

## Crucial Money Moves to Make in Your 40s



### TIME YOUR MORTGAGE PAY-OFF SO IT COINCIDES WITH YOUR RETIREMENT DATE

- A mortgage-free retirement will help lessen the stress on your budget. Options include:
  - Refinancing your current mortgage to a shorter term.
  - Dividing your current monthly payment in half and making two payments a month, resulting in an extra full payment every calendar year (tell your lender the extra amount should go to principal).
  - Asking your lender to re-amortize your mortgage.



### AIM TO SAVE 20% OF YOUR INCOME

- Contribute at least enough to get your 401(k) company match and use any auto-increase features, if available. Increase your contributions after bonuses and raises as well.
- Consider also saving in a Roth 401(k), Roth IRA, and/or a taxable investment account to improve your tax efficiency (depending on tax laws in your state)



### MONITOR YOUR CREDIT

- Spot credit report errors at [AnnualCreditReport.com](https://www.annualcreditreport.com). Check your credit score at a site like [Creditkarma.com](https://www.creditkarma.com) or through your credit card company.
- To help prevent identity theft, freeze and unfreeze your credit as needed at all three credit bureaus: [Experian](https://www.experian.com), [Equifax](https://www.equifax.com), and [TransUnion](https://www.transunion.com). Freeze your kids' credit as well.



### HAVE KIDS? TALK COLLEGE

- Have conversations with your children early in their high school years. Discuss:
  - Whether you can afford to help them financially.
  - Where they can realistically attend.
  - How much debt they can afford to take on.
- A student should borrow no more in total than they can reasonably expect to make during the first year of their career.
- Do not put your retirement at risk by helping your kids pay for college!



### SAVE FOR KIDS' COLLEGE (BUT SAVE FOR RETIREMENT FIRST!)

- 529 plans are a tax-advantaged way to save, some can be funded with credit card rewards. Learn more at [SavingForCollege.com](https://www.savingforcollege.com) and [NerdWallet.com](https://www.nerdwallet.com).



### ADDRESS RETIREMENT HEALTHCARE EXPENSES

- The average 65-old-couple retiring today will spend about \$280,000 on healthcare-related expenses in retirement (not including long-term care costs).<sup>1</sup>
- If you have a qualified high-deductible healthcare plan, consider saving in a Health Savings Account via your employer or a third-party provider. Use [HSASearch.com](https://www.hsasearch.com) to compare.



### PROTECT YOUR LEGACY

- All adults should have a will and Power of Attorney (POA) for healthcare and finances.
- Designate beneficiaries on retirement accounts and non-retirement accounts since these supersede a will.
- Married? Make sure both spouses are familiar with the financial situation, location of accounts, keys, passwords, etc.

<sup>1</sup><https://www.fidelity.com/viewpoints/personal-finance/plan-for-rising-health-care-costs>  
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