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Ten Tips for Being Financially Savvy

The recommendations below will start you on the road to "Being Financially Savvy."
These are made considering current tax law, which is always subject to change.

1. <u>Dream! Set goals and write them down</u>. Be specific. People with written goals are far more likely to accomplish them than those without.

- What do you want to do and when?
- How much will it cost?
- Know why you are doing something!

Track your progress towards these goals and revise them as needed.

2. <u>Know how you are spending your money</u>. Your money can "trickle away" each month. Carry a small notebook for a few weeks or a month and enter every expense. Review your expenses and decide which could have been spent in a better way. Every time you spend a dollar, you have chosen NOT to use it for something else.

3. <u>When interviewing for a job, ask about the complete compensation package</u>, not just the salary or hourly wage. Company provided benefits such as health insurance, 401k matches, and disability insurance are worth money.

4. <u>Always save some portion of your paycheck</u>. At a minimum, contribute enough to your company 401K to get the full company match, This is FREE money.

5. <u>Invest now for retirement</u>. Even though your funds are limited, time is on your side. At a 10% average rate of return, your money could double every 7.2 years. $1,000 invested at Age 20 (with no additional contributions) could be $64,000 at Age 62. This is the power of compounding. - a mathematical phenomenon Einstein called the Eighth Wonder of the World.

6. <u>Open a Roth IRA</u>, if you're not itemizing deductions. Withdrawals will be tax-free.

7. <u>If offered a choice, pay disability insurance premiums with post- tax dollars</u>. Then, should you need to collect benefits, they are tax-free.

8. <u>Establish a good credit record</u> (but don't build up debt).

9. <u>Do NOT build up excessive credit card debt.</u>

<u>Limit the number of credit cards</u>. The most you need are two or three versatile cards.

<u>Know your credit card limit</u>. Exceeding this limit results in high fees. Avoid cards with low limits (like $300 or $500) since you will almost always exceed these.

<u>Beware of opening too many charge accounts</u>. They can hurt your credit record.

<u>Avoid credit cards with high interest rates and excessive fees</u>...pay attention to the details.

<u>Pay any credit card charges in full each month</u> to avoid high interest cost.

10. <u>Stay on top of current and proposed tax laws</u> that you can use to help you meet your goal.

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