



## Money and You ... What's Your Style?

Here are some questions about money that can help you understand how money motivates you. They also will help you understand how other people view money and help you begin to develop a basis for working out differences about money with other people. Don't think too long about each question. Just circle the answer that best fits you.

**1. If I won \$1,000 in the lottery, I would...**

- a. go on a weekend vacation.
- b. save it for a rainy day.
- c. invest it in hopes of making more money.
- d. buy a gift for someone.

**2. If I had more money, I...**

- a. could do more of what I want to do.
- b. would have fewer problems.
- c. would drive a more expensive car.
- d. could make the lives of those I care for easier.

**3. To save money, I...**

- a. do it when it feels right.
- b. pay myself first every month.
- c. look for high risk/high return investments.
- d. plan to save a specific amount each month, but alter my plans if my family needs it.

**4. When it comes to discussing my finances, I...**

- a. don't.
- b. share information when it's valuable to others.
- c. like to tell people how well I'm doing financially.
- d. seek the advice of others often.

**5. Before I buy an expensive item, I...**

- a. make sure I feel good about the purchase.
- b. read consumer magazines.
- c. ask myself, "How will this purchase enrich my life?"
- d. seek the opinions of others, particularly friends and family.

**6. If I were to come across an extra \$50 in my old coat pocket, I would...**

- a. buy myself something I want.
- b. save the money.
- c. invest the money.
- d. take a friend to lunch.

**7. If I buy a generic brand item, I...**

- a. feel I deserve better, but can't afford better.
- b. feel I'm a smarter shopper.
- c. remove the label so others won't know it's generic.
- d. worry it might not taste right, or work right.

**8. Keeping up with bills...**

- a. is not a high priority.
- b. and paying them on time is important.
- c. is someone else's job or responsibility.
- d. is important so people aren't upset with me.

**9. Borrowing money...**

- a. is against my principles.
- b. is okay when needed.
- c. is valuable for investments and business deals.
- d. from friends and family works best for me.

**10. When paying for dinner, I...**

- a. want people to contribute what they owe without any hassle.
- b. prefer separate checks.
- c. use my credit card and people can pay me.
- d. like to pay for everyone when I can afford it.

**11. Tipping at restaurants...**

- a. is okay if you get good service.
- b. hurts but I do it anyway.
- c. should be lavish at fancy restaurants.
- d. is recognition of the hard work that waiters and waitresses provide.

**12. If I won the lotto, I...**

- a. would quit work and do whatever strikes my fancy.
- b. would continue to work but would enjoy some of the money now.
- c. could expand my business plans tremendously.
- d. would enjoy more time with family and friends.

**13. When I can't make up my mind about buying something, I tell myself...**

- a. go for it.
- b. it's a great buy.
- c. a good investment will pay off.
- d. my friends will enjoy it.

**14. In my situation...**

- a. I let someone else handle the bills.
- b. I make sure our budget is working.
- c. I make the big financial decisions and my partner is the bargain saver.
- d. my partner and I take turns with financial recordkeeping.

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# Net Worth Statement

## Assets

(What you own)

Cash on hand: \$ \_\_\_\_\_

Savings account totals: \$ \_\_\_\_\_

Checking account totals: \$ \_\_\_\_\_

Other accounts totals: \$ \_\_\_\_\_  
(share certificates, money market accounts, etc)

Current value of Investments:

IRA accounts: \$ \_\_\_\_\_

Retirement accounts: \$ \_\_\_\_\_  
(vested portion of 401(k), 403(b), etc.)

