

TUG OF WAR

Handling the Challenge of Competing Financial Goals

Step One: Evaluate your financial situation

Answering the following questions will help jump-start your planning process. There are web-based financial calculators available to help you in the planning process, as well. In addition to those available to you from your retirement plan provider, check out the calculators on the American Savings and Education Council's "Choose to Save" website: www.choosetosave.org/calculators/.

For Retirement

- How many years until you retire? _____
- Does your company offer an employer-sponsored retirement plan? _____
- Do you participate? _____
- If yes, how much do you contribute each year? \$ _____
- What do you estimate will be your account assets at retirement? \$ _____ (use web calculator)
- Does your company offer a pension plan? _____
- If yes, how much is contributed each year on your behalf? \$ _____
- How much pension income do you estimate you will receive annually in retirement? \$ _____
- How much do you expect to receive annually in Social Security benefits? (You can estimate this by using your Personal Earnings and Benefit Statement, created every year by the Social Security Administration. You can also go to www.ssa.gov and use their calculators to get a rough estimate.) \$ _____
- What standard of living do you hope to have in retirement? Do you want to travel extensively and live the lavish life, or will you be happy to stay in one place and live more simply? _____
- Do you or your spouse expect to work in retirement? _____ You _____ Spouse



For College

- How many years until your child starts college? _____
- Will your child attend a public or private college? _____
- What is the expected cost for tuition? \$ _____
- Do you have more than one child whom you'll be saving for? _____
- Does your child have any special academic, athletic, or artistic skills that could lead to a scholarship? _____
- Do you expect your child to qualify for financial aid? _____

Step Two: Know your bottom line

Once you know what your financial situation is, the next step is to determine what you can afford to put aside each month. First, prepare a detailed family budget that lists all of your income and expenses. After that, you'll need to decide how to divide up your funds.

(continued)

Step Three: Multi-tasking

Ideally, you want to try to pursue both goals at the same time. Even if you can allocate only a small amount to the college fund, you might be surprised at how much you can accumulate over many years. For example, if you saved \$100 every month and earned 8%, you'd have \$18,415 in your college fund in ten years (of course this is just a hypothetical example for illustration purposes, and does not represent a specific investment).

If you need help, you can consult with a professional financial planner. This person can also help you select suitable investments for each goal. Remember, just because you're pursuing both goals at the same time, it doesn't mean that the same investments will be appropriate. Each goal should be treated independently.



Wherever your retirement goals take you, we can help you get there.

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