personal finance
Miami Herald

Life-changing money lessons you learn in your 30s

It may seem improbable, but by now you're almost half-way to retirement. It's time to shape up financially — but not too late to take some risks.

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http://www.miamiherald.com/news/business/personal-finance/article19182603.html

By the time you reach your 30s, you will have wised up to many of the foolish money habits of your 20s. It might be just as tempting to give in to careless spending, impulsive buying and paycheck-to-paycheck living, but at least you know better now.

Even those who were thrifty in their 20s are changing their attitudes. For the past seven years, Kevin Michael has devoted his time and money in Invizio, a Miami business-to-business info tech services company he started and runs. Now, as he looks at turning 30 later this year, he's thinking more about padding his emergency savings account and building for the future.

The following guidelines will help 30-somethings get to retirement comfortably.

▪ **Create an emergency fund**: Sometimes it seems that that older you become, the more expensive your problems are. Creating an emergency fund with $1,000 is a great start, but now that you are in your 30s, you shouldn't stop there. Plan on the worst-case scenarios, like a job loss or unexpected medical expenses, and put more money into your emergency fund.

▪ **Keep applying for jobs**: You should be interviewing two to three times a year, even if you love your current position, according to financial news website Business Insider. This allows you to stay on top of what is available in your field and helps you gauge how much you are worth. If you end up being offered a higher-paying position, you can always take that offer to your current employer to see if they will match the salary.

▪ **It's OK to take a career risk**: Once you get into your 40s and 50s, changing your career or going back to school comes with a lot more risks. Your 30s is the prime age to take those career risks that can help you achieve your professional goals or boost your resume.

▪ **The bigger salary will come**: You spent your 20s going to school and developing skills in your career field. Your 30s is the time when you should expect to make more money. Both men and women experience a 60 percent wage growth at the age of 30, according to Payscale.com. However, if you don't revamp your budget to match your new salary, you will likely spend it frivolously. Increase the amount of money you save, and invest when your salary increases.

▪ **Invest in yourself**: In his book, *The 21 Success Secrets of Self-Made Millionaires*, success expert Brian Tracy said, "Here is a rule that will guarantee your success — and possibly make you rich: Invest 3 percent of your income back into yourself." Tracy wrote that if you continually invest in advancing your career, skills, knowledge and more, then you will "virtually guarantee your success."

▪ **Insurance coverage is really important**: Getting the most affordable insurance options when you are a 20-something is not unheard of. But as your assets grow, you want your insurance coverage to actually protect your finances, car and estate in case anything happens. So say goodbye to the days of paying for minimum insurance just because it was mandatory and research which insurance coverage options you need. Insurance is expensive, but it is worth the price, especially when the unexpected occurs.

▪ **Retirement is a reality**: How much money did you invest into your retirement savings in the past decade? You are not alone if your answer is not impressive. It is hard to focus on retirement savings in your 20s when there are so many other expenses to worry about. Now that you're in your 30s, however, it's time to increase the percentage of your income set aside for your retirement accounts. Start by putting 3 percent of your income into retirement savings, and work your way up to 15 percent.

▪ **You probably want to own a home**: Are you still dealing with a landlord? Owning a home allows you to build home equity and cash in on tax advantages. If you plan on working and living in your current area for several years, then start saving up for a down payment on a mortgage and researching what kind of home loan you qualify for.

▪ **Cash can take you further than credit**: In your 20s, you might have been made to believe that you can afford anything, as long as you have the right credit card. Now is the time to realize that cash still has great negotiating value. Many companies would rather get paid right away instead of dealing with the fees and hassles of credit cards. Next time you are shopping for furniture, a car or another big purchase, ask what type of discounts are available when you pay in cash.

▪ **Debt can be dangerous**: Many financial resources will say that your total debt — not including your mortgage — should not exceed 20 percent of your take-home pay. However, your amount of debt could still be too much for you due to other budgeting factors. Kiplinger reports that if you rely heavily on overtime or side income, or can't seem to save even small amounts of money, then these are signs you have too much debt for your personal budget. While 20 percent might be the common rule, aim to have as little debt as possible.

▪ **Partners need to talk about money**: Whether you are tying the knot or have been married for several years, get on the same page financially. There is nothing embarrassing about getting marital counseling for financial issues. Knowing your partner's financial personality and coming to an agreement on your budget is one way to strengthen your marriage and bank account. You don't want to let small financial problems or blunders cause irreparable marital or financial damage later down the road.

▪ **Yes, you need a will**: You might feel like you have plenty of time left on this earth, but there is no guarantee. Spend the money to create a will so that your assets and loved ones will be financially safe and secure. Make sure to update your will occasionally or when a major life event happens.

▪ **You need life insurance, too:** Thinking about mortality is kind of depressing, but if you have anyone that depends on your income, then you need to plan for what will happen if you die. Life insurance is usually offered through your employment benefits and costs very little per paycheck.

▪ **Investing really is important**: Once you have your emergency fund and retirement savings settled, you can start growing your investments. Invest a majority in mutual funds and stocks. Take advantage of discounted pricing on your company's stock, but don't only invest in your company. Instead, diversify your investments to include stocks from large, midsize and small companies.

▪ **But you're no day trader**: You might be encouraged to take more investing risks when you are in your 30s since you will have time to bounce back. Know that it is wiser to invest for the long term instead of investing in businesses or stocks that promise to help you get rich quickly.

▪ **Someone has to pay for your kids to go to college**: Your children might not even be old enough to talk yet, but starting their college savings funds now is essential. Setting aside money while your children are young could result in that money earning interest for more than a decade. Too many college students rely on large student loans to get through school, and this puts them at a huge financial disadvantage when they graduate.

Florida’s prepaid tuition program is an especially good investment, says Miami financial planner Philip Herzberg of Lubitz Financial Services, because it locks in tomorrow’s costs at today’s rates. It is guaranteed by the state. And the money can be used by siblings or at an out-of-state school if your child opts to go elsewhere. Information:www.myfloridaprepaid.com.

▪ **It’s important to set a good example**: Not only can you start saving for your child’s college expenses, but you can teach them how to be financially wise. Your children can learn how to manage their money just by watching how you manage yours — both the good and bad habits.

▪ **You have the power to control your financial knowledge**: There are a lot of personal finance gurus out there, all with their own set of finance tips and rules. Take control of your finances by increasing your knowledge of investments, savings and retirement. The more you know, the better you will be able to make wise financial decisions.

▪ **Frivolous expenses aren’t worth the long-term cost**: Your paycheck might be bigger now that you’re in your 30s, but that doesn’t mean you should be rewarding yourself with unnecessary luxuries. Who cares if your friends or neighbors have nicer houses or cars? They might also have a higher level of debt too. Live within your financial means, or pay for it when you are close to retirement.

▪ **You’re never too old to treat yourself**. It might seem like you have a lot of financial responsibilities on your shoulders at this age. While you do have to think about retirement, investments, mortgage payments and the cost of children, you should also allow room for fun in your budget. You don’t want to spend all of your 30s working hard and making money, only to enter your 40s exhausted and drained. Budget for the dream vacations, and actually take them before you become too old to enjoy them.