

Invest For Multiple Goals

Retirement is an important long-term financial goal. You may have other, more immediate goals, too — so consider this four-step savings plan:

1. **Make the most of your retirement plan.** If you can't contribute 15%, try to save enough to earn your company's matching contributions, if they're available. As your salary increases over time, consider raising the amount you save from each paycheck, until you reach your goal.

2. **Prepare for a rainy day.** Build an emergency fund. That's money kept readily available to see you through a financial emergency, such as a sudden illness or replacing a leaky roof. This rainy day fund should equal at least three months of take-home pay. That way, you may not need to tap your retirement savings.

3. **Pay yourself first.** Once your rainy day fund is in place, try to save something for shorter term goals, such as a down payment on a new house, a home improvement, or a new car. Before you spend on anything else each month, try to put aside something for your more immediate goals.

4. **Keep your goals realistic.** Plan for future expenses, so you know how much you'll need for each goal. Choose a neighborhood you'd like to live in, and keep track of home prices there. Consult with realtors and lenders about how big a down payment you will have to make when you are ready to buy.

No matter what you're saving for, remember that diligence is the key. Your retirement plan contributions are automatically deducted before you receive your paycheck, and if you begin setting aside money for other goals, saving may soon become second nature.

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