

# Top 10 Tips for Fiscal Fitness

As days turn into weeks and weeks turn into months, it may feel like there is little time to catch up on all of your financial responsibilities. Sometimes it may be easier to simply toss ATM receipts, credit card bills, and bank statements into the “junk drawer” to deal with later. But, later never seems to come. Is it time for you to put fiscal fitness at the top of your to-do list?

Your ability to manage your money can play a pivotal role in your financial future, and to a large extent, your capacity to live life on your own terms. Consider the following 10 tips to improve your financial well-being:

- 1. Pay yourself first.** Transfer a set amount from your earnings to your savings each month. An investment of \$1,000 per month earning 8% annual interest could grow to over \$180,000 before taxes in 10 years.\*
- 2. Reduce your debt.** Avoid high credit card finance charges by paying off the balances each month, or if you must carry a balance, use credit cards that offer low interest rates beyond the introductory period.
- 3. Maintain good credit.** You can obtain one free annual credit report from each of the three major credit bureaus: TransUnion, Equifax, and Experian. Good credit is required for obtaining loans and low interest rates. Monitoring your credit can also help you guard against identity theft.
- 4. Diversify your savings.** Develop a plan for your short- and long-term needs. Consider your liquidity needs, risk tolerance, and time horizon.
- 5. Take advantage of tax benefits.** If you qualify, contribute to an Individual Retirement Account (IRA), a 401(k) plan, or another similar retirement plan. These plans offer tax benefits that can help build your retirement savings.
- 6. Update your estate plan.** Have your will and any trusts reviewed by a lawyer. Prepare advance directives, such as a durable power of attorney, living will, and health care proxy.

**7. Review your insurance needs.** Periodically review your risk management program. Your life, health, and disability income insurance needs will likely change as you progress through various life stages. This is particularly important, in the event of sustaining a disabling illness or injury that would prevent you from working, or an untimely death.

**8. Plan for future long-term care.** Take a look at your possible long-term care (LTC) needs. Are you prepared if the time comes when you may require assistance with daily activities like eating, bathing, dressing, toileting, or mobility? LTC insurance may offer more options for care, help preserve your assets, and lessen the caregiving burden on family members. LTC insurance can help pay for the cost of care whether provided in the home, an assisted living facility, or a nursing home.

**9. Build a college fund.** College tuition rates are increasing, and scholarships or financial aid may not cover all the costs for your children's education. Consider starting a college savings plan as soon as you can.

**10. Set short- and long-term financial goals.** Establish 1-, 3-, 5- and 10-year goals that you can realistically meet. Evaluate your progress yearly and make adjustments, as appropriate, to achieve your overall financial objectives.

Regardless of your current financial situation, these guidelines may help you to manage your money, as well as attain fiscal fitness through various life stages.

*\* This hypothetical example is for illustrative purposes only. It is not intended to reflect an actual security's performance. Investments involve risk and may result in a profit or a loss. Seeking higher rates of return involves higher risks.*

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