

Age Appropriate Money Tips: In Your 40s

by vcmorris - Thursday, February 19, 2009

<http://thethinpinkline.com/2009/02/19/age-appropriate-money-tips-in-your-40s/>

It was *two decades* ago that I celebrated this milestone - which "back in the day" was referred to as "the over the hill birthday". But I do remember that it represented a time of financial urgency for me. My children were 9 and 13, my parents were in their 60s and I was feeling the full responsibility of being the "it" generation - the hub of the wheel that tended to all family member matters.

Turning 40 signals a time of urgency for many people. You're dealing with lingering debt, caring for aging parents, putting children through school, preparing to pay for college, and yes, worrying about meeting your own financial needs and goals. Being 40-something can be a sobering time and money is usually at the root of your concern.

Being 40-something. The over-the-hill blues might be hitting your spirit and your pocketbook but just remember how to breathe, lower your shoulders away from your ears and inhale - exhale and get a grip. You're still young. You have time on your side to recoup and recuperate from previous or existing money woes. And you have years of work - therefore potential income - ahead of you by which to recover.

At this age, it comes down to refocusing and re-evaluating the past money experiences have taught you about what you need to do when it comes to making, managing and investing your money. That's why eliminating debt is *the* money goal at this stage of your life - so that you can really focus on your future. If you've been practicing good money habits for the last 20 years - you're ahead of the game and have long been committed to building and maintaining an emergency fund of 3 to 6 months worth of living expenses. If you haven't done it yet - start building it now - especially in the midst of the current economic crisis.

In your 40s is also the time to reassess your money priorities to make room for aggressively saving for retirement.

- Maximize contributions to your employer-sponsored pre-tax savings plans.
- Consider opening other tax sheltered investments because saving outside of your employer-sponsored plan is always smart.
- Re-evaluate your retirement plan.
- Track your investments more closely.

In your 40s? Just breathe. Where should you be putting your money at this time in your life? My suggestion? Spread it around. Divide your assets among different investments. My favorite financial reference library <http://lightbulbpress.com> says *asset allocation is a strategy for maximizing gains while minimizing risks in your investment portfolio specifically by dividing your assets among different broad categories of investments, including stocks, bonds, and cash.*

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Your asset allocation at this age should be around 65% stock and 35% fixed income.

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In your 40s - it's time to get your spending under control. Permanently. The last thing you want to do (or can afford to do) is over-extend yourself and have no financial breathing room. And finally - sadly but realistically - this is the time to prepare for the possibility of divorce or widowhood. Both can be emotionally and financially devastating.

Next Thursday: Crunch time. Money moves for women in their 50s.

If you want more details on how to save, invest and manage your personal money - at any age - go to http://www.napw.com/valuable_money.cfm for my daily "Valuable Money Tips with Valerie Coleman Morris".

Here's to your health and wealth.

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