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**Objective:** Financial recommendations and consulting to establish a well-rounded financial portfolio for a client who is set to start her master’s program this fall.

**Consultation:**

**I. Roth IRA**

A Roth IRA (Individual Retirement Account) is a special type of retirement account where you pay taxes on money going into your account, and then all future withdrawals are tax-free.

*A. Establishing a Well-Rounded Investment Portfolio*

1. Diversification: Spread investments across a variety of asset classes (stocks, bonds, real estate, etc.) to reduce risk.
2. Risk Tolerance: Understand your risk tolerance to determine the right mix of aggressive (high risk, high reward) and conservative (low risk, low reward) investments.
3. Long-Term Strategy: Focus on long-term growth rather than short-term fluctuations. Regularly contribute to your Roth IRA, regardless of market conditions.
4. Rebalancing: Regularly review and adjust your portfolio to maintain your desired asset allocation.

*B. Critical Information for Beginners*

1. Contribution Limits: The annual contribution limit is $6,500, or $7,500 if you’re 50 or older.
2. Tax Advantages: Contributions are made with after-tax dollars, but qualified withdrawals are tax-free.
3. Income Limits: There are income limits for contributing to a Roth IRA. Single filers modified Adjusted Gross Income (MAGI) must be under $144,000 for tax year 2022 and $153,000 for tax year 2023.

*C. Roth IRA Providers*

1. Vanguard: Known for its low-cost mutual funds and excellent customer service.
2. Fidelity: Offers a wide range of investment options, including its own line of low-cost funds.
3. Charles Schwab: Provides a broad selection of investment options, robust customer service, and comprehensive online resources.
4. Robinhood: New to the game, Robinhood Roth IRA is the only non-employer sponsored IRA with a match (1%). The IRA Match is automatically added after eligible contributions from an external bank account. Keep the contributions in your IRA for at least 5 years from the date you contribute.

**II.** **High-Yield Savings Account (HYSA)**

A High-Yield Savings Account (HYSA) is a type of savings account that earns higher interest than a standard savings account.

*A. Choosing a Company*

1. Interest Rate: Look for a competitive interest rate.
2. Fees: Avoid companies with high fees. Look for no monthly maintenance fees, low or no minimum balance requirements, and free transactions.
3. Customer Service: Choose a company with strong customer service, including online and mobile access.
4. FDIC Insurance: Ensure the company is FDIC-insured, which protects your money up to $250,000.

*B. HYSA vs. Certificate of Deposit (CD)*

1. HYSA: Offers a higher interest rate than a regular savings account and provides flexibility to withdraw funds at any time without penalty.
2. CD: Typically offers a higher interest rate than a HYSA, but your money is locked in for a set term. Early withdrawal penalties apply.
3. Recommendation for Students: A HYSA may be more suitable for students due to its flexibility. However, if you have a lump sum that you won't need for a while, a CD could be a good option.

*C. HYSA Providers*

1. Ally Bank: Known for competitive rates, no minimum balance, and strong customer service.
2. Marcus by Goldman Sachs: Offers high-yield savings accounts with competitive rates and no minimum deposit.
3. Discover Bank: Provides a high-yield savings account with no minimum balance or fees.
4. Capital One 360 Performance Savings: One of the Big 7 US Banks, provides a high-yield savings account with no minimum balance or fees, and fast transfers.

**III.** **Certificate of Deposit (CD)**

A Certificate of Deposit (CD) is a type of savings account that has a fixed interest rate and fixed date of withdrawal, known as the maturity date.

*A. Top Rated CD Providers*

1. Barclays: Offers competitive rates and no minimum balance to open a CD.
2. Capital One: Known for its competitive CD rates and no minimum deposit.
3. Synchrony: Provides a variety of CD terms with competitive rates.

**VI. Credit Cards**

Credit cards can be a useful tool for building credit and earning rewards, but it's important to use them responsibly to avoid high interest charges and debt.

