

Finance GUIDE



Common Sense Finance Tips



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One of the first things needed for a sustainable financial situation is understanding where you're at in life.

Take a close look at your income versus how much you're spending on basic living expenses. Do you have larger expenses on the horizon, such as the birth of a child or a plan to purchase a new home? Once you can realistically put together a plan for covering your most critical needs, your

financial future can begin to come into focus.

Follow the tips below to get one step closer to financial independence and sustainability. Your future self will thank you.

WHAT IS YOUR JOB WORTH?

One of the first questions to ask yourself is if you're making enough money for your skills and geographic location. Here are some ways to find out.

Check out Salary.com or Glassdoor.com for resources that can guide you in this area. These sites break down common salaries for professionals with

your title, background and location.

Once you see how much your peers are making, you can use that information to negotiate your pay or stay selective on your job search.

Talk to a local career coach. These professionals have a strong grip on the latest job trends and best practices in your area.

They also can guide you in determining your professional value by helping you uncover skills or experiences you may not be marketing correctly. This kind of personal discovery can position you for a better-paying job or career, helping you become more financially stable.

ARE YOUR SPENDING HABITS HEALTHY?

No matter how much or how little you're paid, you'll never reach financial success without keeping your spending in check. Remember, every little purchase adds up at the end of the month. The more you can keep your spending under control, the more you'll be able to move into your savings account from each paycheck.

Spend four weeks writing down every purchase, including both your required bills and entertainment spending. Then make goals to lower your spending the next month. Before you know it, you'll have a healthy savings account.

Stick to a Budget

When it comes to building and managing your budget, there are some basic steps to make sure you're setting yourself up for success.

Whether you decide to tackle budgeting on your own or with a trusted professional, the keys to healthy finances life come down to two fundamentals: Earning and spending.

Sound simple? With factors like pop-up expenses, changes in employment and the rising costs of daily living, it can sometimes feel anything but.

It's easy to count on tax refunds and bonus checks for big discretionary purchases, but solid planning and discipline would help put more of that money away for a rainy day. Read on for ways to improve your budgeting habits today so you can enjoy your tomorrow.

MAKE STRATEGIC CUTS

A budget is only as good as it's execution. Add up your monthly cash flow and expenses. You need to make sure you're spending less than you're earning. If you're not, you need to make some adjustments in your lifestyle, and fast.

Eating out, coffee runs or entertainment costs are referred to as discretionary,



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and these are the best places to start when trying to get your budget back under control. Then, look to your household bills and see if you can save on utilities, or adjust plans for things like cell phones and the Internet.

Saving up for a big purchase? Set reasonable spending and saving goals. You'll be surprised at the impact a few cuts here and there can have on your overall financial well-being. If you're tempted to overspend, think how nice

it will be to pay for that vacation, new vehicle, new home, or whatever your purchase is.

STAY CONSISTENT

It's OK to review and revise your budget, as long as you're sticking to the goals you set in

the beginning. Continue tracking your expenses on an ongoing basis to make sure you're keeping spending under control. Talk to your local bank about apps or other financial management tools they have that can keep you on track.

Slash your Credit Card Debt

Credit card debt is one of the hardest holes to dig out of when you're focused on cleaning up your personal finances. Relatively low monthly payments can lull you into a space of simply paying the minimum while the high interest rates hurt your cash flow in the future.

But don't fret. If you have credit card debt, you're not the only one. According to the Federal Reserve Bank of New York, Americans held more than \$800 billion in credit card debt at the end of 2018.

Taking control of your credit can be as simple as more carefully monitoring your spending and becoming disciplined in paying more than your minimum payments. Here are some easy ways to pay off your credit card debt faster and enjoy financial freedom sooner.

BE STRATEGIC

It can be intimidating to tackle your credit card debt if you focus on the total amount due, especially if you racked up debt across multiple cards.

When analyzing your debt to figure out where to start, break up your credit card

debt into smaller chunks. Then work with a financial adviser to decide which ones to tackle first.

HIGHER INTEREST RATES

Your best bet is generally to start paying down the debt with the highest interest rate.

These cards mean you're paying the most amount of interest relative to the principal balance, making it harder and longer for you to dig out of debt on that particular card.

Once you have paid off the credit card with the highest interest rate, move onto the

credit card with the next highest interest rate and so on until you are completely out of credit card debt.

LOOK FOR PROMOTIONS

Credit cards can be handy if you keep them under control and pay them off relative-

ly soon, especially if you're running a business or trying to reserve more of your cash on hand. Look for cards with 0% financing promotions, just make sure you pay off the debt during the time period allowed or you could get stuck with big-time fees.



What Is your Savings Plan?

So you've got a budget and good spending sense. Now you need to plan how to save.

Savings, after all, offers you protection against life's little surprises that would otherwise put you in a tough financial spot.

