

Question: What are your thoughts re: balancing retirement savings with college savings? I'm saving for my retirement, yet have no savings allocated for my child's college expenses.

Answer: I may catch some flack for this, but I think you should worry about funding your retirement program (401k and IRAs) first - before you worry about saving money for college. This may sound kind of harsh, but junior can always get a job, take out a loan, perform college work study, get a grant, get a scholarship, perform military service and utilize many ways to fund his college education. You, on the other hand, cannot finance a 30+ year retirement on loans – you need cash.

My suggestion is to max out your company retirement plan and take advantage of a company match, if offered. If you have additional monies available and are eligible, consider funding an IRA or Roth IRA. 2008 contribution limits have jumped to \$5,000 this year (\$6,000 if you're over age 50).

After you've accomplished the above, if you still have additional cash flow available to save more, then I'd consider establishing a college account such as the New York 529 College Savings Program administered by Vanguard. As a New York State taxpayer, you can deduct up to \$5,000 of contributions to your account (\$10,000 for a married couple filing jointly) on your state income tax return each year. Please talk with your accountant or tax preparer for specific information relative to your situation.

Bill's Bottom-line: If you only have enough money to set aside for one goal, and have to choose between saving for your retirement or a child's education, my vote is for your retirement. Good luck and good saving. To learn more about the New York 529 College Savings program, visit their website at: <http://nysaves.iii.upromise.com/index.html>. As an alternative, call 1-877-NYSAVES (1-877-697-2837) Monday through Friday, 8 a.m. to 9 p.m., Eastern.



Bill Losey, CFP®, CSA, America's Retirement Strategist™, has nearly 20 years experience in the financial planning industry and has been interviewed on the CBS Radio Network, CNNfn, and FOX's "Hannity & Colmes". Bill publishes *Retirement Intelligence*®, a free weekly award-winning newsletter that reaches over 5,000 subscribers worldwide, and is the author of *Retire in a Weekend! The Baby Boomer's Guide to Making Work Optional*. Bill can be reached by calling 1-866-786-2521 or online at www.MyRetirementSuccess.com and www.RetireinaWeekend.com.