U.S. savings bonds: \$ \_\_\_\_\_

Stocks: \$ \_\_\_\_\_

Bonds: \$ \_\_\_\_\_

Mutual Funds: \$ \_\_\_\_\_

Other investments \$ \_\_\_\_\_

Cash value of life insurance: \$ \_\_\_\_\_

Market value of home(s): \$ \_\_\_\_\_

Value of home furnishings: \$ \_\_\_\_\_

Value of automobiles: \$ \_\_\_\_\_

Value of personal property: \$ \_\_\_\_\_

Other assets: \$ \_\_\_\_\_

**Total Assets:** \$ \_\_\_\_\_

## Liabilities

(What you owe)

List outstanding balance on loans:

Mortgages: \$ \_\_\_\_\_

Autos: \$ \_\_\_\_\_

Credit cards: \$ \_\_\_\_\_

Student loans: \$ \_\_\_\_\_

Other loans: \$ \_\_\_\_\_

Taxes due: \$ \_\_\_\_\_

Other bills due: \$ \_\_\_\_\_

Other liabilities: \$ \_\_\_\_\_

**Total Liabilities:** \$ \_\_\_\_\_

## My Net Worth

Total Assets: \$ \_\_\_\_\_

Less Total Liabilities: - \$ \_\_\_\_\_

Net Worth: = \$ \_\_\_\_\_

Date: \_\_\_\_\_



# Cash Flow Statement

Dates: Yearly/Monthly \_\_\_\_\_

## Income

(Where you get your money)

Salary/Wages: \$ \_\_\_\_\_  
(Net total after taxes/deductions)

Salary/Wages: \$ \_\_\_\_\_  
(Net total after taxes/deductions)

Interest/Dividends earned: \$ \_\_\_\_\_

Alimony/child support: \$ \_\_\_\_\_

Investment sales: \$ \_\_\_\_\_

Retirement distributions: \$ \_\_\_\_\_

Income tax refund: \$ \_\_\_\_\_

Other income: \$ \_\_\_\_\_  
(Personal loans due, rental income, gifts, etc)

Other income: \$ \_\_\_\_\_

Other income: \$ \_\_\_\_\_

**Total Income:** \$ \_\_\_\_\_

**Total Income:** \$ \_\_\_\_\_

**Total Expenses:** - \$ \_\_\_\_\_

**Cash flow for period:** = \$ \_\_\_\_\_

## Expenses

(What you do with your money)

Savings: \$ \_\_\_\_\_  
(Pay yourself first!)

Mortgage(s)/rent: \$ \_\_\_\_\_

Auto loans: \$ \_\_\_\_\_

Credit card pmts: \$ \_\_\_\_\_

Other loans: \$ \_\_\_\_\_

Auto insurance: \$ \_\_\_\_\_

Home insurance: \$ \_\_\_\_\_

Life insurance: \$ \_\_\_\_\_

Property taxes due: \$ \_\_\_\_\_

Income taxes due: \$ \_\_\_\_\_

Phone: \$ \_\_\_\_\_

Electricity: \$ \_\_\_\_\_

Water/sewer: \$ \_\_\_\_\_

Cable/Internet: \$ \_\_\_\_\_

Other utilities: \$ \_\_\_\_\_

Medical/Dental: \$ \_\_\_\_\_

Alimony/support: \$ \_\_\_\_\_

Gas and auto repair: \$ \_\_\_\_\_

Groceries: \$ \_\_\_\_\_

Lunches/dining: \$ \_\_\_\_\_

Entertainment: \$ \_\_\_\_\_

Clothing/laundry: \$ \_\_\_\_\_

Dues/subscriptions: \$ \_\_\_\_\_

Recreation/sports: \$ \_\_\_\_\_

Pet expense: \$ \_\_\_\_\_

Education: \$ \_\_\_\_\_

Gifts: \$ \_\_\_\_\_

Charitable gifts: \$ \_\_\_\_\_

Home repair: \$ \_\_\_\_\_

School/education: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

Other: \$ \_\_\_\_\_

**Total Expenses:** \$ \_\_\_\_\_



# Debt Ratio

$$\frac{\$ \underline{\hspace{2cm}}}{\text{Total monthly debt}} \div \frac{\$ \underline{\hspace{2cm}}}{\text{Total take home pay}} = \text{Your debt ratio : } \underline{\hspace{1cm}} (\%)$$

List all monthly debt payments except mortgage/housing:

Auto loans: \$ \_\_\_\_\_  
Personal loans: \$ \_\_\_\_\_  
Student loans: \$ \_\_\_\_\_  
Credit cards: \$ \_\_\_\_\_  
Other: \$ \_\_\_\_\_  
Total monthly debt: \$ \_\_\_\_\_

## Debt ratio guidelines

10% or less: Excellent!  
20%: At the limit for a manageable amount of debt.  
25%: Overextended – make changes to reduce debt.  
Over 25%: Too much debt to manage on your income!

