

# How to Manage Your Finances

Revised and updated by Brendan Vigorito,  
Consumer Credit Counselor

# What to Expect

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Welcome / Learning Points

Challenges

Assess Your Finances

- Setting Financial Goals
- Life Stages

Budget Guidelines

- Designing Your Spending Plan
- Managing Your Cash Flow
- Becoming Debt -free

Credit Trouble

- Your Credit Report

Financial Emergencies

Saving and Investing

- How Much Do I Need to Save?
- Choosing an Investment Professional
- Certificates of Deposit (CDs) / The CD Ladder
- Other Options

Managing Your Retirement Plan

Insurance

- Protecting Your Assets
- Be a Savvy Insurance Shopper

Estate Planning

Make Your Action Plan

Closing

# Learning Points

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- Evaluate your current financial situation
- Identify the components of financial planning
- Redesign your spending habits
- Explore ways to manage money more effectively
- Write an action plan to manage your finances

**Please consult your personal financial institution or investment professional for more specific information.**

# Challenges

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- ✓ Set goals
- ✓ Use credit wisely
- ✓ Invest appropriately
- ✓ Plan for your retirement
- ✓ Understand your tax situation
- ✓ Fund your children's education
- ✓ Determine cash flow and net worth
- ✓ Attend to your estate planning needs
- ✓ Protect your income and assets with insurance

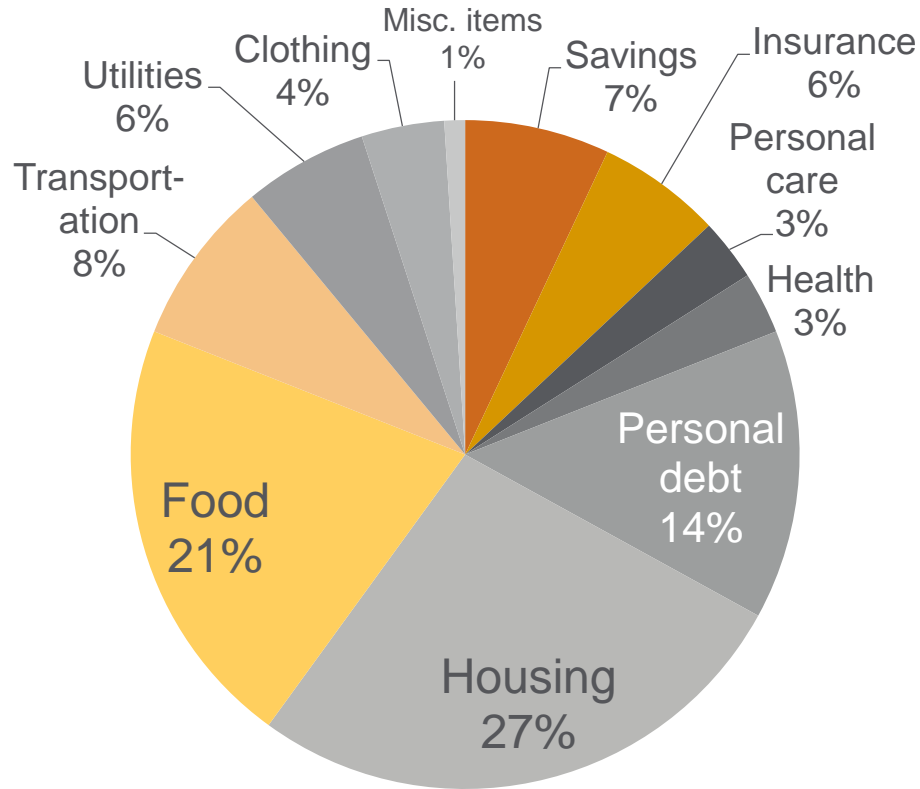


***Key to maintaining control of your finances:  
Have a plan for your money.***

***Re-evaluate financial plan often enough to  
accommodate life changes.***

# Budget Guidelines

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# Managing Your Cash Flow

Balance your checkbook

Record your expenses

Set goals

Pay yourself first (10 percent solution)

Identify spending traps



# Become Debt-Free

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Transferring credit card balances

Seeking a consolidation loan

Exploring home equity loans

Negotiating with creditors

Consider working with a credit counselor





# Credit Trouble

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# Your Credit Report

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## Check it every year

- There could be errors
- You could be a victim of identity theft

## Obtain free credit reports

[www.annualcreditreport.com](http://www.annualcreditreport.com)

1-877-322-8228

P.O. Box 105281,  
Atlanta, GA 30348-5281

# Your Credit Score

## Credit Score

- Used to determine likelihood of successful loan repayment
- Range from 300-850

## Factors affecting credit scores

- 35 Percent: Last two years of payment history
- 30 Percent: Total amounts owed
- 15 Percent: Length of credit history
- 10 Percent: New credit applications
- 10 Percent: Types of credit in use

# Financial Emergencies

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**When income decreases,  
but the bills  
keep coming...**



**Maintain financial  
well-being**

**Contact your creditors**

**Consider bankruptcy  
carefully**

# Saving and Investing

## The Cost of Procrastination

The longer your money is invested, the more it can grow. Look at how much someone who invested \$2,000 a year while she was in her 20s would have when she retired, compared to someone who began saving at age 30 and continued faithfully until age 65.

