

A Young Professional Thinks Ahead to Retirement

Tom just turned 30 and realized he needs to get serious about financial planning. He's facing some challenges, including the need to save for retirement.

Tom knows that one key to retirement planning is to start saving as early as possible. But he has several financial responsibilities. Tom and Amy, 26, are getting married this fall and will be paying for their wedding. Tom has a \$1,600 credit card balance, and Amy owes \$20,000 on a student loan. They'd also like to save for a down payment on their first home.

Mindful financial decisions

Tom and Amy work for the same company, and their employer matches 50% of the first 6% of eligible salary contributed to the retirement savings plan. Tom and Amy contribute 6% of their salaries to take advantage of the match. They would like to increase those contributions gradually, without neglecting their other obligations and goals. With automatic savings increases, they'll boost their contributions by 2% with their next raises and each year after that until they reach the plan maximum.

The couple recently began carpooling to work and brown-bagging their lunches to free up around \$300 a month. They will devote \$150 of their monthly savings to paying off their debt and the other \$150 to their retirement plans.

With a solid financial plan in place, Tom and Amy are looking forward to life together with a comfortable retirement in the future.

This hypothetical profile is for illustrative purposes only and does not represent any specific investment products or advice.

© 2008 SmartMoney. Prepared by SmartMoney Custom Solutions. SmartMoney is a joint publishing venture of Dow Jones & Company, Inc. and Hearst Communications, Inc. All Rights Reserved.

CustomSolutions
FROM SMARTMONEY