

# HOW TO PROPERLY SIT ON YOUR MONEY

## SAVE EARLY SO YOU CAN BATHE IN YOUR BENJAMINS LATER

BY DANI CLIFTON

Money — we all have a relationship with it. Some people covet it and others fear it, but regardless of your personal rapport with the greenbacks, the hard reality is that whatever your future dreams, their fulfillment will likely require funding.

Youth does bring a certain invincible optimism, but picture this: if at age 19 you began sinking \$3,000 annually, or \$250 a month, into an investment that gave you a 10 percent return, by age 27 your venture would have earned you \$37,738. What's more, even if you never dropped another cent into that fund, instead allowed it to simply ride out the market without making any tweaks or changes, by age 65 your initial \$24,000 would have grown to \$1.5 million.

This is all well and good, but what if you simply can't afford \$250 a month to invest?

Investment adviser Jorge Martinez agrees that investing early is key, but believes more so that getting into the habit of putting away a portion of your earnings each month is just as important. "Anytime you get money, whether a paycheck, allowance or gifts, get into the practice of setting 10 percent aside into savings," Martinez said. "The habit of savings is more crucial to a young adult than looking for investment opportunities."

John Roselle, 35, is grateful to have had "the savings conversation" early on, which afforded him to begin putting 20 percent of his paycheck into a non-profit 403b (the equivalent of a 401k) at age 26.

"I had the perspective that I was going to buy in early and trust my investment was going to do what it needed to do to insure I had a nice retirement," said Roselle.

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***-Jorge Martinez***

Retired corporate CEO, Greg Wallwork, agrees with Martinez's perspective and considers the habit of putting away a portion of one's income is paramount.

"Put aside a little bit as you can out of your paycheck," said Wallwork. "having it automatically deducted before you see it makes it a lot easier and you don't have to think about it."

But what is it about investing at a young age, as opposed to waiting until the kids are out of college, that is of such importance?

"Because of compounding," says certified financial planner Rebecca M. Horn, "where your money earns money. Compounding is like a snowball going down a hill; it starts small, but keeps picking up snow, and the more snow it picks up, the more snow it can pick up."

Okay, so I get \$20 from Great Aunt Myrtle this past birthday; what is my best option? Deposit it into the savings account I've had since I was five? Horn suggests opening a Roth IRA through a bank and depositing that gift as cash.

"Keep adding to it until you have the minimum to make the initial Roth purchase," said Horn. "The beauty of a Roth IRA is you can always get back what you've contributed, tax free and penalty free in case life hands you a hiccup."

Life is unexpected. A little planning early on can reap huge benefits down the road. Horn had one last piece of advice that she couldn't stress enough, "Always, always, always live below your means."



Illustration by Saige Keikkala