

## Over 40, low income, no retirement savings. Now what?

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You've probably heard it before, but stop making excuses and start saving now. "No one is exempt from math," LaShanda said.

While you may not think you can afford to put any money away, once you start budgeting, you're likely to find there are some small, recurring expenses that you can cut out, which will add up over time.

That, LaShanda said, is called the "latte factor."

She said the latte factor shows that even a teacher or a janitor can eventually become a millionaire.

"It's not about how much you make; it's about how much you save. Can you give up that \$4 drink per day to retire in comfort?" she asked.

"Start now," Kevin said. "Look at the

resources in the community. You can ignore it, but it's going to hit you real hard once you're done working. It's real important you understand the resources around you."

Looking at your finances holistically is also important. People think they might be getting ahead by having an IRA, but then they ignore old medical bills, Farhad said. "You gotta pay those off."

"Also, people keep renting rather than buying a house," he said. It might make sense to tap into that 401(k) early so you can purchase a house because you'll get more in the end if you do that as opposed to paying rent for the rest of your life, he said.

Ask your financial institution what plans they offer, and shop around for the highest dividends.

As of October, Oregon's statewide

retirement plan is open to the more than 1 million Oregonians who don't have retirement options through their employer. This program will deduct a percentage from your paycheck or take payments from your bank account and put that money into a Roth IRA retirement account that includes a capital preservation fund, a mix of target-retirement-date funds and a growth fund. You keep the account, even as you move between jobs, and you can access your money any time. However, like any investment strategy, there is inherent risk. Visit [oregonsaves.org](http://oregonsaves.org) to find out if this plan is right for you.

In order to save as much as you will need to have the retirement you want, you might need to get a second job.

"Sometimes you just have to get more

income if you're not able to save," LaShanda said. While that's not an ideal solution, it's better than living out your golden years in extreme poverty.

LaShanda recommended reading some literature from best-selling financial how-to author David Bach. His book "Start Late, Finish Rich: A No-Fail Plan for Achieving Financial Freedom at Any Age" was written before the Great Recession, so some advice within it is dated, but there are still helpful strategies for getting your income on track.

Chris Hogan, another personal-finance guru, offers a series of how-to books and an online tool, Retirement IQ Assessment ([chrishogan360.com/riq](http://chrishogan360.com/riq)), that will tell you how much you need to save each month to meet your retirement goals.

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score, the amount you owe accounts for 30 percent, the length of your credit history accounts for 15 percent, opening new accounts affects 10 percent (too many too fast is a negative), and the diversity of your accounts is another 10 percent.

Mistakes that negatively affect your score include maxing out a credit card, making a 30-day late payment, entering into a debt settlement, foreclosure and, worst, bankruptcy.

But don't despair if you have a bad score. Help is out there; you just need to ask for it.

"What I've seen a lot with our community, specifically, is they're so embarrassed to come and ask for help," Mary said of the Latinx community.

At her credit union, she said, there are programs to help members pay off collections, give them check assistance and pay off high interest rates on credit cards. Credit unions will often be willing to pull members' credit reports when they open an account and help them identify problems, she said.

While credit unions, which are nonprofits, can give their members financial advice, traditional banks cannot.

Keeping track of your credit is a good thing, but don't pull your credit more than three times per year. That will hurt your rating. Instead, you can track your credit at [CreditKarma.com](http://CreditKarma.com); however, it might not be 100 percent accurate.

Once you can see what's on your report, you will know if there are old bills in collections you didn't know about and if there is any fraudulent activity you need to address.

The worst mark on your credit is anything that's gone to collections, Kevin said. Take care of those debts first.

One of the biggest mistakes people make with credit cards is paying their minimum balance each month and believing that's going to eventually pay off their debt.

"If you have a bunch of credit cards, and you're just paying the minimum balance, you're incurring more interest on the credit cards than you're paying in principal, so in essence, you're digging yourself into a hole," Farhad said.

If you've made this mistake and need to dig yourself out, he said, start by paying all your minimum amounts due – you don't want to miss any payments – but also put as much as you can in extra payment toward the smallest debt each month. The extra money you spend goes toward paying off the principal. Once that debt is eliminated, work your way up, paying extra to pay off the next-smallest debt.

With credit cards, you shouldn't spend any more than you can afford to pay off at the end of each month. This is because you want to avoid paying interest. This will build your credit without adding debt.

"Being in the financial industry for 11 years, I've noticed that (most) of the money that is spent is on paying high interest," Mary said. "Unfortunately, a lot of the people that are paying high interest are people that are going into financial crisis, people of color, the underserved populations."

"My advice is to learn about your credit. To really take care of your credit. That is the only thing that belongs to



PHOTOS BY EMILY GREEN

Back row, from left: Kevin Moran, Tom Moosbrugger and Farhad Dadkho. Bottom, from left: LaShanda Friedrich, Kate Benedict and Mary Vasquez.

### Become an instructor

Help Financial Beginnings Oregon reach more classrooms by becoming a volunteer instructor. You don't need to be a financial professional to teach the curriculum, although you will need to study the material before giving your first class. There is no minimum time commitment, but Financial Beginnings Oregon asks that instructors try to teach at least four to five classes per year. Classes are typically 90 minutes long. If you want to learn more about becoming a volunteer instructor, email volunteer manager Jazmin Roque at [jazmin.roque@](mailto:jazmin.roque@)

you. You share your home, you get married, you share kids, but your credit is your credit. That would really save a lot of money for you. Really understand credit, and build really strong credit."

### Educate yourself

Several Financial Beginnings Oregon instructors recommend that financial novices begin to take control of their money by reading Dave Ramsey's "The Total Money Makeover." It breaks down financial planning into easy-to-follow steps and serves as a useful tool for those who have problematic debt and low credit scores and those who just want to learn more and get ahead.

LaShanda also recommended Rachel Cruze's book, "Love Your Life, Not Theirs," for finding contentment with what you have in an age where social media exacerbates our keeping-up-with-the-Joneses tendencies.

But don't break the bank buying financial self-help books. "Go to the library and get tons of free reading resources," LaShanda said. "That's how I started."

And don't be afraid to start with the basics. Kate said there are some children's books about money that can be just as helpful for adults.

LaShanda said she also reached out to people in her life who had "made it," asking them how they got there. Finding that financial mentor is another way to learn, but be wary of advice from non-experts.

There are lots of online resources anyone can tap to learn more about financial planning, budgeting and retirement savings, as well.

At [360financialliteracy.org](http://360financialliteracy.org), a program from the American Institute of CPAs, you can learn more about retirement planning, investing and find other helpful tools, including a "Disasters and Financial Planning" guide from the Red Cross and National Endowment for Financial Education.

Farhad said he likes to listen to podcasts such as NPR's "Planet Money," "The Epic Real Estate Investing Show" and Rod Khleif's "Lifetime Cashflow." They're all free and will help you up your financial game. But, he said, take their advice with a grain of salt. What works for them might not be right for you.

Mary recommends asking your financial institutions what programs they offer. They might have a program that can help you get out of debt and start saving and investing for the future.

There are also an array of Individual Development Accounts (IDAs) available to low-income Oregonians. They will match your savings up to \$3 for every dollar you save. These programs are designed to save for homeownership, business start-ups, education and home repairs. Visit [oregonidainitiative.org](http://oregonidainitiative.org) to learn more.

