Posted on Tue, Jan. 03, 2006

**INVESTING GUIDE 2006: STRATEGIES THROUGH THE AGES**

# Successful investing for your 30s

**By James Temple**
**CONTRA COSTA TIMES**

Tick down the financial "do's" for a 30-something, and Samya Ghuloum looks every bit the textbook model.

She is paying down her $8,000 in credit cards and school loans, steadily plugging money into a 401(k) and has just closed on her first home.

The 35-year-old public relations manager teamed up with her mother to buy an $800,000 Albany duplex last month. She wouldn't have been able to afford the house on her own, so splitting it allowed her, as she explained it, to get all the benefits of a home for a condo-like price -- at least a Bay Area condo-like price.

She had been saving for about seven years, essentially since she made a career shift from bartender to publicist, and was able to put down $20,000.

"I've been thinking about it for a while, but after my daughter was born, I wanted to have a steady place for her to live," said Ghuloum, who grew up in various California cities as well as Kuwait. "I moved around so much that I wanted her to have some stability."

Her mom paid the other half of the down payment, will split the mortgage and live in her own section of the home. This will allow her to watch Ghuloum's 14-month-old daughter, Leila, when Ghuloum is traveling or working late.

They benefited from the cooling housing market, in that there was only one other bidder and the final price was barely above the asking rate. But Ghuloum isn't worried by talk of a housing price collapse because she expects they'll rise regardless in the long-run. She plans on living there for the foreseeable future.

Ghuloum and her mom did select a fixed-rate mortgage, which locks in today's low interest rates, since she -- like most housing experts -- expect rates to rise.

"If interest rates go up 1 percent that's a huge bump in my mortgage payments, and I can't afford that," she said.

Separately, Ghuloum has built up $69,000 in her 401(k) account. As financial advisers typically suggest, she selected a "very aggressive" mix, mostly stocks and international investments, with a few bonds. She has been investing the full amount allowable for much of that time, but cut it down to 8 percent after she made preparations to buy the home.

Ghuloum does, however, face some financial challenges.

A big portion of her salary now goes toward her daughter. She receives child support from the father, but it only pays for day care.

Meanwhile, the new home will entail a bevy of new expenses that are making her a little nervous.

After adjusting her tax withholding, she'll break even on the difference between her previous monthly rent and the mortgage. But there will be a host of incidental expenses, like furnishing and plumber visits, as well as homeowners insurance and property taxes.

"You don't even think about those things until you get the disclosure papers, but I figure it's mine and I'll own it," Ghuloum said. "It's money that's actually going toward something as opposed to just throwing it away."

Still, she expects eating out, coffee and clothes will be very rare treats in the future.

Her main financial goals are retiring comfortably at 55 and sending her daughter to college.

She has already invested a few hundred dollars in a 529 Plan, a tax deferred education savings account, and plans to plug in whatever money Leila gets for birthdays and holidays. But down the road she knows she'll have to increase the amount she puts into the fund.

To achieve her retirement goal, she'd eventually like to make additional stock and mutual fund investments. She doesn't expect to be able to, however, for at least five years out.

"Until I've made some progress on my mortgage," she said.

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**PORTFOLIOS**

Judith Bedell

Domestic equity 50%

International developed country equity 20%

International emerging country equity 5%

Real estate investment trust 5%

Bonds 15%

Cash 5%

Sherman Doll

Aggressive investment strategy tilted toward long-term growth.

16% large cap blend mutual funds

16% large cap value mutual funds

33% small cap blend and small cap value mutual funds

5% real estate (REITs)

30% international mutual funds

0% fixed income

Damien Couture

For long-term money, such as a 401k plan, I would recommend 75% equities, 20% bonds and 5% cash.

