

Personal Finance Guide



Retirement Investment Ideas

It's never too early to get on top of your finances or plan for retirement. With a proper strategy, you can build your savings account or have a steady flow of income after you step away from a career.

According to the Harvard Business Review, Americans between 40 and 45 have an average of \$14,500 in their retirement account – that's less than four percent of what is needed to retire. Consider investing in your future with one of these practical ventures.

REAL ESTATE

A recent survey from the United States Census Bureau reveals that Americans paid an average monthly cost of \$981 for rent in 2016. Becoming a landlord comes with many difficulties but, if done properly, has big advantages.

Some concerns to weigh are unforeseen expenses like negligent renters, vacancy and property maintenance. Over time, a rental can be very profitable, just make sure to have an emergency fund to cover unexpected fees.

A quicker way to fill a retirement fund with profits earned through real estate is flipping



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properties. With a little knowledge in construction or an affordable contractor, you can earn big bucks by giving outdated homes new life.

BOND LADDER

Buying bonds has long been used to prepare for retirement. Building a bond

ladder means you can strategically plan for the payoff and rely on a steady cash flow at a specified date.

A bond is basically a loan you are supplying to a company or city or local government, usually to fund construction projects or satisfy debts. The borrower is

required to pay you back the provided amount plus interest. Choose bonds with different maturity dates to stagger the payouts during retirement.

With any investment, there is a level of risk. For a safe bet with a smaller return, look for full faith and credit bonds.

Typically, these are offered by governments and federal factions. When you buy bonds from a private company, the return may be higher, but there is a chance they will default on their commitment. Do your research before building the bond ladder to fund your future.

Avoid Savings Mistakes

It may surprise you that there are several wrong ways to save money. If you're not taking advantage of high interest returns or acquiring penalties for ignoring certain debts, it may hurt you in the long run.

One common misstep many Americans take is by participating in a "spending fast." The general idea is people will avoid making purchases for anything other than necessities. Sure, if done properly, there will undoubtedly be more money for savings. However, many end up feeling deprived, leading them to make impulse purchases without learning to better manage their funds.

A good way to avoid this from happening is to change spending habits gradually. Rather than going out on the town or eating at expensive restaurants, plan an evening at home with friends and prepare a meal. Put the money you saved in an account, you'll be rewarded as you watch your nest egg grow.

SAVING TOO MUCH

Focusing on savings over everything else can do more harm than good. If you have debts that are accruing high interest rates, don't settle for minimum payments so more can go towards savings. Instead, determine how much you can put into savings at the end of each month and put some of the funds towards getting out of debt. Once you knock down these expensive debts with your surplus, then you can begin increasing your contribution to savings.

NO EMERGENCY FUND

Sure, having money in the bank is great but what happens if a life-changing event like losing a job, needing a new vehicle or an unexpected medical expenses occurs? The professionals at the Financial Industry Regulatory Authority recommend having enough cash to cover three to six months of regular income. Make sure to keep these funds in a separate account to not blur the lines between savings and emergencies.

NOT EARNING ON SAVINGS

Don't be afraid to shop around at banks. Talk with their experts about opening a savings account and discuss earning potential. Many organizations offer competitive point systems or high interest rewards. Help your money grow.



Determine Your Net Worth

Many people determine their financial security based on income alone. However, if you calculate your net worth, you will gain a clearer picture of the overall situation. Consider it a financial report card to help develop goals and stay on top of your money.

The American Association of Retired Persons deems a net worth as the value of all your assets minus the total of liabilities. Basically, what you own minus what you owe. Calculating these totals is beneficial to revealing when a financial overhaul is needed or if you are on the right track.

HOW IT'S DONE

To get the most accurate results, it's a good idea to work with a professional financial advisor.

They will provide a thorough analysis of the value of assets and may find a few that you forgot. However, if you want a general idea of your net worth, follow these tips from finance group Charles Schwab.

List your assets. These include money in banking and investment accounts, vehicles, market value of home and personal property.

List your liabilities. Include debts you owe like mortgage, car loan, credit card balances and student loans.

Subtract liabilities from assets. The difference between the two reveals your total net worth.

This general guideline will give you a good idea regarding where you stand, financially. A meeting with an advisor can reveal more assets like business interests and cash values



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of insurance documents.

WHY IT'S IMPORTANT

Your net worth paints a broader picture than a bal-

ance in a bank account. It's a black and white display of your financial situation and will expose weaknesses which you can improve. Analyze this

report card annually to discover the progress being made and how adjustments can make an even larger difference. It is also helpful by

showing people where most of their money is going. It only takes a few little tweaks to improve financial security and increase your net worth.



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After Financial Security

Americans who have done the work to secure their futures are left with a feeling of accomplishment but may feel empty as there is nothing left to reach for.

Fortunately, there are many rewarding ways to spend a surplus of money. If you are fortunate enough to have

reached your goals and need help spending your money, consider some of these beneficial ideas.

GIVE BACK

The organization Save the Children reports there are many health benefits which come with making charitable contributions. These include improving self esteem and moods.

Find a cause you believe in. Perhaps you have a family member affected by a rare disease, lost a loved one to a medical condition or desire to aid an organization with an awesome mes-

sage. Make sure the charity you are supporting impacts something you care deeply about.