*Thinking of taking on additional debt? Calculate what your new debt ratio will be before charging large purchases or taking a new loan to see if you will be in safe limits.*

Get your credit report: [www.annualcreditreport.com](http://www.annualcreditreport.com)

Get off the list for pre-approved credit card offers: 1-888-OPT-OUT



# Financial Goals

Identify specific monetary goals in writing to help turn your dreams into reality!

- |                                    |                                 |
|------------------------------------|---------------------------------|
| Buy a home                         | Retirement savings              |
| Make home improvements             | New car/boat                    |
| Vacation                           | Get out of debt                 |
| Education/College                  | Health/beauty/dental procedures |
| Build an emergency savings account | Gifts                           |

## What are you saving for?

### Short Term Goals: (within this year)

Specific Goal:	Cost	Target date	Amt/pay period	Strategy to attain
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____

### Medium Term Goals: (1-5 years)

_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____

### Long Term Goals: (over 5 years)

_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____
_____	\$ _____	_____	\$ _____	_____

**SMART Goals are: S**pecific, **M**easurable, **A**ttainable/Adjustable, **R**ealistic and **T**ime-bound



# Spending Plan/Budget

<b>Income:</b>	<b>Budgeted Amount</b>	<b>Actual Amount</b>
Wages	\$ _____	\$ _____
Wages	\$ _____	\$ _____
Interest/Dividends	\$ _____	\$ _____
Social Security/Retirement	\$ _____	\$ _____
Alimony/Child support	\$ _____	\$ _____
Other income:	\$ _____	\$ _____
<b>Total Income:</b>	<b>\$ _____</b>	<b>\$ _____</b>

<b>Expenses:</b>	<b>Budgeted Amount</b>	<b>Actual Amount</b>
Savings Pay Yourself First!	\$ _____	\$ _____
Rent or Mortgage	\$ _____	\$ _____
Electricity/Gas/Oil	\$ _____	\$ _____
Water/trash	\$ _____	\$ _____
Phone/Cell	\$ _____	\$ _____
Internet/Cable	\$ _____	\$ _____
House Insurance & taxes	\$ _____	\$ _____
Home repair	\$ _____	\$ _____
Set aside for home repair	\$ _____	\$ _____
Car loan payment	\$ _____	\$ _____
Gas	\$ _____	\$ _____
Car insurance	\$ _____	\$ _____
Maintenance & repairs	\$ _____	\$ _____
Set aside for repairs	\$ _____	\$ _____
Food/Groceries	\$ _____	\$ _____
Food/Dining out	\$ _____	\$ _____
Medical/Prescriptions	\$ _____	\$ _____
Clothing	\$ _____	\$ _____
Credit Card/personal debt	\$ _____	\$ _____
Charitable contributions	\$ _____	\$ _____
School/tuition/supplies	\$ _____	\$ _____
Newspaper & Magazines	\$ _____	\$ _____
Haircuts	\$ _____	\$ _____
Gifts	\$ _____	\$ _____
Childcare	\$ _____	\$ _____
Lessons/teams/hobbies	\$ _____	\$ _____
Entertainment	\$ _____	\$ _____
Life Insurance	\$ _____	\$ _____
Other	\$ _____	\$ _____
<b>Total Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>

