MONEY MATTERS

SAVING FOR RETIREMENT IN YOUR 30S AND 40S

Q: I'm in my 30s and my brother is in his early 40s. We were talking the other day about how much it costs just to make it from day to day and buy a few extras once in a while. When a crisis comes up, whether it's the car breaking down or the refrigerator on the fritz, we struggle to find the money to manage it. The kids' educations are weighing us down, too.

How can we prepare for the future when financial crises keep cropping up?

I need a solid plan so I can ensure I have at least some money saved by the time retirement rolls around.

A: The good news is that both of you are trying to problem-solve your finances now so you can be successful later.

If you want to live vibrantly throughout your golden years, it's important to aggressively manage your dollars now. ***Look for ways to save each day.***

Also, consider these suggestions for how to continually shore up your money for retirement:

1. **Plan for the Unexpected**

   - ✓ Feed your emergency fund from every paycheck until you have enough to live for six months without working. Then, you'll be prepared for unplanned financial events. If you never have to use this fund, leave it in its own account accumulating money over the years.

   - ✓ Use this fund only for the type of events you described (or in the event you're out of work) and then replace those funds to the six months mark. ***You'll never have to draw on your retirement savings again to fund a money crisis*** because you'll have your emergency fund.

2. **Make Deposits to Retirement Accounts Regularly**

   - ✓ Put the maximum amount allowed into your Roth IRA. Then, someday when you're older and grayer, you can withdraw the money without paying taxes.

3. **Save Now for Your Child's College Education**

   - ✓ If you save $25 a week for 18 years, you'll be able to cover about half of your child's college expenses. ***The key is saving consistently*** to have some cash to assist your some-day student with college costs.

- ✓ You can bump up your savings amount later if you like. But since kids can earn scholarships and work summers to pay toward their education, aiming to contribute half will help tremendously.

4. Use Separate Financial Accounts

- ✓ Instead of using one “pot” for all savings (retirement, education, and emergencies), maintain separate accounts to avoid tapping retirement money for other uses.

5. Earmark Dollars for Specific Accounts Each Payday

- ✓ For example, place the first week’s savings amount into your emergency six-month fund. The second week’s savings dollars go into retirement accounts. Third week’s savings are slotted for the college account. Fourth week’s dollars can also go into your retirement accounts.

Make saving a habit and when retirement time rolls around, you’ll be prepared!