

Smooth Financial Sailing

Spend Wisely

- 1 Create and live within a budget.
- 2 Find savings opportunities in the big 3 spending categories: shelter, transportation and food.
- 3 Manage your debt and your credit score.

Quick tip: Cut down on your commute time. Each mile you live from work costs \$795 in commuting expenses per year (assuming a driving cost of 34 cents per mile and factoring time lost with a salary of \$25 per hour). \$795 a year for just one mile!¹

How to Avoid a Financial Mayday!



Strive to save 30% of your income – 10% for retirement, 10% for emergencies and 10% for fun.



Strive to limit your housing expense to no more than 28% of your gross income.



Strive to limit your total debt payments to no more than 36% of your gross income.



Don't let your credit card balances exceed 30% of your overall credit limits.

Protect Thoughtfully

- 1 Safeguard your earning power with disability insurance.
- 2 Protect your loved ones with life insurance.
- 3 Carry adequate health insurance. Medical bills are the leading cause of personal bankruptcy according to NerdWallet.com.

Quick tip: The odds of disability due to illness or injury are quite high – 1:4. Comparatively, the odds of winning the lottery are 1:259,000,000. Make sure you have income protection.³

Save Proactively

- 1 Build an emergency fund to cover unexpected expenses.
- 2 Start saving for retirement in your 20s.
- 3 Consider the Rule of 100 (or 120) when investing assets in stocks.

Quick tip: If you begin saving for retirement at 25, putting away \$2,000 a year for just 40 years, you'll have around \$560,000, assuming earnings grow at 8 percent annually. However, if you wait until age 35, at the same savings rate, you'll have around \$245,000 – less than half the money.²

¹ LifeHacker.com

² Bankrate

³ DisabilityCanHappen.org