This example is based on 9 percent annual interest.

Age	Annually		Age	Annually
22	\$2,000	Total of <b>\$18,000</b> invested ..... Amount available at age 65 <b>\$579,471</b>	22	0
23	\$2,000		23	0
24	\$2,000		24	0
25	\$2,000		25	0
26	\$2,000		26	0
27	\$2,000		27	0
28	\$2,000		28	0
29	\$2,000		29	0
30	\$2,000		30	0
31	0	Total of <b>\$70,000</b> invested ..... Amount available at age 65 <b>\$470,249</b>	31	\$2,000
32	0		32	\$2,000
33	0		33	\$2,000
34	0		34	\$2,000
35	0		35	\$2,000
36	0		36	\$2,000
37	0		37	\$2,000
38	0		38	\$2,000
39	0		39	\$2,000
40	0		40	\$2,000
41	0		41	\$2,000
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51	0		51	\$2,000
52	0		52	\$2,000
53	0		53	\$2,000
54	0		54	\$2,000
55	0		55	\$2,000
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60	0	60	\$2,000	
61	0	61	\$2,000	
62	0	62	\$2,000	
63	0	63	\$2,000	
64	0	64	\$2,000	
65	0	65	\$2,000	

# Saving and Investing

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**A little  
can grow  
into a lot**

**Realize the  
power of  
compound  
interest**

**Pay  
yourself  
first**

**Make  
saving your  
top priority**

# Certificates of Deposit (CDs)

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## Bank CDs

- Guaranteed rate of return
- Rates increase as the term of deposit increases

## Negatives

- Rates
- Access
- Penalties

# The CD Ladder

The CD ladder is a strategy combining the best of short- and long-term deposits.

Divide your investment dollars into equal shares. Put each share into a separate CD that matures at a later date.





# Managing Your Retirement Plan

Begin immediately

Invest aggressively enough to outpace inflation

Avoid putting all eggs in one basket

Take long-term view



# Insurance: Protecting Your Assets

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Health insurance

Disability insurance

Liability insurance

Life insurance

Automobile insurance

Homeowners/Renters  
insurance



# Be a Savvy Insurance Shopper

Check into the insurance company's background

Contact your state insurance regulator

- Information
- Cost surveys
- Claim resolution
- Other questions, problems, resources



# Estate Planning

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**Beneficiaries**

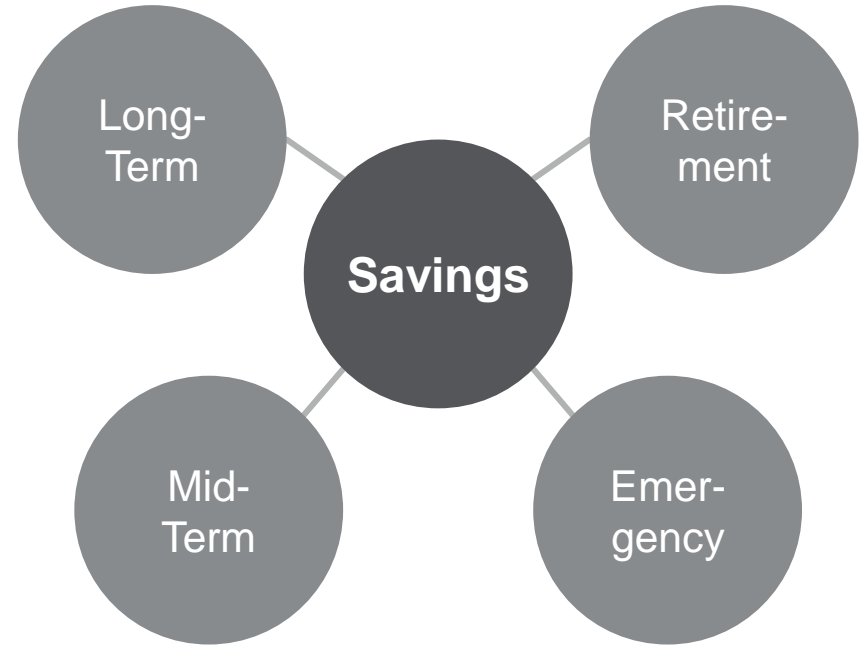
**Ownerships**

**Outstanding debt**

**Wills**

# Make Your Action Plan

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Thanks for attending  
today's presentation.

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