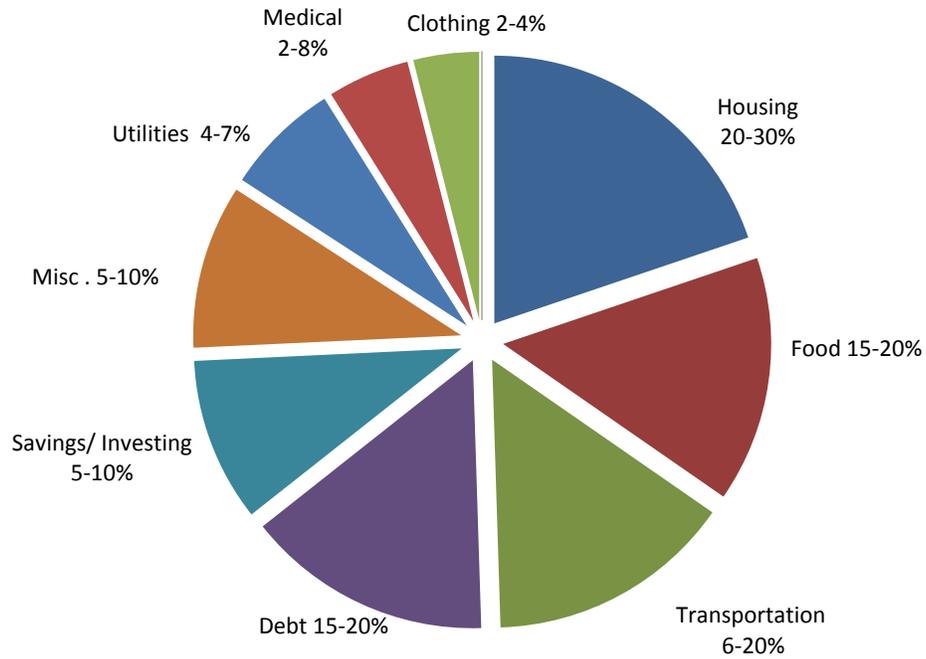
**Is your budget balanced?**

**If you have a surplus, save more! If you have a shortfall, spend less!**





# Expenditure Guidelines



## Set aside amounts for occasional expenses:

Item	Yearly amount	monthly set-aside
Car repair:	\$360-\$1,200	\$30 -\$ 100
Home repair	2-3% of home value	\$ _____
Gifts	\$ _____	\$ _____
Holiday expense:	\$ _____	\$ _____
Vacation	\$ _____	\$ _____
Dues/subscriptions	\$ _____	\$ _____
Car insurance if not paid monthly	\$ _____	\$ _____
Life insurance if not paid monthly	\$ _____	\$ _____
Property taxes if not paid monthly	\$ _____	\$ _____
Other:	\$ _____	\$ _____

## How to get your credit report at no cost

To order your free report, go to [annualcreditreport.com](http://annualcreditreport.com). Review your credit report from the three credit bureaus, getting one every few months. This keeps you up-to-date on the content and allows you to find any inconsistencies within your financial information as you compare the reports. For further information, contact any of the three major credit reporting bureaus:

### Equifax

P.O. Box 740241  
Atlanta, GA 30374  
800-685-1111  
[equifax.com](http://equifax.com)

### Experian

P.O. Box 9595  
Allen, TX 75013  
888-397-3742  
[experian.com](http://experian.com)

### TransUnion

P.O. Box 2000  
Chester, PA 19022  
800-916-8800  
[transunion.com](http://transunion.com)

Your FICO score is available to you for a small fee. You can obtain your FICO score and find additional services and resources to help manage and protect your credit from Equifax.

## What to do if you spot errors

Credit reports may contain outdated or incorrect information. Creditors report billions of pieces of information to credit bureaus each year. Under the Fair Credit Reporting Act, credit bureaus and any business that supplies them with data must investigate consumer disputes at no charge, generally within 30 days. Within five business days of completing its investigation, the bureau must send you the results, a revised copy of the credit report, and information about your rights. Corrections must be sent to all major credit bureaus, so you don't have to contact them yourself. If you spot suspicious information, here's what you should do:

- ❑ Write a letter to each credit reporting bureau, giving your full name and mailing address, date of birth, and Social Security number, and explain what information you think is inaccurate.
- ❑ Request a deletion or correction.
- ❑ In your letter, clearly identify each item in your report that you dispute.
- ❑ Sign your letter.
- ❑ Enclose a copy of your report with the items in question circled.

- ❑ Include copies (not originals) of documents that support your position.
- ❑ Send your letter by certified mail, return receipt requested, so you can prove that the credit bureau received the information.
- ❑ Keep a log of your efforts and everyone you talk to. Make your credit report a valuable asset. Pay your bills on time, review your credit report at least once a year, and understand how the credit rating system works. Avoid possible complications associated with having an inaccurate credit report and rectify erroneous information immediately. A solid credit record and an accurate credit report are valuable assets.