TREAT YOURSELF

Living with financial security doesn't mean you need to live extravagantly. Rather than buying flashy vehicles or gadgets, try to invest in something that benefits your overall life. Consider these interesting ways to treat yourself that you may not have thought of.

- A personal chef to create meals which encourage a healthy diet.
- A housekeeper to keep your home

spotless while you enjoy your daily life.

- An accountant to keep your portfolio in the black and show you ways to grow.

LIVING A REWARDING LIFE

Dedicating so much time and commitment to your financial security allows us to live fruitful lives. It is a goal Americans strive for and can reach with dedication and planning. The possibilities are endless with the right mindset.



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Perks of Online Bill Pay

Forgetting to make payments on time can damage credit and rack up late fees. See if your bank offers online bill pay.

Before enrolling, sit down with your banking facility to ensure your online presence is secure. Inquire about how they protect your information. Once you're confident

that your information is safe, get to clicking and kiss those late fees goodbye.

SET UP PAYMENT SCHEDULE

Whether you want to make a one-time payment or schedule monthly installments, online bill pay makes it simple.

Here are some of the ways each type offers its own advantages.

One-time: Making single payments online is much

quicker than paying by paper check and usually avoids fees which come with automated phone services. You can also schedule payments at a later date; it's great for remembering annual fees like taxes or annual subscriptions.

Monthly schedule: The main advantage to scheduling monthly installments is knowing your bills are paid on time. When your payments are automatically deducted, it helps users maintain a budget and avoid overdraft fees.

Check with your providers to learn about auto-pay discounts.

ANALYZE YOUR SPENDING

Many online services also offer tools that track your spending habits. You may be surprised at where your money is going and how you can cut corners to boost your savings by analyzing your spending. In addition to daily spending, keep an eye on your monthly payments to

ensure costs aren't increasing.

RECEIVE NOTIFICATIONS

According to the Insurance Information Institute, 16.7 million Americans fell victim to identity fraud in 2017. Take advantage of notifications when your account has suspicious transactions, when bills have been paid, and constant updates on your available balance. When you are in tune with your account, it's easier to catch identity theft risks quickly.

Alleviate Credit Card Debt

According to a recent study from the Federal Reserve, the United States has surpassed one trillion dollars in credit card debt. This is the highest level it has been since the Great Recession.

Data released by Experian, a credit reporting agency, reveals that the average American faced a credit card balance of \$6,375 in 2017. That's up nearly three percent from last year.

Here are some other sobering statistics discovered about credit card debt in the United States.

- 43 percent of Americans are carrying credit card balances for more than two years.
- The average household carries \$16,883 in credit card debt.
- Credit card holders pay \$1,292 in interest every year.

If you are one of the millions of Americans struggling to make ends meet and catch up on your debt, there are ways to get your head above water.

USE RESPONSIBLY

It can be tempting to make an impulse purchase. It's also easy to tell yourself you will pay it off before interest fees incur but find yourself only making minimum payments. Being a responsible credit card

holder requires diligence in making purchases not outside your means.

ERASE CURRENT DEBT

While small balances which are easily managed can be beneficial to your overall credit, it's important to make payments on time and avoid carrying a large amount of debt. Here are some tips from the organization Consolidated Credit to lower your amount owed to a more manageable price point.

Avoid making minimum payments only. The suggested amount is not efficient to your goal of becoming debt free. Instead, plan a significant amount of extra cash to put down on your debts.

Pay attention to interest rates. Making minimum payments at 15 percent APR means one half of each payment merely covers accrued interest.

Meet with a financial adviser to create a goal for a pay-off date. They can guide you to how much your payments must be to become debt free.



Avoid Dangerous Loans

Borrowing money irresponsibly can lead to harmful hits to your credit score and leave you scrambling to meet your monthly commitments. Before accepting or seeking a loan, make sure to do your research on the lender and their terms.

If you're in a pinch to make a payment or to bring home furniture or appliances that are outside of your immediate needs, a short-term loan may seem appealing. Be careful when signing on the dotted line, as they usually come with high interest rate.

America's Debt Help Organization urges consumers to avoid these dangerous loans at all costs.

CAR TITLE LOAN

Those with poor credit often turn to this type of loan to obtain quick cash. Finances are borrowed with the consumer's car title being used as collateral. While terms may differ from state to state and differing companies, the ADHO states most loans usually feature a 25 percent interest rate and the commitment must be met within 30 days.

If the payment is missed, most companies will repossess the vehicle or extend the due date at the cost of more interest. This type of loan was so popular among military members that the Military Lending Act of 2006 was passed to protect servicemen and their families against predatory lending.

PRIVATE STUDENT LOANS

While most students prefer loans offered by the federal government, others obtain private loans through banks or credit unions. Not only does the latter typically come with higher interest rates, you will also miss out on the flexible repayment plans offered federally. According to the United States Federal Reserve, the



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U.S. student loan debt is about \$1.48 trillion. If you must finance your education, only use private loans as a last resort.

OVERDRAFT PROTECTION

Your bank account is not an infinite-money machine. Even if you can withdraw funds from an ATM

when your balance is at zero, remember that you will be required to pay it back and overdrafts usually carry a fee of \$30 to \$35 per occurrence.