

Sun-Sentinel

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PERSONAL FINANCE

EVEN IN TIMES OF CRISIS, LONG-TERM INVESTING PAYS

Q: My wife and I are pretty aggressive savers and, if this stock market gets back into shape, we will hopefully be all right. But being a worrywart, I sometimes have doubts.

We've managed to save \$136,000 by age 36 and, between the two of us, are saving about \$20,000 a year besides the money we are setting aside for our 3-year-old son's college education. At an 8 percent rate of return and a conservative estimate of what we expect to continue to contribute, it looks as if we will have \$1.6 million in 20 years.

Anyway, I get the sense that our plan and savings commitment are pretty good, although my only frame of reference is what other couples have done. It seems that they spend all their money on trophy cars and homes and on the stuff that goes into those homes.

The problem is that I used to think that an 8 percent return was being conservative and that 10 percent was a reasonable expectation. Now I am not so sure. I am 100 percent invested in stocks and stock mutual funds of various types, figuring that in the long run it will work out.

Is our savings plan on track? Or am I being naive about our savings rate and anticipated return?



HUMBERTO CRUZ

ASK HUMBERTO

A: Only you can decide whether you and your wife can comfortably put away \$20,000 a year while also saving for your son's college education.

In our uncertain economy, you may not always be able to count on the income you are earning now. And that's the more reason to keep saving as much as you can for as long as you can, in case you have to tighten your belt in the future. As to the kind of return you will get from your investments, I don't know of anybody with a crystal ball that clear. But here are a couple of points of view to consider.

The more optimistic one comes from Faith Read Xenos, a certified financial planner and partner with **Singer Xenos Wealth Management** in Coral Gables, an investment advisory firm.

"With the current market, sometimes it is hard to imagine that stock funds make excellent long term