

WOMEN & MONEY

Get your financial priorities straight for 2008

BY SUZE ORMAN

Special To Florida Weekly



Right now, you've resolved to make all your New Year's resolutions stick. But resolutions to be more financially on top of things fall by the wayside because people don't know where or how to start. So, in my continuing series "You Asked For It," I'll review the most common questions I get on the topic of how to take control of your financial life.

Tackle your debt

Q: I can't afford to pay down my credit card debt and save for retirement at the same time. Which should I do first?

A: Getting your financial life in order is an exercise in multitasking. You should tackle different goals at the same time. For example, if you have a 401(k) or 403(b) at work and your company offers a matching contribution, you must participate in the program and contribute enough to get the maximum match from your employer. There's no bigger priority than to get what is essentially free money from your employer.

At the same time, you have to focus on the credit card debt. Here's the strategy: Pay the minimum due on each card each month, of course. That's the only way to stay in the good graces of the card company and keep your credit score healthy. But in addition to those minimum payments, add an extra payment to the card that charges you the highest interest rate.

Scrutinize your budget

Q: Where am I supposed to find the money to set aside for paying off bills and saving? I can barely get by today as it is.

A: The majority of people who come to me with this question have all sorts of opportunities to spend less, which translates into saving more. If you really want to change your ways, just scrutinize your monthly bank and credit card statements; there are plenty of places you can scale back if you make that your priority.

A great way to save more is to simply make it automatic. Set up a direct deposit from your checking account into a savings account. The reality is that once you take the plunge to automatic savings, you'll be able to adjust to having less in your checking account.

Do the right (retirement) thing

Q: I want to save for retirement, but I get lost when I try to figure out what to do. Is there a simple way to do the right thing?

A: If you're single and your modified adjusted gross income is under \$101,000, or you're married and your gross income on your joint tax return is under \$159,000, you can invest the maximum \$5,000 in a Roth IRA in 2008. (If you're at least 50 years old, the maximum is \$6,000.) I think a Roth IRA is the single best retirement investment after a

401(k) with a matching contribution.

If your income makes you ineligible for a Roth IRA, I recommend using a traditional IRA even if it's non-deductible. Both types of IRAs give you the benefit of having your money grow tax-deferred while it's invested. The difference between the two is that with a Roth IRA you'll owe no tax on your withdrawals in retirement assuming you pass some basic rules; with a traditional IRA, you'll owe income tax on all withdrawals in retirement.

On IRAs and Lifecycle funds

So where exactly should you invest your IRA money? If you're up for making two investments, I recommend putting 80 percent or so in a low-cost broad index fund or exchange-traded fund (ETF) and the remainder in an international index fund or ETF.

For those of you who really want a super-easy investment solution for your IRA, check out what are called lifecycle funds, or target retirement funds. A lifecycle fund is basically a one-stop-shopping option. You choose a portfolio with a "target date" that's close to when you expect to retire. The portfolio will then hold a mix of investments that are considered correct for your time horizon; as you get closer to that retirement target date, the portfolio will automatically move into more conservative investments.

Plan ahead

Q: We have two young children we want to start college funds for, but we can't afford to save up for their school costs and continue to build our retirement funds. What should we do?

A: Focus on your retirement. There are plenty of ways for your kids to get help with college costs -- loans, scholarships, etc. -- but there's no help if you find yourself without enough money to live on in retirement.

Q: What are the best investments for next year?

A: Who knows? It's ridiculously hard to nail what the top individual investments will be, especially over a short time period of 12 months. I think one of the biggest problems investors create for themselves is thinking that investing is about making a big killing fast. That would be ideal, but it's extremely hard to pull off, and the risk is that you end up losing a lot of money if you bet wrong. Or you never start investing in the first place because you're too scared of losing it all.

That's why I recommend broadly diversified index funds and ETFs for your core portfolio. You will have a portfolio that will grow over time -- years, not months -- in line with the general markets. Over decades that's proven to be a profitable approach -- no doubt one of your biggest financial priorities. ■

— Suze Orman is a best-selling author and Emmy award-winning TV host whose new book, "Women and Money," was published in March 2007. For details, please visit www.suzeorman.com.

Simply. A Better Rate. Lock In Now!

LIMITED TIME OFFER

4.75%*

APY for 9 month
Certificates of Deposit



FIRST
COMMUNITY
BANK
OF SOUTHWEST FLORIDA

1565 Red Cedar Drive, Fort Myers, 33907 Ph 239-939-4100
5200 Daniels Pkwy, Fort Myers, 33912 Ph 239-482-5300

www.fcb-yourbank.com

Bank Anywhere, Anytime. Simply. A Better Bank.



*The Annual Percentage Yield (APY) set forth above is accurate as of the publication date but is subject to change thereafter. There is a penalty for early withdrawal. \$1,000 minimum deposit.



8TH ANNUAL SOUTHWEST FLORIDA

REAL ESTATE Outlook Conference

Tuesday, January 22, 2008
7:30 am to 12:00 pm

Harborside Event Center
1375 Monroe St, Fort Myers



Presented By:



Florida Chapter
Southwest District
fccim.com • (800) 767-2246

To register go to chapters.ccim.com/floridasouthwest

Prepay Rates:

CCIM Members: \$50; Non-Members: \$60

For more information, call Jim Tamblin, CCIM, at (239) 418-0300

Sponsored By:

1031 Tax Free Strategies, LLC
Armalavage & Associates, Inc.
Bank of Florida
BB&T
CB Richard Ellis
Coldwell Banker Commercial NRT
Colliers Arnold
Community Bank of Cape Coral
Crowther Roofing
Entech Computer Services
First Bank
First Community Bank of Southwest Florida

Grandbridge Real Estate Capital
Gulf Coast Business Review
Hammer Construction
J. C. Marshall Construction, Inc.
Kruse Commercial Group
LandWest Commercial
McGarvey Development
RE/MAX Properties
RE/MAX Realty Group
Reliance Bank FSB
Sperry Van Ness
Suite Life Magazine
The D'Jamoos Group
UPS Capital

Conference Schedule:

7:30 am	Registration
8:00 am	Welcome
8:05 am	Factors Affecting Our Market
8:45 am	Economic Development Panel Discussion
9:30 am	Break
10:00 am	Economic Update by Hank Fishkind, PhD
10:30 am	City Growth Panel: How to Build Area Growth by Building Cities
11:15 am	Industrial Market Segment
11:30 am	Office Market Segment
11:45 am	Retail Market Segment

CATERING IS WHAT WE DO Let Us Do It For You!



Rib City Catering!

In Lee & Collier Counties Call Lee Ann Martin at (239) 209-0940
Catering Services from 25 • 5,000 • www.ribcity.com