maintain your financial independence.