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We are experienced [investment advisors](#) and web developers that believe [socially responsible investing](#) is an important movement. Our generation is looking for opportunities to create positive change through commerce. Everyday choices, when informed, can become powerful votes for social and economic improvement.

We are not trying to be a perfect organization, but we are trying to grow a business that has a social component. We're offering something different, something people need and we're having a good time doing it.

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Investing for retirement when you're young

Friday March 3, 6:00 am ET

Don Taylor

Dear Dr. Don,

I'm a 26-year-old college graduate with student loans and the uncertainty of how to prepare for retirement. At my current job and potential career, I will never be able to have the opportunity for a 401(k), so my question is how I go about saving for retirement as well the immediate future i.e. house, car etc.

Currently, I have a savings account as well as a Roth IRA, but I know that is only the beginning. I'm two years out of college. In the first year I focused on paying off my debt, which I have to some extent, and now I'm focusing on long-term financial goals. How do I survive without a 401(k)? Also, should I buy a mutual fund? I can only contribute \$4,000 to my IRA, so that isn't my answer either. I'm confused and worried about my future. What to buy, from whom and how to do it? Help!

-- *Nick Knowledge*

Dear Nick,

As I told Joseph in yesterday's column, "Saving when you expect to be rich," don't pass on the opportunity to contribute to Roth IRA or traditional IRA accounts in your 20s. Thirty-forty years of investment earnings can make these acorns into mighty oaks.

There's a lot you can do with taxable accounts and tax-efficient investing. Long-term capital gains and qualified dividend income are taxed at lower rates. You can also invest in a personal residence and the first \$250,000 in long-term gains from that investment, \$500,000 for married couples, is tax-free. A Bankrate feature, "Capital gains home-sale tax break a boon for owners," explains the real estate tax break in greater depth.

With mutual funds, investment earnings are passed through to fund investors as they are realized. That makes it harder to manage the tax impact of investing in mutual funds, although mutual funds are rated for tax efficiency. An exchange-traded fund, or ETF, is one approach to managing tax efficiency, but ETFs aren't always the right choice. The Nasdaq guide, "[ETFs From Soup to Nuts](#)," explains this investment vehicle in greater depth, while a recent Morningstar [article](#) discusses their tax efficiency.

The point is that you don't have to qualify for tax-advantaged retirement accounts to have investing for your future make sense. Make your taxable accounts work for you, too!

I like using online discount brokerage firms and/or dealing directly with mutual fund families, but I'm not a lay person when it comes to investing. Get comfortable with how you want to invest and where you want your investment accounts before committing the funds. Work with a financial planning professional if you need help getting to that point. An earlier Dr. Don column, "Picking a financial adviser," talks about finding that professional.

To ask a question of Dr. Don, go to the "Ask the Experts" page, and select one of these topics: "financing a home," "saving & investing" or "money."

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