Put the Kids Second

TRYING TO SECURE YOUR FUTURE? DON'T SAVE A PENNY FOR COLLEGE—UNTIL YOUR RETIREMENT FUND IS FLUSH

It's good to dream of kids in mortarboards. But they can pay for college with loans—while you work on securing your retirement with a golden nest egg.

I'm maybe six or seven years old. I'm riding in the back of our station wagon, looking out the wide-open rear window (car safety being what it was in the late 1960s) and eating an ice cream cone. Somehow the ice cream falls off the cone and out the window, splats onto the blurred pavement and disappears under the car behind us. I crunch up my face to cry.

But before the tears even reach my chin, my mother turns around in the front seat, holding out her own cone. "Here," she says. "Have mine." *Being a mother,* I realized at that moment, *means always having to give up your ice cream.* I promised myself never to have children. When I broke that vow about 30 years later, I discovered, as mothers do, that deferring to my children's needs felt not only natural but compulsive. Ice cream was the least of it; add sleep, privacy, vacation destinations and, oh, financial security.

Unsurprisingly, when it comes to the two big-ticket financial challenges of our lives—college tuition for the kids and retirement for ourselves—many of us automatically put the kids first. We tune in to the siren call of financial-services ads and the competitive anxieties of our parent peer group and funnel those dollars into college saving accounts. College seems real: We *remember* college. Retirement? That's a long way off.

Big mistake.

"Women in particular do this, and it can be disastrous," says Ruth Hayden, a Saint Paul–based financial adviser and author of *Start Where You Are: Retirement Planning in a Changing World.* "I get women in their fifties who come to me and say, 'I've got one child left in college. When do I start saving for retirement?' We wait until nobody needs anything from us—and then we think about retirement."

Mixing up our priorities this way is just one explanation for a troubling reality: By the time we retire, women have saved half the funds men have. Happily, this particular mistake can be remedied. The biggest change to make is one of mind-set. Here are a few things to remember.

+ Saving for college is optional. Saving for retirement is not.
+ Don't put a penny aside for college until your own future is looking sweet and secure.
+ But don't assume you've consigned your kid to an offshore correspondence degree. You're doing them a favor. Really.

Here's why. First, as a self-serving mom, you should know that your best friend is the college loan. The great, lifesaving

BY KATY READ

PHOTO: HOLLY LINDEM

difference between college and retirement? Your kid can borrow for college and has a lifetime to pay it off (maybe with help from you). You can't borrow for retirement, aside from (probably unwisely) drawing on your home equity. Second, your kids can work their way through college; you cannot, by definition, work your way through retirement.

No guilt, please. This is one time when putting the kids second works to their benefit. It's not just that you're teaching them responsibility (good) and the value of a dollar (also good). In the very real case that you run out of retirement money, what would you do? Find work, sell the house, move to a cheaper city? Sure. And if that weren't enough, you'd ask the kids for help. So while they may struggle a bit more now, they'll thank you later when they won't have to turn their rec room into a mother-in-law apartment.

Paula Turner, CEO of an electronics firm in Greensboro, North Carolina, is living this phenomenon from all sides. She and her husband have been putting college money aside for their two boys for the past 20 years. Now, just as they've begun saving for retirement, they've discovered that their parents need help. At 41, Turner figures time is on her side. Still, she has bouts of "two AM anxiety" about meeting expenses.

DOING THE MATH

All right, the concept is clear: golden age, then ivory tower. But how much should you sock away for retirement before you save for college? It depends. If you've been putting 10 percent of your paycheck into a 401(k) for the past 20 years, great. But "late bloomers have to be more aggressive savers," says Dayana Yochim of the Motley Fool investment site. "If you're in your forties and just starting to save, put 20 percent into retirement" before diverting anything for college.

You may have read that the average retiree lives on about 85 percent of preretirement income. Or you've seen other numbers; averages are just . . . averages. If there's one thing advisers agree on, it's the beauty of online calculators to help you get personalized figures. (Try the one at moneycentral.msn.com/retire/planner.aspx.) Be realistic: You want enough money to pay for roughly the same mix of iPod downloads and seaweed wraps to which you've become accustomed. Phoenix-area CPA Sandy Abalos updates the old chestnut that people never say "I wish I'd spent more time at the office." Nor do they say "I wish I hadn't saved so much for retirement."

If it's all so obvious, why do so many people get the equation wrong? In part because retirement planning wasn't exactly one of the three R's when we were growing up. And if our parents set any example, it's probably out-of-date. Do-it-yourself plans like the 401(k) are relatively recent inventions; employers used to set up pensions that paid out automatically in perpetuity. And many of our mothers relied on our fathers to make the money and the decisions.

We may have learned not to count on the proverbial salary-earning prince. Still, many of us vaguely imagine that something will arrive just in time to rescue us. If all else fails, one client told Hayden, "I'll die in the saddle." "A perfect denial statement," she says. However motivated, you can't triumph over every change in your health, your family situation or the economy.

While denial about retirement operates full steam, we are bombarded with messages about something sweeter: supremely educated offspring. The "save for college" mantra was in every parenting book she read when her sons (now 23 and 25) were young, says Vickie Mullins, 52, CEO of Mullins Creative, based in Scottsdale, Arizona. It was a revelation when she and her husband consulted a financial adviser six years ago and were told to flip their college-retirement formula.

HOPES AND DREAMS

I live in the Midwest, where, compared with the coasts, there isn't such a mad scramble to groom one's offspring for the Ivy League. Still, it's easy to see the pressure to pay for more and better college. My own kids have known since they were old enough to do the math that while I'm maintaining college-savings accounts, I expect them to take an active role in financing their education. If this means they'll get a good, solid education, not a glittering one, we'll all have to live with it.

On a visit to my son's fourth-grade classroom a couple of years ago, I was surprised, while examining my child's "hopes and dreams" poster, to discover that he had written "learn the guitar," "get better at hockey" and "go to Yale" (illustrated as a two-story building with four windows and a chimney). I have no idea where he came up with that plan, but I'm almost positive he didn't get it from me. Unless my income balloons by about 10,000 percent, and soon, covering tuition at a school like Yale will be out of the question. But my son is intelligent and ambitious; by the time he's a high school senior, I'm sure he'll know his way around scholarship forms and student-loan applications.

"Yale, huh?" I said, more to myself than to him. "Well, good luck with that." **M**

—With reporting by DARA PETTINELLI

KATY READ, WHO LIVES IN THE CHICAGO AREA, HAS WRITTEN FOR *SALON* AND *REAL SIMPLE*.