

Take Control of Your Finances in 2017

Imagine having the money to live comfortably, take the vacation of your dreams, pay for your child's education and maintain your lifestyle during retirement. While financial freedom may sound like a pipedream for many people, by sticking to a budget, it's possible to eliminate debt, save more of what you earn and alleviate any financial stress you may feel.

5 Tips for Creating a Better Budget

A budget is a spending plan intended to help you reach your short- and long-term financial goals. Whether you want to build up your "rainy day" fund or save for a large purchase, such as a down payment on a home, a budget can help you see where your money is going so you can put more aside.

Only **39%** of Americans have a "rainy day" fund that could cover at least three months of expenses.¹

1 Get a clear picture of your current financial situation. List all of your expenses for a month to see where your money is going. Once you know this, you can adjust your spending.

- **Include your fixed expenses**, such as your utilities, groceries and debt payments.
- **Include your discretionary spending**, or the "extras," such as shopping, going out to eat, morning coffee, etc.
- **List irregular expenses.** These expenses are due throughout the year and include taxes, car maintenance, community fees, school expenses or vacations.

Total your expenses and compare them to your net income. Are you spending more than what you earn or is it balanced? Can you save more money?

2 Reduce your spending. Make cuts to your discretionary spending first. If your goal is to save more money, bring your coffee or lunch to work each day and save going out as a Friday treat.

If you've cut spending on your "extras" and want to save even more, look for ways to reduce your utility and grocery bills. The more efficient you are with your energy and water use, the more you can save. Similarly, using coupons or belonging to a store loyalty program can help save money each time you shop.

82% of Americans have a budget.¹

3 Ask for discounts. You may be entitled to discounts with your insurance carrier or cell phone and cable providers and not even know it. Give them a call to find out what discounts you may qualify for and what current promotions they may be running.

4 Set up automatic savings if you haven't done it yet. That way, you don't have to think about transferring money each month.

5 Continue to monitor your spending. Maintaining this practice will help you stay on track as you pursue financial success. Whether you track it in a notebook or use an app, staying on top of your spending will keep you motivated to reach your financial goals. It may also help you resist impulsive spending.



4 Ways to Eliminate Debt



Many Americans want to get out of debt, but aren't sure where to start. The following tips will help you pay down your debt so you have more money to save or enjoy.

1 Ask for a lower interest rate. If you have good credit and are a long-term customer with a solid history of making your payments on time, you may be able to reduce your interest rate. Call the issuer of your cards to see if you qualify, especially if you've been offered a lower rate by a competitor.

2 Start with one. If you owe money on several cards, it may feel overwhelming to reduce debt. Make the process more manageable by focusing your attention on paying off the card that has the highest interest rate first. Once that card is paid off, you can begin to pay off the card with the next highest rate and continue the process until all of your credit card debt is eliminated.



Source: 1. MarketWatch, January 31, 2015
2. NerdWallet.com
3. Dave Ramsey

3 Pay your vehicles off faster. The average American owes \$27,141 on their automobile loan.² Loan payments are calculated using compounding interest, which is interest that is added to the principal of the loan each month the balance is outstanding. In short, you're paying interest on interest; however, you can make it work for you by knowing how much of your payment is applied toward the principal. If you want to pay your loan off quickly, double, triple or quadruple your principal each month.

4 Pay off your mortgage early. Join the more than 20 million Americans who own their homes. If the terms of your mortgage allow you to pay it off early, make it a goal to do so.

- **Make an extra payment each quarter.** This may help you pay your loan up to 11 years early.³
- **Round up.** The more you round, the sooner you'll pay it off. Remember to note on your payment that any extra money should be applied to the principal.
- **Apply unexpected windfalls to the principal.** This includes tax refunds, cash bonuses, inheritances or annual escrow overages.

Fun Ways to Encourage Children to Save

Teaching wise money habits to your children or grandchildren now will help them manage their money better when they're older.

- 1. Set goals.** When children save for expensive items they want, it teaches them delayed gratification as well as the value of saving.
- 2. Turn saving into a game.** Create a competition between multiple children to see who can save more. Sweeten the deal by promising a reward for the winner.
- 3. Teach the rule of three.** Show them how to divide the money they get into three banks—one for saving, one for spending and one for sharing. Every time they receive money, they will think about how much money to put into each bank.

