Elements of Personal Finance

• Money Management
• Credit Use/Debt Repayment
• Goal Development
• Credit Report Monitoring
• Saving
• Investing
• Tax Planning
• Retirement Planning
• Insurance Coverage
Overcoming Obstacles

• Lack of Direction
• Debt
• Procrastination
• Inflation
Money Management

- Cash flow
- Create a spending plan that reflects your goals
- Net Worth
  - Assets – Liabilities = Net Worth
Credit

- Use it Wisely
  - Pay off balances immediately
  - Always pay on time
  - Seek cards with low interest, no annual fee, and long grace periods
Debt

- Good Debt/Bad Debt
  - Asset or liability

- Consumer Debt Warning Signs
  - Paying only the minimum requested payment
  - Not knowing balances
  - High interest rates
  - Over the limit/late fees
  - Using cash advances to pay essential living expenses
Goal Development

1. Short Term
   12 months or fewer

2. Mid Term
   1 year to 3 years

3. Long Term
   3 years or more

Develop an Action Plan
Credit Report Monitoring

• Credit Reports
  - Review all 3 reports once a year
  - Dispute any incorrect information in writing
Savings

- Pay yourself first
  - Payroll deduction
  - Direct deposit

- Save your next raise

- Establish an emergency account
  - 3-6 months essential expenses
Investing

• Examine your considerations
  - Objectives
  - Time frame
  - Risk tolerance

• Invest early and often
  - Dollar-cost averaging

• Diversification and asset allocation
Tax Planning

- Max out individual tax retirement plans
- Max out employer-provided plans
  - Pre-tax contributions
  - Tax-deferred growth
Retirement Planning

- 401(k)/403(b) plans
- IRAs
- For the self employed
  - Keogh
  - SEP-IRA
  - Simple IRA
Insurance Coverage

- Insurance protects savings

- Have enough:
  - Life
  - Medical
  - Asset (house, car, heirlooms)
  - Long-term disability
Final Thoughts

- Set realistic goals
- Embrace delayed gratification
- Live within your means
- Don’t spend everything you make
- Be patient
- Monitor your investments
BALANCE is a financial education and counseling service. Services include money management counseling, debt repayment options, credit report review, and more.

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