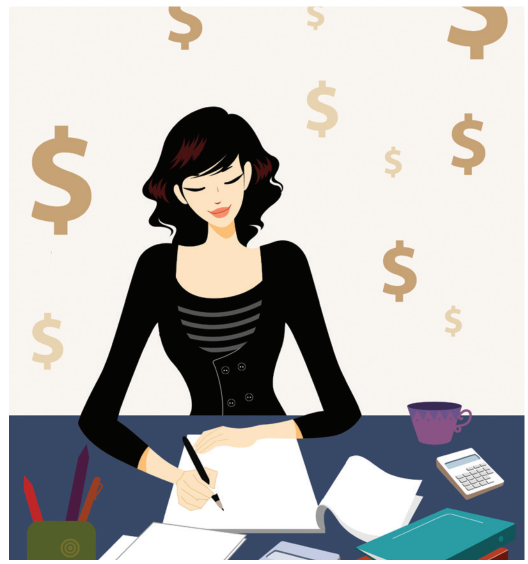
ADDING DISCIPLINE TO YOUR LIST OF GOOD MONEY HABITS

For many, their 30s is a time to build a family and a stronger financial future

FINANCIAL SUCCESS IN YOUR 30s



That 30th birthday can be a somewhat traumatic event, but with people living longer, they say 50 is the new 30. If that's the case, then you're just a kid!

That doesn't mean, however, that you should be childlike about your finances. If your 20s are the years when you lay the foundation for good financial habits, then your 30s are when you build on that foundation.

By now you're likely employed in your field, possibly married or in a committed relationship, and thinking about building a family. It's important to factor in these life events when you are planning. A financial advisor can work with you to create a solid plan and provide objective guidance no matter how investment-savvy you are.

Your priority should be saving and avoiding non-mortgage debt. Without debt, saving seems easy. And there's a lot to save for: the wedding, starting a family, buying a house, sending your kids to college and retirement. Not to mention all the surprises in between. This is where the long-term plan you and your financial advisor create comes in. It's important to stick to it.

Another key element is to review your financial plans periodically to make sure they still meet your goals. If you are part of a couple, consider making "financial dates" with your spouse or partner to proactively talk about money. It's a good way to make sure both parties in a relationship are aware of the other's goals for the future.

Sharing your life means sharing financial information, too

Before you say "I do," it's a good idea to sit down and discuss your finances. Even if you're already married or in a committed relationship, scheduling a regular "financial date" to proactively talk about money will help avoid any unpleasant surprises in the future. Here are some ideas of what to talk about:

Where would you like to be in five years? Ten years?

This is a good question to start a money conversation. You should discuss each other's hopes and dreams so you can set priorities and identify savings goals.

What are your assets and liabilities?

Each of you should fill out a detailed list of your assets and liabilities. Before you can move forward, you need to know where you stand right now.

Should you keep your finances separate or combine them?

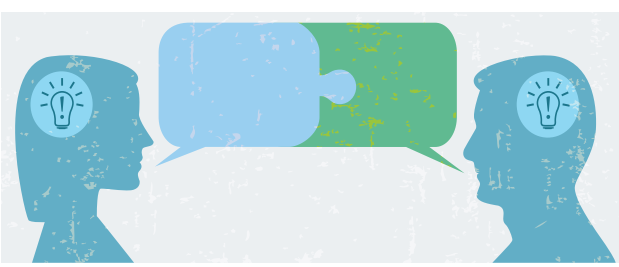
There is no best way. Whether you have joint accounts, separate accounts or a joint account just for household expenses, you need to pick a system that works for both your individual money styles.

Should you combine investments or keep them separate?

Again, it is up to you. But, you should consider the overall portfolio and try to eliminate duplicate investments to minimize risk.

How will you handle spending decisions?

You should create a budget, set out how much you spend on groceries and other household expenses, and make sure you discuss major purchases.



Who will be responsible for paying bills and preparing taxes?

Even if one of you assumes this duty, you should both discuss it and have periodic budget reviews to discuss upcoming expenses.

What are your insurance options?

Will it be cheaper to add one of you to the other's coverage instead of maintaining separate plans? When it comes to employer-provided health insurance, the costs can vary widely. Combining auto insurance is usually cheaper, provided you both have clean driving records. Also check your beneficiary information as you may need to update it.

What is your tolerance for financial risk?

If you and your partner or spouse are on opposite ends of the risk spectrum, you may need to compromise. It is unlikely either of you will change how you feel. Try to find a strategy that both of you can embrace.

How does your credit report look?

Your spouse's credit report won't keep you from buying a car in your name, but if one of you has a low credit rating, it could impact joint purchases like a home. It's better to know in advance. You can obtain a free copy of your credit report by calling Equifax: 1-800-465-716 or TransUnion 1-800-663-9980 (outside Quebec) or 1-877-713-3393 (within Quebec). After you review your credit, come up with a plan to improve it if needed.

How will you tackle existing debt?

Getting out of debt is the best gift you can give your spouse or partner. Start with the credit balances that carry the highest interest rates. But don't merge your debt with your spouse's. It would create a mess that would be difficult to sort out if you were to divorce, and if one of you defaulted, the other would be left responsible. ■

To help you get started on your journey, here's a checklist for 30-somethings:

Save for retirement. Are you taking advantage of the retirement plan offered by your employer? It allows you to invest a portion of every pay cheque before taxes. While you are at it, analyze other employer benefits. Are you taking advantage of all the benefits your employer offers? Look at everything, from flexible spending accounts to group discounts.

Pay off personal debt. Have you paid off your high-interest debt? Paying off a credit card that charges 25% interest means substantial savings.

Write a simple will and also a living will. How will your property be handled if you die? A simple will can keep your loved ones from having to decide. What do you want to happen if you become seriously ill? A living will records your wishes and removes that burden from your family.

Name a guardian for your children if you have any. Who will be responsible for your children if you and your spouse/partner die? Protect them by legally naming a guardian.

Review your insurance. If you've recently married or started a family, are life and disability insurance adequate given your new status? Also, the younger you are, the less long-term care and disability policies cost. It's also a good idea to review your auto and home policies to ensure your family and property are fully covered. You may also be eligible for package discounts.

Start a Registered Education Savings Plan for your children if you have any. Start contributing to an RESP as soon as possible to maximize federal and provincial education savings grants. The costs for education are soaring, so the earlier you can begin saving the better.

Think about your future housing needs. Is your family going to outgrow your house? Will your parents eventually move in with you? A separate savings fund for housing can accommodate these possibilities.

Your Raymond James financial advisor can help you form more disciplined financial habits. Laying the groundwork now will help your financial plan adapt as your life changes.

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