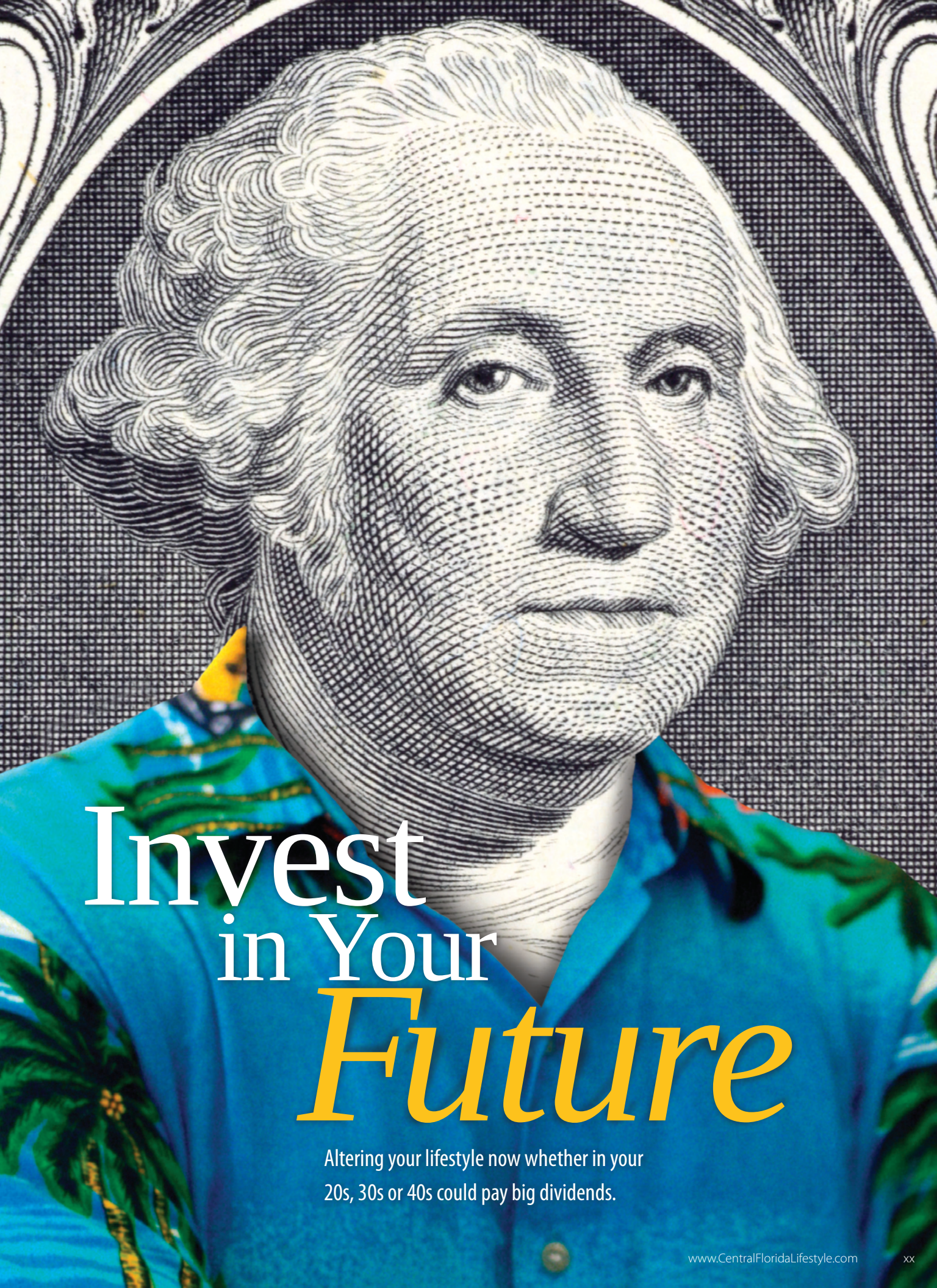

Invest in Your *Future*

Altering your lifestyle now whether in your 20s, 30s or 40s could pay big dividends.

By Kevin Fritz

The start of a new year causes us to give pause in our lives, serving as a reminder of what we have accomplished to date, but, moreover, what goals we should set for the next 12 months. More than New Year's resolutions, these affirmations force us to look beyond the present and into our own future, especially whether or not we will be financially secure when we finally decide to hang up our cleats. The reality is, many of us are not.

"Most people are not saving to the extent they should be," says **Sean Marlowe**, financial advisor with Marlowe, Petty and Associates, an Ameriprise investment firm in Orlando. He notes it is more important than ever to save for retirement, since sources of income that our parents and grandparents relied on are disappearing.

"Fifty years ago it was commonplace to have a pension in place," he says. "These days, those are pretty much gone."

Since everyone's idea of retirement is different, everyone's strategy will not be the same. However, regardless of the circumstance, everyone needs to figure out how much money they would need to live a comfortable life after the regular paychecks stop coming.


Financial advisor, Sean Marlowe

To get to that magic amount, sometimes it takes adopting new habits and changing bad ones that may be eating away at our take-home pay. Of course, some of those come with age.

Choosing Wisely

Brian Fucile, financial adviser with Edward Jones in Orlando, says the hard part is getting people to save earlier in their lives, especially those in their 20s.

"The toughest part is getting them started," says Fucile. "People in their 20s finally have money in their pockets and they want to live life, spending it on cars, clothes and clubbing, sometimes dropping $50-$100 going out on the weekend. They think they have all the time in the world."

He says if they would simply put $100 a week or 10 percent of their salary away instead of spending it, they would be much better off in the long run.

"It's just a matter of choosing where you spend your money," he explains, noting that starting to invest at age 23 instead of 30 builds a much larger goose egg in the end.

Spending by the younger generation hasn't changed much over the years. According to Ad Age, Baby Boomer (born between 1946 and 1964) and Millennial (1980 to 2000) households between the ages of 25 and 34 spent close to the same amounts in 2010 dollars: $45,465 for Boomers in 1990, versus $46,617 in 2010 for Millennials. Generation X (1965-1980) spent the most: $49,300.

Fucile says men and women in their 30s begin to get "a little more serious" about investing and saving, but it is still a minority. They like to spend money on travel, cars, and electronics.

"They are wiser as they get toward 40," he says. This is an age when people start to realize they have little to show for all the years they have been working, but they also recognize they can still spend money and have some left over to invest. By now they are spending more on things like attending sporting events, family vacations, and kids' braces.

The Magic 40s

Marlowe agrees. "Most people don't start saving until they get into their 40s. I hardly have any clients un-

"Most people are not saving to the extent they should be."

der age 50." He says people in their late 20s and 30s are not only spending their money on clothes and nightclubs, but on gadgets.

"We are competing against the iPad, cool trips, and smartphones," he notes. "There are more luxuries today that people consider standard."

Marlowe says a good rule of thumb is to retire with eight times your salary. Going backwards, at 35, you should have saved one times your salary; at 45, three times; and at 55 years old, five times. He says a 4-6 percent withdraw rate is a safe range for a comfortable retirement.

"You should put six percent of your income away as a starting point," he advises, "then escalate it by one percent a year until you get to 12 percent."

Fucile says on average, people are saving more now than they were prior to the recession. The personal savings rate was less than one percent in 2005; by 2007, it was up to eight percent. Today, it's approximately four percent.

"I think younger people are getting a bit more scared than they used to be and realizing it is much easier to accumulate savings if they start young," notes Fucile. "In the end, the one with the most shares wins." L