Investing for Major Financial Goals

By Greg Patterson

Go out into your yard and dig a big hole. Every month, throw $50 into it, but don't take any money out until you are ready to buy a house, send your child to college, or retire. It sounds a little crazy, doesn't it? But that is what investing without setting clear-cut goals is like. If you are lucky, you may end up with enough money to meet your needs, but you have no way to know for sure.

How do you set goals? The first step in investing is defining your dreams for the future. If you are married, spend some time together discussing your joint and individual goals. It is best to be as specific as possible. For instance, you may know you want to retire, but when? If you are already retired, what would you like to do in retirement this year or next year or in the next five years? What family trips and vacations would you like to take (when and how much will they cost)? If you want to send your child or grandchild to college, does that mean an Ivy League school or the community college down the street? When will you need to buy another vehicle? Where do you plan on living 10 years from now?

You will end up with a list of goals. Some of these goals will be long term (you have more than 15 years to plan), some will be short term (five years or less to plan), and some will be intermediate (between five and 15 years to plan). You can then decide how much money you will need to accumulate and which investments can best help you meet your goals. Remember that there can be no guarantee that any investment strategy will be successful, and that all investing involves risk, including the possible loss of principal.

Retirement. Here are some points to keep in mind when planning a retirement saving and investing strategy:

- The more you do now, the more ability you have to let time do some of the work of making your money grow.
- Plan for a long life. Average life expectancies in this country have been increasing for many years, and many people live even longer than those averages.
- Think about how much time you have until retirement, then invest accordingly. For instance, if retirement is a long way off and you can handle some risk, you might choose to put a larger percentage of your money in stock (equity) investments that, though more volatile, offer a higher potential for long-term return than do more conservative investments. Conversely, if you are nearing retirement or in retirement already, a greater portion of your nest egg might be devoted to investments focused on income and preservation of your capital.
- Consider how inflation will affect your retirement savings. When determining how much you will need to save for retirement, don't forget that the higher the cost of living, the lower your real rate of return on your investment dollars.

Facing the truth about college savings. With college costs typically rising faster than the rate of inflation, getting an early start and understanding how to use tax advantages and investment strategy to make the most of your savings can make an enormous difference in reducing or eliminating any post-graduation debt burden. The more time you have before you need the money, the more you are able to take advantage of compounding to build a substantial college fund. With a longer investment time frame and a tolerance for some risk, you might also be willing to put some of your money into investments that offer the potential for growth.

Investing for something big. If you are like most people, you probably have some large purchases on your list of goals. It may be a family trip, second home, new vehicle, college expenses, or something else. Although they are hardly impulse items, large purchases often have a shorter time frame than other financial goals; one to five years is common. Whether looking at something slated for this year or 10 years from now, the time to begin planning is now. Budget your investment and savings dollars wisely, and be intentional about your financial future in order to realize your goals. Lastly, do not hesitate to seek help. A financial advisor can sit down with you to assist in the process, offer advice, and make sure that action is taken.

Real Estate News

By Marian Goetzinger, Pine Knoll Shores Realty

Clean up your act . . .

. . . and your pantry, your closets, cabinets and even under the sinks.

You know that curb appeal is critical to get people to come in and consider buying your house. But once they are inside, *everything* matters. They will pull back the rugs to make sure the floor looks good underneath. They will look inside your closets and cabinets, your pantry, drawers and under the sinks. They need to be able to imagine themselves and their things in your house. Crowded cabinets, drawers and closets will give the impression that your house is just too small or has inadequate storage space.

It is my firm belief that everyone should move every three years. (Just kidding.) That would help my business and it would also ensure that we would all clean out our pantries, closets and under the sinks at least that often.

OK, if you can't be convinced to move every three years, then how about pretending that you are getting ready to move? Purge, organize, have a yard sale, donate stuff to charity and simply throw things out. My rule for clothing is if I haven't worn it in a year, somebody else needs it more than I do. Try that same rule with dishes, pots and pans, books, tools and everything else. If it is just cluttering up your house and your life, give it away.

Most of the items under my bathroom sink are junk and should be thrown in the trash. How about yours? Sunscreen that expired years ago, old used soap pieces, ugly candles, almost-empty lotions, powders and unidentified cosmetics, crocheted tissue box covers—all need to go. Get brutal and toss it.

It may seem like an impossible task, but like eating an elephant one bite at a time, you can turn your home into a well-staged, show-ready model home if you just *start*. Take one room at a time, or even one drawer at a time, but *start*. I find it best to start with the task that I dread the most. Get it out of the way and the rest won't be so hard. Do a little bit every day and before you know it, you will be proud to have people looking at your home. If you are trying to sell, then you really must clean up your act. Go ahead, throw it out. It won't be nearly as painful as you think.

Better? Now I have to get started on those closets. I don't even want to think about the garage.