*A. Maximizing Credit Card Points*

1. Understand Your Card's Reward Structure: Different cards offer different rewards (e.g., travel, cash back, points). Understand how your card's reward system works to maximize your benefits.
2. Use Your Card for Regular Purchases: Use your credit card for everyday purchases to accumulate points but remember to pay off the balance in full each month to avoid interest charges.
3. Take Advantage of Sign-Up Bonuses: Many cards offer bonus points for spending a certain amount within the first few months. If this aligns with your regular spending, it can be a good way to earn extra points.
4. Look for Special Offers: Some cards offer bonus points for spending in certain categories or at certain retailers. Keep an eye out for these offers.

*B. Weighing Benefits vs. Annual Fee*

1. Calculate the Value of the Benefits: Estimate the value of the rewards, perks, and benefits you'll receive from the card. This could include points, travel insurance, airport lounge access, etc.
2. Compare the Benefits Value to the Annual Fee: If the value of the benefits is greater than the annual fee, the card could be worth it. If not, consider a card with no or lower annual fee.
3. Consider Your Spending Habits: If you spend a lot in the card's bonus categories, you may earn enough rewards to offset the annual fee. If not, a card with no annual fee may be a better choice.

*C. Top Rated Credit Card Providers*

1. Chase: Offers a variety of cards with robust rewards programs, including the Chase Sapphire Preferred for travel and the Chase Freedom Unlimited for cash back.
2. American Express: Known for its strong customer service and comprehensive rewards programs, including the Amex Gold Card for dining and groceries and the Amex Blue Cash Preferred for cash back.
3. Capital One: Provides a range of cards for different needs, including the Capital One Venture X for travel and the Capital One Quicksilver for cash back.
4. Bilt Rewards: Bilt Rewards offers a Mastercard that allows you to not only earn rewards when you pay rent, but to earn them with no fee.

**V. Overall Financial Strategy**

*A. Strategy*

1. Emergency Fund: Aim to have 3-6 months' worth of living expenses in a HYSA for emergencies. Start by saving 15% of your monthly income into a HYSA and if possible, gradually increase over time.
2. Investments: Contribute regularly to your Roth IRA and other investment accounts for long-term growth. Start with saving 10-15% of your monthly income into a Roth IRA and gradually increase this percentage over time if possible.
3. CDs: Consider CDs for medium-term savings goals where you won't need the money for a set period of time, however as a student, I would recommend avoiding CDs for the time being to add flexibility to your financial portfolio.
4. Allocation Percentages: Adjust percentages as needed, don’t spend over your means, and feel free to reach out for a consultation at any time.

*B. My Recommendations*

1. Roth IRA: Fidelity as it is the highest rated Roth IRA on the market. However, keep an eye on (or read into) Robinhood Roth IRA with its matching abilities.
2. High-Yield Savings Account (HYSA): Capital One 360 Performance Savings for its high APY, streamlined and easy UI and easy transfer with other big banks.
3. Certificate of Deposit (CD): None for the time being.
4. Credit Cards: The Capital One Venture X has a $395 annual fee, but the annual travel credits pay for the card each year. Additionally, the Bilt Mastercard is free and allows you to year points on your rent.

**VI. Products and AI Tools**

1. NerdWallet: NerdWallet is a personal finance platform that provides tools and advice on a range of topics, including credit cards, loans, investing, and retirement.
2. The Points Guy: The Points Guy is a travel-focused website that provides tips and advice on maximizing travel rewards, such as airline miles and credit card points.
3. Mint (Budgeting): Mint is a free, user-friendly budgeting app that aggregates all your financial accounts in one place and provides tools for tracking spending, setting budgets, and managing bills.
4. Credit Karma: Credit Karma is a personal finance platform that provides free credit scores and reports, along with tools and advice for managing and improving your credit.
5. Copilot Money: Copilot is a personal finance app that uses machine learning to analyze your spending patterns and provide personalized insights and budgeting tools.
6. Acorns: Acorns is a micro-investing app that rounds up your purchases to the nearest dollar and invests the spare change in a diversified portfolio.
7. FinChat.io: A new AI tool that summarizes financial data and news, to expand inventing knowledge.