

GET WITH THE PLAN

Personal-finance professionals offer readers a financial road map

The situation

Matt and Randi have started their five-year-long retirement countdown. The Union couple, ages 57 and 58, both save in their retirement plans and they have a small amount of debt. They are hoping to buy a condo at the Jersey Shore, which they can enjoy when they stop working.

Net worth

ASSETS	
Checking	\$1,500
Money market	\$88,951
CDs	\$50,000
Bonds	\$16,125
IRAs	\$352,204
401(k)	\$343,155
Cash-bal. pension	\$191,297
Stock options	\$33,504
Home	\$450,000
Property/autos	\$140,000
TOTAL ASSETS	\$1,666,736
LIABILITIES	
Mortgage	\$111,739
Credit cards	\$1,751
Car loan	\$3,000
TOTAL LIABILITIES	\$116,490
TOTAL NET WORTH	\$1,550,246

Budget

ANNUAL INCOME:

Matt: \$130,000; Randi: \$50,000

MONTHLY EXPENSES

Income taxes	\$2,818
Housing	\$2,599
Utilities	\$471
Food	\$885
Personal care	\$390
Transportation	\$1,008
Medical	\$265
Entertainment/vacations	\$455
Gifts/charity	\$350
Pet care	\$75

The way out

Matt and Randi have accumulated enough assets to maintain their lifestyle in retirement, but a Shore condo purchase at this time could jeopardize that. If they made the purchase, they wouldn't have any cash left over after paying their bills, and even their retirement savings contributions could be affected. The couple should wait before buying, so they can reconsider downsizing their current home — and their housing budget — when they leave work.

HOUSING COSTS IN RETIREMENT

Matt and Randi were hoping to buy a second home at the Jersey Shore in retirement, but certified financial planner Doug Duerr says a second home would make the couple's expenses too high for comfort. This chart shows their current expenses and how those expenses would be in retirement with a cost-of-living increase of 2 percent a year for five years until retirement.

	WITH ONE HOME	WITH TWO HOMES
Taxes	\$3,021	\$3,021
Housing	\$3,139	\$7,794
Utilities	\$518	\$693
Food	\$974	\$974
Personal Care	\$429	\$429
Transportation	\$660	\$660
Medical	\$292	\$292
Credit Card Payments	\$330	\$330
Entertainment	\$61	\$61
Vacations	\$440	\$440
Gifts	\$220	\$220
Charity	\$165	\$165
Pet Care	\$83	\$83
TOTAL	\$10,332	\$15,162

MONTHLY NET INCOME: \$10,114

Pair's in excellent shape, but the condo must wait

BY KARIN PRICE MUELLER
STAR-LEDGER STAFF

Matt, 57, and Randi, 58, would like to spend their golden years in New Jersey. After raising a son and a lifetime of work, the couple are ready to relax.

"We'd like retirement in five years and the potential purchase (of a) condo at the Shore," says Matt.

The Union County couple, whose names have been changed, have saved \$343,155 in 401(k) plans, \$352,204 in IRAs, \$16,125 in bonds, \$50,000 in a Certificate of Deposit, \$88,951 in a money market and \$1,500 in checking. Matt also has a cash-balance pension plan worth \$191,297 and stock options worth \$33,504.

To see if the couple can afford their Shore house in retirement, The Star-Ledger tapped Doug Duerr, a certified financial planner and certified public accountant with Duerr & Duerr in Montville.

"The couple is currently on a good pace to retire in the next five years," Duerr says. "They have been able to compile a good base of assets that should ensure an excellent lifestyle in retirement."

Before turning to see if a Shore house is a reality, Duerr wanted to examine Matt's and Randi's current savings, retirement accounts, pensions and projected Social Security benefits as well as their current family budget and projected retirement budget.

When the couple leave their full-

DO IT YOURSELF:

Before you buy a second home, run the numbers with the "Are Two Homes Better Than One?" calculator at **CNNMoney's** Web site (money.cnn.com).

time jobs, they say they plan to do some kind of part-time work. Duerr says even though they will work considerably less, the additional income will help them avoid using more of their assets in the beginning of their retirement. Leaving the money alone for a longer time period means their assets will have more time to grow for their later years, when they will not work at all.

To increase their chances of success, Duerr says Matt should continue to save the maximum to his 401(k) plan, and Randi should try to increase her contributions to her retirement plan.

They're also carrying \$1,751 in credit-card debt, which they can afford to eliminate.

"They should pay off all credit-card balances where they are being charged interest," Duerr says. "This interest is not tax-deductible and there is no benefit to pay it when they have plenty of assets available to pay off these small balances."

The couple's other focus was whether or not they could afford to purchase a condo at the Shore. Based upon their current assets and

liabilities and their plans to retire in five years, Duerr says he doesn't think now is a good time to buy.

Matt and Randi were considering refinancing their current mortgage and adding in the new financing they'd need for the condo, using a seven-year adjustable-rate mortgage. By doing this, Duerr says they would substantially increase their current payments and not be able to save as much for retirement, if anything at all.

"The increased costs would also have a negative impact on their current lifestyle," Duerr says. "I would suggest that they reconsider this when they retire."

At that time, the couple may downsize their current home or look into buying a similar home at the Shore.

"The couple is certainly on the right track towards enjoying a good long comfortable retirement," Duerr says. "As long as they continue to live based on their current budget and save as they have, they should have no problem achieving their goals."

Get With the Plan involves readers anonymously divulging their personal financial information in exchange for free advice from a professional. The feature is designed to illuminate personal-finance concepts and isn't a substitute for actual financial planning or dedicated professional advice. Readers who would like to participate may contact Karin Price Mueller at kmueller@starledger.com.