

How to Retire AND Put Your Children Through College

You may have read some of my articles related to retirement, wealth, finances, and home businesses and you may be wondering what is in store for you in this article titled "How to Retire AND Put Your Children Through College. Well, let me begin by saying the economic pain for Americans has just begun. While our government is trying to fix Wall Street, most Americans are trying to figure out how they are going to navigate through this financial storm of epic proportions. People will be picking up the pieces long after the winds have subsided.

Retirement for millions is at risk. People are getting older and poorer simultaneously. Trillions of stock market dollars have evaporated within the last sixty days. Pension funds and 401(k)'s have been reduced between 30 and 50% of their balances one year ago. The question now for baby boomers is "do I work longer or do I lower my standard of living?". High health care costs, high cost of living, and high credit card interest rates have forced people to tap into children's college funds as well as their retirement funds in order to pay the bills. Americans have used their credit cards and home equity loans to go into record debt. Interest rates on this debt is eroding personal wealth and causing serious financial damage.

People with adjustable rate mortgages (ARM's) have exhausted their children's college savings and their retirement funds but are still losing their homes due to the increased and unaffordable monthly payments. Other people cannot receive home equity loans because their property values have declined recently and are unable to cover debt and college tuition they thought they could payoff with home equity loans.

The cost of college tuition continues to increase as well as the cost of living (and retirement for that matter). In this article I am going to present a plan whereby you can retire AND pay for your children's college education.

Let me begin by stressing the importance of putting your household financials in order. If you don't have a spending budget, create one. This is the time to make a commitment that you will not spend more than you make. Reduce unessential expenses. Brew coffee at home rather than buying it on the way to work. Bag your lunch several times a week. Watch movies at home rather than the theater. Rent DVD's rather than buy them. Cut down on monthly or weekly pizza orders. Be aggressive in your cost cutting measures. This is not the time to blow money.

Eliminate or refinance debt. If you're in a high-interest mortgage situation, try to refinance to a lower rate which should help reduce your payment. Same goes for your automobile. Get out of credit card debt! This is bad debt and will severely hamper your efforts to retire and put your children through college. Start by paying off the credit card with the smallest balance then attack the credit card with the highest interest rate next and so forth. The momentum you build by focusing the additional payments on one credit card at a time will be surprising and will give you a great sense of accomplishment.

Put your money to work for you when you have the extra money your budgeting efforts and your debt elimination efforts will provide. The higher the interest rate your money can earn, the more you will have at the end of the time period. Your creditors have been putting the magic of compounding interest to work in order to make them rich. Have you noticed the new bank branch buildings, the investment bank amenities, the credit card companies' facilities? Have you discovered how much these CEO's make? Some of the highest paid CEO's in America work for banks and credit card companies. Vikram Pandit, the CEO of Citigroup has an annual compensation package of \$573,813 according to Forbes.com. Incidentally, your tax dollars to the tune of \$45 billion will now go to a Citigroup bailout as the federal government has agreed to rescue. These company executives understand the principle of compounding interest (as well as government negotiation).

Back to my point. Putting your money to work for you at the highest rates possible could include a great amount of risk as stock market investors have painfully experienced recently. In order for you to retire AND put your children through college, you will need a high rate of return (ROR) and a guaranteed rate of return or as much of a guarantee as you can get. But is this possible? After all isn't there a direct relationship between risk and reward? Doesn't the slope go up to the right when graphing risk and reward? Risk increases significantly with return in almost all investment choices. Take for example the money sitting in your interest-bearing checking account. How much interest money did you earn last year? Not much right? What is the interest rate your bank is paying you on the money you keep in the account? Again, not much. Let's look at 90-day CD's. How much interest can you get on one of those puppies? 3%? 4%? Not much but your money is secured. What about T-Bills? You needed to put your money in a high risk investment vehicle in order to receive a high rate of return historically. Risky stocks in mutual funds pay more but you run the risk of losing your money.

What would you do if you learned of a way to earn between eight percent and fifty percent return annually and your money was virtually guaranteed? Would you dismiss the opportunity and continue to put your money into money market accounts, CD's, or high-risk mutual funds? Someone who was concerned about retirement and putting their children through college would perk up and take note of this opportunity.

This may be one of the best kept secrets of the ages. The people who know about it keep a tight lid on it to prevent others from discovering it. The wealthiest people in the nation and their agents are making billions annually with these investments. Before I explain more of what it is, I'll shed light on what it is not. It is not gold. It is not silver. It is not platinum. It is not shares of Microsoft. It is not illegal. It is not immoral. It is not anything you have heard about before. It is an opportunity for you to have more money than you have ever had before. It is a way for you to help others put their money to work for them and have more money than they have ever had before.

The current economic situation is fueling this opportunity like never before. We have already established that foreclosure rates are at record levels and Americans are struggling to pay their bills. They have exhausted their children's college funds and even their retirement accounts in order to maintain their standard of living. Let me ask you a question. When it's time to pay your bills, which ones do you pay first? You pay the ones for the services that you can't live without right? You pay your

water bill, your electric bill, your gas bill, your phone bill, your cell phone bill, your cable bill, your Internet bill, and other bills that you need to pay. What happens if you can't pay your water bill? Your water will be turned off after a period of time. Same story with your electric, telephone, cable, Internet bills. What happens if you can't pay for your auto insurance? You lose coverage. What happens if you can't pay your mortgage? Your home goes into foreclosure after a period of time and you lose it. How important is your home to you? How important do you think homes are for the people who are losing or who have lost them? Wouldn't it be accurate in believing these people did everything they could to keep their homes? They probably played the "bill shell" game, postponing one bill payment in order to pay the mortgage then another bill and another. And this is after they pulled money out of their children's college funds and their own retirement accounts. Losing your home in foreclosure is one of the most humiliating and heart breaking events a person can experience. People take great pride in their homes. You furnish and decorate it to fit your personal tastes. You raise children and entertain during the holidays in your home. You watch television, listen to music, surf the net in your home. Your home is your sanctuary, your abode, your castle.

Understanding how far someone will go to prevent a foreclosure helps us understand their financial situation. Looking at the following expenses: Food, medicine, gas for the car, clothing, utilities, insurance, car payment, mortgage payment, and credit card payments, what priority do you think property taxes have? Property taxes are not included in millions of home loans and are due at the beginning of the year for the entire year. If property taxes are not paid, government agencies can put liens on the property until the taxes are paid. County governments across the country offer these liens for sale to the public in order to raise money needed for road repairs, county government operations, and other county-related expenses. These liens are backed by the property. The counties guarantee the liens in many cases. The interest rates paid on these liens vary depending on the county. The annual interest rate is 8% in some counties and as much as 50% in others.

Combine the advantages of tax lien investing with the ability to start a business providing much needed information and you have a powerful way of getting the money you need to retire AND put your children through college.

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