

Suze Orman Retirement Roadmap
The Suze Orman Show
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“In Your 20’s”

Here is what I want you to do if you are in your 20’s. Time is the most important ingredient in your retirement roadmap. Time makes all the difference for you in the world.

Let me give you an example.... if you start to invest right here and right now and let’s say your 25 years of age and you decide you want to open up a ROTH IRA, you qualify for it, and the maximum you can put in a ROTH IRA per year is \$5,000.

You decide you’re going to be smart, you’re going to listen to Suze Orman and you’re going to take that \$5,000 divide it by 12. That’s \$416 dollars per month.

You are going to put aside \$416 per month every single month all the way until you are 65: for forty years. Over those forty years you have an average 8% annual average rate of return.

If you do that every single month until you are 65, do you know that you will have approximately \$1,420,000? That’s pretty good if you ask me!

But you’re saying, “Suze I’m 25 years of age I don’t want to be putting \$416 every month in a retirement account. I want to play! What difference can it make?”

“What if I waited until I was 35 to start? \$5,000 a year for 10 years, that’s only a \$50,000 difference. Big deal! I’ll start when I’m 35 rather than 25.”

Well if you start at 35, and do the exact same thing, do you know that at the age of 65 you would have only \$620,000 in your Roth IRA? That is about an \$830,000 difference. So for those of you in your 20’s, that’s where I want you to put your pedal to the metal, I want you to fund your retirement fund, especially the Roth IRAs to the max!

Where do I want you to put your brakes on? For those of you who work for a corporation that has a 401(k) or 403(b) plan, I only want you to contribute up to the point of the company match. After that point, I want you to put the brakes on and I don’t want you to contribute to your 401(k) or your 403(b). I’d rather see you do a Roth IRA, and where do I want to see you park your money? For those of you who need to save money I want you to go to RATEBRAIN.COM and I want you to find great yields for money marketS, saving accounts, even checking accounts; so that you can park your money, so you have it there when you need it.

“In Your 30’s”

Ok so let’s move on to your 30’s. You’re getting a little older aren’t you? Here’s the thing, when you are in your 30’s many of you still have student loan debt, and you have got to really be tackling that student loan debt! Why is that? That is because I tell you this all the time: student loan debt is a debt that is never ever going go away! So I want you to make it your #1 priority to get rid of that student loan debt...that is #1.

#2) I want you, if you don’t have one already- I want you to seriously start thinking about saving enough money so that you can purchase a home that you can call your own. I know, I know a lot of people are saying, “I’m afraid of real estate I don’t want to get burned.” Listen in the long run a piece of real estate is going to give you security. Given the price decline in many areas it is going to be just as cheap as renting. So can you at least start thinking about owning a home.

#3) Life insurance. Now you may be at a point in your life where you have children, maybe you even have a stay at home spouse, one of your spouses is staying at home to take care of your children. Things are happening, maybe others are dependent upon you for your money in case something happens to you. So you need to look into making sure that you are properly insured.

Term insurance is the way that you should go. Also, here you are with children, possibly. You better have not only a will but a living revocable trust as well. Because if something happens to you - , your kids are minors still at this age. Whose going to take care of them? Whose going watch over their money? You need a living revocable trust! Those are the things you need to put your pedal to the medal!

Where do you put on the break? The only place that you put on the break, is you do not buy a home until you have at least 20% to put down, an 8 month emergency fund, and you do not have any credit card debt. Then you can buy a home. Until then.... just go slow.

“In your 40’s”

Now lets talk about your 40’s. Listen to me. Once you’re in your 40’s, your 40, 45, right in there...chances are you already have a home, and you are probably going to be staying in that home for a long period of time. Maybe the last home you will ever purchase. If that is the case I want you to put your pedal to the metal in paying down you mortgage, so that mortgage is gone by the time you are in your 60’s. 65 at the latest!

Why do I want you to do that? Listen to me - your largest monthly expense when you are in your retirement years most likely will be your mortgage payment. If you have a mortgage payment you need a lot of money in a retirement account to generate the income to pay that mortgage payment. It is a lot easier for you to

simply just get rid of that mortgage payment all together by paying down that mortgage. So, if you put your pedal to the metal, pay down that mortgage, you don't need as much money in a retirement account. Then as you get older there are other things you can do with that house to make your retirement secure.

Now where do I want you put the brakes on? Listen to me closely, at this point in your life, when you are in your 40's, your children have gotten a little bit older. This is when they come to you and say "oh Mom and Dad will you please co sign a loan for me?"

Ohhh no you won't! You are not going to be co-signing a loan for your children, for your brother, for you sister, for your friends, for anybody here! This is a danger point! Danger, danger! This can ruin your retirement! Because why? Because if they can't pay for it, you are responsible for that payment and you can't afford an extra payment for something in retirement, when you barely have enough money possibly to retire for yourself. Therefore you are going to put the brakes on big time and say NO to anybody who asks you to co-sign a loan.

"In Your 50's"

Now I want to talk to you about what you need to do if you happen to be your 50's. So listen to me carefully. This is the time in your life believe it or not where you have got to check, double check, be clear, crystal clear! You have got to make sure, because things have already changed in your life. It is possible that you've gone from being married to divorce, it is possible that you went from having little kids to grown up kids. It is even possible that you went from liking your kids to not liking your kids so much... whatever it may be. You have got to put the pedal to the metal in your retirement roadmap and make sure that the beneficiaries on all of your retirement accounts, on all of your life insurance policies are the actual people that you want to inherit your money, in case something happens to you. How many times have I gotten an email that says "Suze my husband died. This was a second marriage but his retirement went to his first wife, who he doesn't even like anymore, what can I do about it?" Well you can't do anything about it because whatever that beneficiary is designated at that is who is going to get the money.

Where do I want you put the brake on? This is where you need to be looking at all your life insurance policies and decide do you even need life insurance anymore? Possibly, your children have gotten old enough that if something happens to you they don't need life insurance. Hopefully your at a stage in your life now in your 50's here that if one of you happens to die the other one of you will be ok, financially speaking, so at least check that out as well, and where do I want you to start parking money? It is in your later 50's, right about 58 and 59 that I want all of you to be looking into long term care insurance, those are the three things that you really need to start doing when you are in your 50's!

"In Your 60's"

Now let's look at your 60's. What should you be doing for your retirement roadmap in your 60's? Here's what I have to say to you! This is the time where you have to be very thorough, you need to put the pedal to the metal in taking control of your money. Go over every penny you have. I want you to be sure the money you have is generating the income you need, and is somewhere safe and sound. Put the pedal to the metal in getting the right paperwork in, in order, update your will and trust that you started in your 30's, get a durable power of attorney and advance directive.

In your mid 60's your home should be paid off- you should be out of debt. Put the pedal to the metal of having a plan of when you are going to take Social Security, early if you are not working, later if you are. What do I want you to put the brakes on? Helping your kids. In the same way that I always say you've helped them, this may be the time that your kids need to turn around and start to help you. We need to make finance a family affair. These are the things that you need to do right here and right now in your 60's to make sure that your 70's 80's and 90's are a life that you want to live.