

WOMEN & MONEY

Retiring in style

BY SUZE ORMAN
Special To Florida Weekly



Q: We're a couple in our mid-50s whose children have both graduated from college. Our combined income is \$175,000. Our house is worth \$500,000, and we paid off the \$300,000 mortgage last year. We sent in an extra \$1,000 each month to pay it off faster. We have \$40,000 in savings and \$200,000 in our retirement stock fund. We'd like a second home, which we may make our retirement home someday, though we intend to keep working for 15 years. How much can we afford for our dream house on the lake?

Suze: You can definitely make your housing dream come true. The first thing to understand is that second-home mortgages carry interest rates that can be about half a percentage point higher than those on primary residences. Lenders figure that if you hit hard times, you're more likely to keep up payments on your primary home than on the vacation spot. The other issue is that your rate will be higher if the mortgage is currently above \$417,000. Lenders refer to such loans as "jumbo mortgages." (Due to the recent economic stimulus package, jumbo mortgages have been temporarily set above \$729,750 in some high-cost living areas. This is set to expire at the end of the year.)

So we want to get creative and avoid the problems of a big mortgage on a second home. Since you own your current home outright, I want you to refinance it or take out an equity line of credit, and use that to pay for the vacation home. And make sure the loan is paid off in 15 years. You don't want to face big mortgage payments in retirement.

Since you had a \$300,000 mortgage on your current home, and your interest rate was probably about 7 percent, my guess is

that you were paying \$1,600 per month, plus the \$1,000 you used to pay the loan off early. When I factor in typical property-tax and insurance numbers, you probably were paying a total of \$3,000 each month in housing costs.

It's my firm belief that no one approaching retirement should stretch her budget to own a home, especially a second one.

I don't want your dream house to cost you more than \$3,000 per month. That means you can conservatively afford a \$350,000 home, whose monthly housing costs would be about \$2,860.

If your dream comes with a bigger price tag, keep this in mind: For every \$100,000 increase in cost, your monthly mortgage will rise by about \$820 at today's interest rates. So if you buy a \$450,000 home, you'll spend \$3,680 per month. A \$550,000 home would cost you \$4,500 a month. With your income, you can afford that now, but what happens once you're retired? If I were you, I'd aim for the lower price range and use any extra cash to boost retirement savings.

Notice I didn't mention the impact of the mortgage-interest deduction. That's because vacation homes tend to require more upkeep. You aren't there 52 weeks a year to keep an eye on things. Perhaps you'll need to hire someone to look after the place. I figure an easy way to "budget" for such extra costs is to simply ignore the mortgage-interest deduction in your calculations. My guess is you'll end up spending those savings on upkeep.

Now all you have to do is prepare yourself for the onslaught of friends and relatives who'll want to be your weekend guests! ■

— *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.*

Community Foundation executive announces retirement



McLAUGHLIN

Carol McLaughlin, Chief Program Officer at the Southwest Florida Community Foundation will retire as of June 30.

McLaughlin, with the Community Foundation since 2000, is responsible for developing and administering the many grants and scholarship programs at the foundation. She is a strong advocate for the nonprofit community and works with foundation donors in matching their passions with community needs.

Last year, the foundation distributed more than \$5.7 million in grants and scholarships.

"Carol came at a pivotal point in the growth of the community foundation and led the creation and development of the programs in place at the foundation today," said Julia East, President and CEO of the Southwest Florida Community Foundation.

Her decision, said McLaughlin, though difficult, will allow her to spend more time with her family and to travel.

"I may decide to do something part-time later. I just feel right now my focus should be on family," she said.

The foundation has begun the process of a national search to fill the position.

The Southwest Florida Community Foundation has been supporting the communities of Lee, Charlotte, Collier, Glades and Hendry through endowed funds for more than 30 years. With assets of more than \$57 million and over 320 endowed funds, the community foundation has provided more than \$30 million in grants and scholarships to the communities it serves. ■

**When you need
Wealth Management
with Personal Guidance.**

CALL
Jennifer L. Myers
MBA,
Financial Advisor

**Coastal Wealth
Management Group**
AN OFFICE OF METLIFE
(239) 896-1110

Metropolitan Life Insurance Co., New York, NY 10168. Securities products offered by MetLife affiliated broker/dealers including Metropolitan Life Insurance Company (member NASD) or MetLife Securities, Inc. (member NASD) (SIPC). Investment advisory services offered by MetLife Securities, Inc., a registered investment advisor. (03/07/4656)exp03/08/01.

Looking great is the first step to feeling great about yourself!

TOM JAMES

Lindsey Smalls
Professional Clothier
239.404.4620

**The Perfect Choice
for Catering**

Whether you are planning an elegant wedding, a simple backyard picnic or a corporate event, Rene's Custom Catering offers the finest array of food and drinks. Rene's has been serving Southwest Florida since 1981 and we want to use our experience to design a wonderful occasion for you.

**Rene's
Custom Catering**

489-4424
Myerlee Square
7050 Winkler Rd.
Fort Myers

The Power of Personal Service.

Left to Right: John Reingardt, Dennis Kucera, Bill Valenti, John Hodas and John Fritts

Let us introduce you to our unique combination of financial expertise, community service and client relationship building...banking the way you've always wished it could be.

Involvement in the Rotary Club of Fort Myers, United Way of Lee County, Greater Fort Myers Chamber of Commerce – these are just a few ways Florida Gulf Bank demonstrates the power of strong leadership, and the power of personal service...every day.

9101 College Pt. Ct., 332-4440
7580 Winkler Rd., 481-2875
2247 First St., 332-3527
1631 Del Prado Blvd., 242-1270
8870 Daniels Pkwy., 225-7268

Two NEW Locations, Now Open!
Colonial / Six Mile Cypress, 433-6020
Sandoval / Cape Coral, 433-6000

**FLORIDA
GULF
BANK**

The Power of Personal Service

floridagulfbank.com

CopyLady
Take charge of your documents

239.939.5383

**Fast Tough
Dependable Digital
Office Equipment
at the Right Price.**

Copiers • Faxes
Scanners • Printers

www.CopyLady.com 11533 Charlie's Terrace, Fort Myers, FL

Member of the NEC