Your savings plan doesn't need to reach such incredible heights that it becomes unattainable. It's easy to get swept up in lofty financial plans that, in the end, will only become a source of disappointment if you don't actually achieve them.

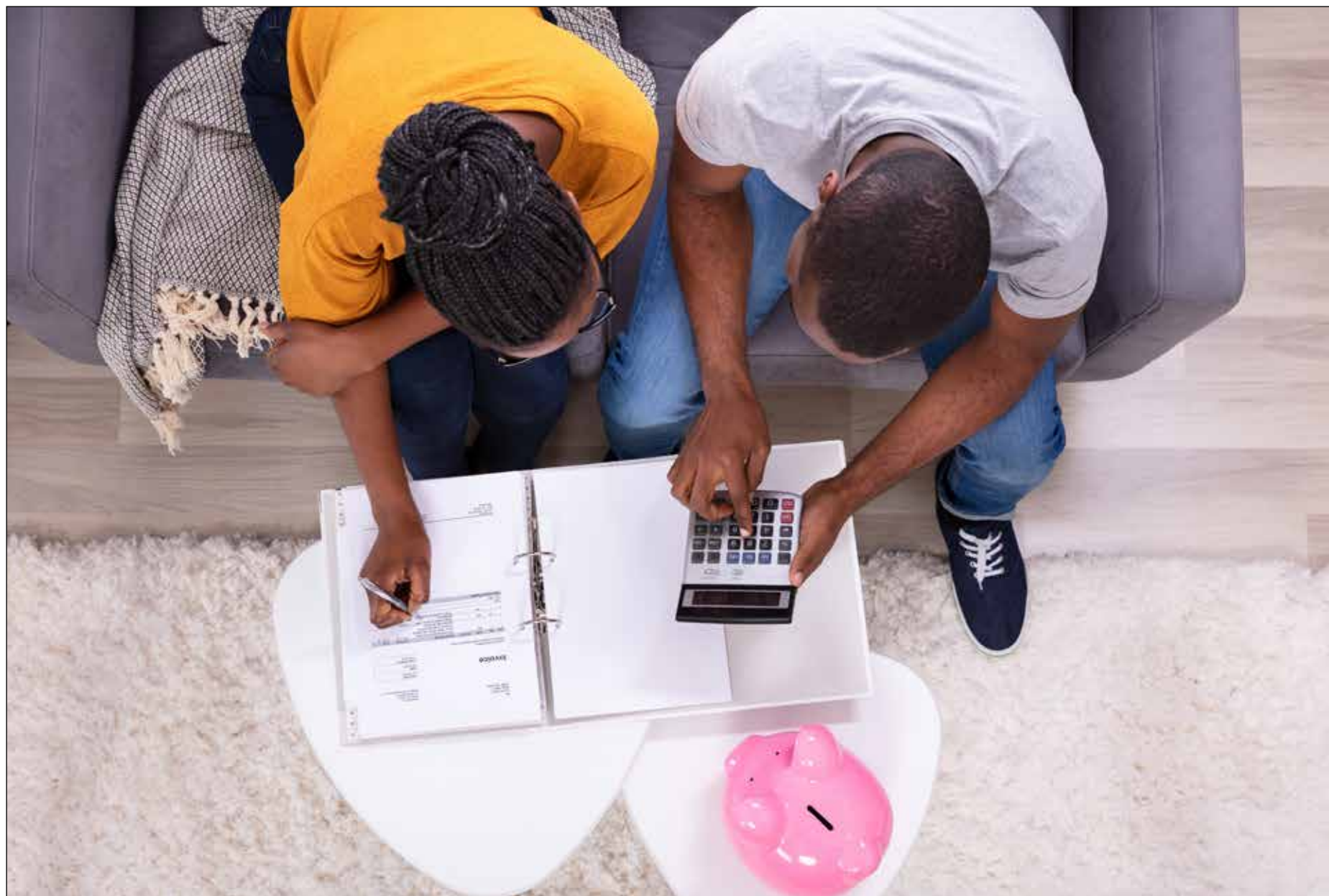
WHERE TO START

The National Endowment for Financial Education's website Smart About Money has these tips to make sure you're building a solid savings plan.

List savings as a fixed item in your spending plan. You're less likely to spend money you already have earmarked.

Use automatic savings tools from your bank or other financial institutions. Some will move your spare change from purchases into your savings account automatically, making it easy to increase your savings without much effort.

Save all or part of a certain type of income. This can include your tax refund, annual bonus, tip money or extra freelancing cash.



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Create an emergency fund with the goal of having three to six months' of expenses covered. This can buy you and your family some time if there were to be an unexpected injury or job loss that hampered your incoming cash flow.

ACCOUNTABILITY

What good does a savings plan do for you if you don't stick with it? Find an account-

ability partner to routinely check in on your finances to make sure you're staying the course. This can be your spouse, a trusted friend or a qualified financial professional who can help you stay on track. If you ask for accountability, however, be prepared to have some tough conversations. Your accountability partner is there to help you maintain your discipline so be prepared to accept their questions

and advice along the way.

