JACKSONVILLE UNIVERSITY

Dear John,

I hope this e-newsletter finds you doing well. As the summer is winding down, I wanted to share a few thoughts with you in regards to thinking about retirement when you're in your 40s. I just turned 40 a few months ago myself, an age I thought was far off when I graduated from law school. Having a small child the thought of retirement seems worlds away, which makes it even *more* crucial to plan ahead for that future "someday." I found this article on MSN.com that I thought was informative.

I am not a financial planner, nor am I promoting any of the companies mentioned in the article, however I thought this article was interesting for those of us that have a few more years before retirement.

Setting investing goals in your 40s

Your investment goals change as life changes. In your 20s, you are starting a new career or looking for one. In your 30s, you begin to settle down, maybe get married, have kids and buy a home. Then come your 40s, when you're looking at retirement more closely, saving for your kids' college and searching for ways to make your money work for you.

If you've reached that point, the money you are earning or already have earned must be put to work to fund future plans. Here are a few recommendations.

Do some basic retirement planning

Jon Ulin, managing principal of Ulin & Co. Wealth Management of Boca Raton, Florida, says it's key for Generation X 40-somethings to write down a basic financial plan and stick to it.

"Investors should get some basic retirement planning education as a first step to know how much they will need to save for their goals and how to invest. Although they may be only 20 to 25 years away from retirement, they need to plan to have enough money to last 30 to 35 years," Ulin says.

He advises that you stop relying on credit cards as you enter these years. "You can't put your retirement on a credit card," Ulin says.

Establish a firm financial plan

There are many steps and strategies to implementing a successful investment plan, but Ulin suggests three steps.

"The first step is to assess how much you will need to retire for your long-term goals," Ulin says. "The most basic calculation is that you will need at least 15 times your last few years of expected salary to retire successfully. For example, someone earning $100,000 per year will need to shoot for a $1.5 million nest egg."

The second step is to figure out how much you should be saving from each paycheck to hit your retirement goal in addition to an expected growth rate of your savings.

Step three is to figure out how much investing risk you can tolerate. This will help you determine whether to diversify your investment portfolio more toward riskier stocks or safer bonds.

According to Ulin, you will need to create an investment policy statement that details your investment strategy, your risk tolerance and how much you want or need to earn in return. "If people in their 40s are not retiring for 20-plus years, they may be more willing to take on a high level of risk," Ulin says.

Use the rule of 72

Do you know how long it will take for your money to double? Based on the rule of 72, if you divide 72 by your targeted return, you can calculate how many years it will take your principal to double.

If your targeted return is 7%, your money will double in about 10.3 years, Ulin says. If you have 20 years to go before your retirement goal, you can expect your money to double about 2 times.

This is a helpful calculation to determine the interest rate and investment amount you'll need now to help you reach your retirement goals later in life.

Don't just follow formulas

Don't let yourself be led by formulas alone to help predict how you should allocate your portfolio.

For example, there's a formula for calculating the percentage of your portfolio that should be in stocks by subtracting your age from 100. But with people living longer, maybe it should be 110 or 120.

This method can produce a rough estimate. But Ulin says the asset allocation that works best for you will depend not only on your age and time horizon, but also your financial objectives and your ability to tolerate risk.

Nick Defenthaler, CFP professional with the Center for Financial Planning, agrees that people have different life circumstances, and their investment decisions should be based on their particular situations and not on a cookie-cutter formula.

"I cringe when I hear things like 'minus your age by 110, and that is how much stock exposure you should have in your portfolio.' Really? The decision of how one's investment portfolio should be allocated in relation to stocks and bonds is dependent on the individual's goals and objectives, not an arbitrary calculation, because the client might have 20-plus years before retirement," Defenthaler says.

Don't abandon your investing target

Defenthaler says he is hesitant to recommend an equity allocation higher than 75% to 80% percent for a 40-something. This isn't necessarily because of his outlook for long-term market returns but rather the behavioral aspect of investing.

Clients make the biggest mistakes in investing when they "abandon ship," Defenthaler says.

"I want a client to stick with his allocation through thick and thin, even when the market isn't looking promising. If staying committed to one's target allocation means having an allocation closer to 60% equity for a 40-year-old, I am all for it -- even when many advisers would say, 'This is far too conservative for someone so young,'" he says.

Diversify

Develop a diversified portfolio with your employer retirement accounts and personal accounts that matches your risk tolerance and long-term goals, says Ulin.

"Utilize low-cost, no-load mutual funds, ETFs (exchange-traded funds) and index funds where possible. Do not wing it," Ulin says. "Creating an investing method does not involve tarot cards, darts or picking the best performing funds from a magazine. Don't get lulled into placing big bets on individual stocks or sectors."

Take stock of your investing strategy

Brenda Knox, CFP professional and president of Financial Elements Inc., says she realizes it's tough to plan ahead for retirement and have an investment strategy when you have teenage children.

"The teen and college years are some of the most expensive years for most families. Cash flow becomes a big issue in these years. I work with clients on prioritizing and saying 'no' occasionally," she says.

Knox says one way to find money to invest is searching for low-hanging fruit in your monthly budget. This could include increasing your income by getting a side gig, reducing your debt by consolidating your credit cards into one account with a lower interest rate, and carefully reducing your overall expenses.

Knox says that this is also a good time to take stock of your overall investment strategy.

"Inventory all of your accounts, consolidate old 401(k)s and take a look at the big picture to make sound investment allocation decisions. That, combined with continued savings and tightly managed cash flow, can get you through this expensive period of time," Knox says.

In addition to thinking about your future, there are ways to impact JU and incoming students today by creating a named scholarship through our ASPIRE campaign. Gifts toward scholarships are more powerful than ever through ASPIRE because your gift is matched equally by Jacksonville University. Unrestricted named scholarships open the door for students to achieve their dreams of pursuing an education and success at Jacksonville University that otherwise might not have been. Your impact would be immediate! Creating a named scholarship is a great way to honor yourself or a loved one. To learn more, please visit: www.ju.edu

In addition, I am pleased to share with you the latest news from the top sources including Washington, the Savvy Living column, and other gift finance news and timely articles. We provide this e-newsletter and web site to our friends as a thank you for your involvement and interest in the University.

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P.S. I hope you will make plans to join us for Homecoming & Family Weekend on October 9 & 10, 2015. For information, click here.

Best Regards,

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