

Getting financially fit

Just getting the monthly bills paid may be a struggle, but a monthly contribution to your future will be worth it.

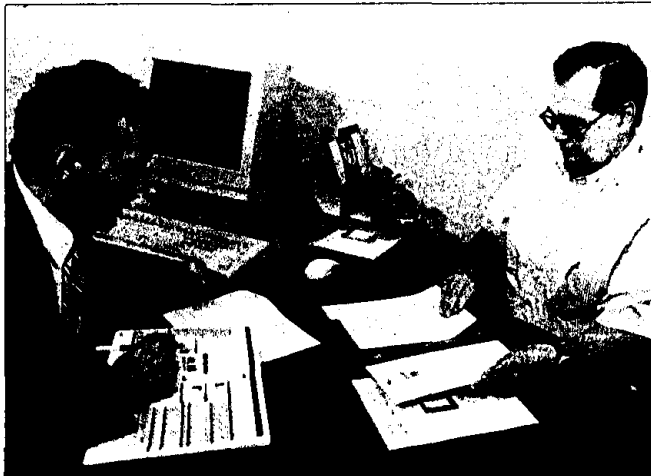
Aging nicely

A guide to growing older

THIRD OF A FIVE-PART SERIES

BY EDWARD LEVENSON AND STEVE WARTENBERG

Staff Writers



Staff photo by Rich Kennedy

Nevin Lontz (right) talks with his investment adviser Sal Mannino. Lontz says discipline is the key to saving for retirement.

Saving for a rainy day ... and sunny ones, too

BY STEVE WARTENBERG

Staff Writer

It used to be so simple. You worked your entire career for one, maybe two companies — and got a gold watch and nice pension when you turned 65. Throw in Social Security and your retirement planning was complete.

Not anymore.

Most jobs no longer offer pensions, long-term financial obligations many companies want nothing to do with.

Social Security?

If it's still solvent in 30 or 40 years, it's not going to be enough.

This means it's up to you to plan for your retirement and make sure you have enough money to live the lifestyle you've grown accustomed to living.

It's up to you to invest in traditional IRAs and Roth IRAs, 401(k)s, stocks, annuities, mutual funds and ...

Yes! It all sounds confusing.

But it's not and the key is simple: Start early, be consistent, put in a substantial percentage of your income every year, don't put all your eggs in one basket, get help if you need it.

Here's something else to consider: If you save \$100 a month for 30 years, you would have a total of \$83,226 at an average 5 percent return. If you save \$100 each month for half that time — 15 years — and even if you get a 10 percent return, you will only see a nest egg of \$41,447.

"What matters in retirement is how much did you save and how long did you save it," says Kenny Bauer, a certified financial planner with the Marshall Group of Doylestown.

That isn't easy for some people.

"People have a tendency to spend 99 percent of what they make — they should get used to 89 percent," says Michael Amato, president of Independent Tax and Financial Planners of Northampton.

According to the U.S. General Services Administration, the average American spends 18 years in retirement and less than half have put aside money specifically for retirement.

How much is enough?

Experts say you'll need 70 to 90 percent of your pre-retirement annual income to maintain the same lifestyle you have now.

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Nevin Lontz and his wife, Marie, were ahead of their financial times. And now, they're reaping the rewards.

"Back then," says the 58-year-old, who could — and maybe should — write a book on the subject, "it was unheard of for people to save or even think about saving for retirement."

Your pension and Social Security benefits were the beginning and end of your financial future.

That wasn't enough for Nevin, who started saving in his 20s while working for IBM. At the time, there were no such things as Individual Retirement Accounts (IRAs) or 401(k)s.

"I started off investing in saving bonds and CDs, which were paying a higher interest rate back then," says Nevin. "Then along came IRAs

and I invested the max every year — \$2,000 — for my wife (a school teacher) and myself."

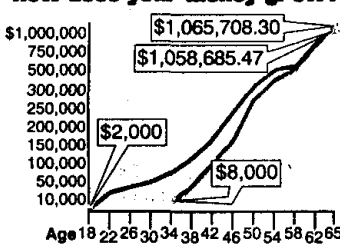
He also began to buy stocks, sticking with the blue chips.

"I never worried about how the market was doing," he says. "A lot of people panic when the market goes down, like it is now, but that's when I buy more. And when it goes back up, and the stock prices are higher, I buy less."

Nevin had an automatic payroll deduction sent to his stockbroker, who invested the money in stocks. It wasn't a lot, but over the years, it began to add up.

Then, along came 401(k)s and Nevin didn't hesitate.

How does your money grow?



Note: Investment growth calculated at 8% growth

Sources: Marshall Financial Group

Give us a call

Hey, all you seniors out there: We need your help, some of your accumulated wisdom.

On Thursday, as the final installment of "Aging Nicely," we will share some of your personal experiences about how you prepared for and are enjoying your senior years: tips and pointers, dos and don'ts, advice you wish someone had given you years ago, what you're doing now.

Please, keep your responses short and send them to us by 5 p.m. today. There are three ways to contact us:

- ◆ Send e-mails to: swartenberg@phillyburbs.com.
- ◆ Send faxes to (215) 345-3150.
- ◆ To leave a voice message, call (215) 345-3167, and push 2 when prompted. No matter which way you contact us, make sure to include your name (please spell it out if you call us), the town or township in which you live, and a daytime phone number in case we need to reach you for confirmation.

"We contributed the max," he says. When Roth IRAs came along next, Nevin was in.

"Overall, from each of our earnings, we put 20 percent into (savings and retirement accounts) every year," he says. "We set the bar high."

And it paid off.

Nevin was able to retire from IBM in 1997.

A longtime Bucks County resident, he recently moved to York — for financial reasons.

He sold his condominium and does not have a mortgage on the condo he bought in York, where his property tax and automobile insurance costs are about half of what they were in Bucks County.

The Nevins travel extensively. They love

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