DIFFERENT TYPES OF ACCOUNTS

Once you have enough money stashed away, there are many different ways to put it to work for you. Talk to your bank about interest-bearing savings accounts that can earn you money, but may have withdrawal or other limits. There are also CDs and other investment options to explore.

Find an accountability partner to routinely check in on your finances to make sure you're staying the course.

Maximize Employment Benefits

If you're not already taking advantage of your company's retirement plan, 401(k) match or other benefits, what are you waiting for? These programs are some of the biggest perks of working for a company that cares about the financial well-being of its employees.

Some work programs can be complicated, so be sure to stay current on everything offered by your company. Ask your human resources professional to explain your various options as an employee.

RETIREMENT PLAN

We're all going to want to hang it up at some time in our lives. If your employer has a 401(k) plan and you don't contribute to it, you're absolutely leaving money on the table. Your human resources department should be able to walk you through your options, which likely include contributing more than the minimum to your overall plan.

If your employer doesn't offer a retirement plan, look into options like IRAs or SEP IRAs that can help you sup-



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plement your income in your retirement years. Work with a local financial professional to discuss your options.

MAXIMIZE YOUR BENEFITS

Traditional 401(k) plans are likely just one program offered by your company. Ask about flexible spending

accounts or medical and dental insurance to make sure you're not missing out on any possible perks.

Health insurance can be particularly expensive on the open market, so be sure to enroll in your company's program if it is cost-effective for you and your family.

Maximize your benefits and

take advantage of the ones that can save you money by reducing taxes or out-of-pocket expenses. You'll find that some benefits are optional, while some are required by law. Set a meeting with your HR professional to make sure you're plugged into all the programs that make sense for your financial situation.

WELLNESS PROGRAMS

In addition to health insurance, some employers offer wellness programs for employees, including voluntary exercise and diet activities. These are typically not mandatory, but employees are generally encouraged to work out and make smarter lifestyle choices in exchange for incentives.

Long-Term Planning

The effects of your financial decisions can be felt for many years to come — even for generations — so it's critical to think about how you will support and supplement your family members after you're gone.

From building a last will and testament to making sure you're carrying enough life insurance, there are many simple things you can do today to prepare for a brighter financial future for you and your family.

CREATE A WILL

A 2019 survey from Caring.com, a senior living directory company, found that only 40% of Americans actually have a will, but nearly 80% of respondents said having a will was important.

One of the best ways to set your family members up for success after you're gone is to set up your will while you're here. Help your family members avoid confusion or fights about what you've left behind by working with your local attorney now to create an airtight contract.

Your legal professional will be able to walk you through the best practices of building a will and divvying up your assets appropriately. Be sure to discuss your plans with



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your spouse or any relevant family members before settling on a final version of your will.

They may be able to help you think of things that may be missing or help you avoid any family conflicts that could pop up related to the content of your will.

CONSIDER LIFE INSURANCE

Life insurance is another great way of caring for your family. Term and whole life insurance policies offer varying levels of protection, so talk with a local broker to determine the best life insurance plans for you and your family.

Here are some questions to ask your life insurance broker:

- How much coverage do I need?
- How much should I pay for life insurance?
- What are the different types of policies for which I can qualify?

How much life insurance you need depends on your personal situation. If you have no dependents, you probably don't need life insurance. If you aren't the primary breadwinner for your family, an expensive life insurance policy probably doesn't make sense.

American Finances: By the Numbers

According to a 2018 Financial Capability Study from FINRA Investor Education Foundation, a nonprofit dedicated to financial education and empowerment, only 31% of Americans are very satisfied with their money situations.

Here are some additional statistics from the FINRA study to help shed light on the average American family and their earning and spending habits.

- One in 5 Americans experienced an income drop in the last year, and half can comfortably meet their monthly obligations.

- Asked if they could come up with \$2,000 in emergency savings in a month, 43% of Americans were certain they could, while another 22% said they probably could.

- Only 58% of Americans have a retirement account; half worry they may run out of money

while retired.

- Even though Americans can make ends meet, the percentage spending less than their income has stayed nearly unchanged over the decade. Almost half haven't set aside money to cover expenses for three months.

- 37% of Americans surveyed say they have too much debt.

Here are a few more statistics from various sources underscoring the need for stronger personal finance education for American citizens.

- Twenty percent of Americans don't save any of their annual income at all (CNBC), with the average American saving less

than 5% of his or her disposable income (Los Angeles Times).

- More than 40% of Americans have less than \$10,000 saved for when they retire (GoBanking Rates).

- 56% of millennials don't have any money saved in a retirement account (PurePoint Financial).

- Only 24% of millennials demonstrate basic financial literacy, according to a study from the National Endowment for Financial Education.

- A recent report found that half of American households live paycheck to paycheck (MarketWatch).