Libby Mihalka

10% Intermediate Corporate Bond Mutual Fund -- Managers Fremont Bond (MBDFX)

25% International Stock Mutual Fund -- split between Laudus Ros International Small Cap (RISIX) and Artisan International (ARTIX)

25% S&P 500 Mutual Fund -- Select whichever index fund that has the lowest expense

10% U.S. Large Cap Stock Growth Fund -- Bridgeway Large Cap Growth fund (BRLGX)

30% Small/MidCap U.S. Stock Mutual Fund -- Bridgeway Aggressive Investor 2 (BRAIX) or for a little less risk the Third Ave Value fund (TAVFX)

Harvey Rowen

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**PLANNERS ADVICE**

Harvey Rowen

Your income is rising, but so are your expenses. You get married or take a partner. You have children. You buy your first house. You buy a term life insurance policy. You have a will drafted, mostly to direct for the care of your children. Since you are older, and don't have as much time to recover from a downturn in the market, your strategic asset allocation needs to have a smaller share in stocks than it did in your 20s.

Be sure to contribute enough to your 401(k) to maximize your employer's match. If your employer has an employee stock purchase plan that allows you to purchase your company's stock at a discount, participate in that plan. If you have available cash start a taxable investment account where money can go in and come out free of the restrictions of a retirement account.

Judith Bedell

The mantra is "the big picture" and focus on your long-term strategy. My general advice is to draft a financial plan. At this stage, you should have your career path in mind. The average age to buy a home is 35. Do it and get earthquake insurance! Life insurance is still cheap in your 30s, so consider getting a policy. Start diversifying investments away from pure growth. Be careful not to have your home as your sole asset. Liquidity is key; especially for emergencies.

Pitfalls to avoid at this age: Failing to continuously learn about money and technology, not funding IRA and 401(k) accounts, and underestimating the cost of raising and educating children.

John Valentine

If a home has not been acquired by now, we recommend it be goal No. 1. If a home is owned, this age group is well advised to focus investments around maximizing contributions to qualified retirement investment accounts. This is especially true if one works for a company that makes matching contributions to the company retirement plan.

The pitfall: Avoid loaning to banks (as savers in certificates of deposit, for example), or paying rent. Building equity and increasing wealth will come from paying a mortgage on real estate owned and from ownership of the stocks of companies.

Sherman Doll

Folks in their 30s should begin the serious foundation for long-term savings and investing. Take full advantage of employer tax-deferred retirement plans. If you're self-employed, set up one of several types of available retirement plans. If you have dependents, be sure to invest in adequate life and disability insurance in case there's a death or disability that interrupts your earnings. If you have extra savings available, consider an education savings plan for your children. Don't be timid about your allocation to equities. You need the growth. Don't assume Social Security or some other "big brother" program will save you from your lack of disciplined savings.

Damien Couture

Many people in their 30s have young children, have purchased a home and have a number of other mounting financial obligations. They may feel pressure to worry about the "here and now" and not feel the need to invest for the future. If they have not started any meaningful investment program, now is the time. If they have been investing, they need to continue this habit and hopefully ramp up the amount they are putting away.

**REFERENCES**

"Rich Dad, Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!" by Robert Kiyosaki

"Nine Steps to Financial Freedom: Practical and Spiritual Steps So You Can Stop Worrying" by Suze Orman

"The Money Book for the Young, Fabulous and Broke," by Suze Orman

**CHECKLIST**

1. Invest in a 401(k) or similar retirement account

2. Purchase a home

3. Pay off credit cards, student loans and other debts

4. Buy life insurance, especially if you have dependents

5. Begin setting aside money for children's education, if applicable

**DID YOU KNOW**

If you start saving $500 a month at age 30, you will have $1,155,087 at age 65, assuming an 8 percent annualized return. If you held off on saving until age 40, you would only have $479,183 at 65. In fact, to save the same amount if you waited until 40, you would have to ratchet up your monthly savings to $1,210.71.

If you saved $500 a month from age 30 to age 40 and then stopped, you would have $670,604 by age 65. On other hand, if you started saving at age 40 and saved for 25 years, instead of 10, you would only have $479,183 at 65. Bottom line: Thanks to compounding annual returns, the earlier you start saving, the better.