## Make your credit report a valuable asset



Pay your bills on time, review your credit report at least once a year, and understand how the credit rating system works. Avoid possible complications associated with having an inaccurate credit report and rectify erroneous information immediately. A solid credit record and an accurate credit report are valuable assets.

# Credit Reporting 101



## Understanding Your Credit Report

When was the last time you checked your credit report for accuracy? How do you obtain your credit score? What does your credit report mean to those who lend you money and credit? Not only does your credit report affect your financial life, but it can also affect your career, education, and the interest



rates that lenders offer you. Your credit report should make you look as financially attractive as possible. By periodically reviewing your credit report, you can see your payment history, understand how your credit is rated, prevent errors from going undetected, and save delay when you need an accurate credit report the most.

### Credit reports from the major reporting agencies

Your credit report—also referred to as a credit file, credit history, or credit rating—is a compilation of your payment history on all credit accounts to judge your credit worthiness. The three major credit reporting agencies are Equifax, Experian, and TransUnion. They don't share information, so one report may not be identical to another. Information about your existing and past credit accounts—mortgages, credit cards, student loans—is reported to the bureaus, while judgments, liens, and bankruptcies are found by the bureaus from public records.

### Credit bureau affiliates

Besides the three major reporting agencies, there are hundreds of credit bureaus called affiliates that collect financial information for their customers. Mortgage reporters use credit report information to create detailed credit reports for real estate lenders. Resellers purchase, collect, package, and sell information about your financial life to lenders, employers, insurance agencies, and other customers. Their customers use the information to make decisions about whether to offer you loans or other services

### Requests to view your report

Whenever you or an authorized creditor requests to see it, your credit report is produced with a listing of your personal information, payment history, outstanding balances, and maximum lines of credit available. Your credit report also reveals any late payments, charge-offs (accounts written off as uncollectible), bankruptcies, and recent inquiries from creditors that have obtained a copy of your report.

### Types of credit reports

**An investigative report** is very detailed and may contain information about your lifestyle. Investigative reports are usually prepared for companies that want a thorough background check, such as one needed for high-dollar insurance policies, a high-level job, or a security clearance.

**A standard report** contains a complete outline of your financial history. You'll probably only have to deal with a standard report. There are four parts to a standard report:

**Personal information**—Your name, spouse's name, address, previous addresses for the past 5 to 10 years, date of birth, Social Security number (as well as that of your spouse), addresses of your previous and present employers, and your telephone number.

**Tradeline**—A list of your credit accounts, the opening date, whether you make timely payments, the balance, joint account information, and any negative information regarding the account.

**Public record**—Monetary judgments, state and federal tax liens, and bankruptcies.

**Inquiries**—Everyone who has viewed your credit report recently. One kind of inquiry is generated when you apply for credit, insurance, or a job. Another kind is a promotional inquiry that is created when lenders ask the credit bureau for lists of people who fit a certain category so that they can mail them pre-approved credit offers. A third kind of inquiry is created when lenders want to review their customers' credit reports to increase credit lines before the holidays. Customers who fit the stores' qualifications will be granted more credit.

### Your credit score

Named for its founders, Fair, Isaac & Company, your

### Credit Report Card: The Three "C's"

The guidelines that creditors use to decide when to grant credit are character, capacity, and collateral

#### Character:

How responsible you are in paying your bills

#### Capacity:

Your ability to repay loans based on money management skills, income, and financial position

#### Collateral:

What assets you have to offer if you don't pay back the loan

FICO score helps a lender gauge the likelihood of a loan being repaid. While your credit report is a reflection of your financial activities, your credit score is an analysis of your credit worthiness based on your credit history and current credit accounts.



Credit scores range from about 350 to 850 points. The higher the score, the more likely you are to get credit. A score of 700 and up is considered excellent, while borrowers with scores below 620 may not get

the best interest rates available and may experience complications when requesting credit. Here are three important factors that determine your credit score:

**Past payment history.** Get a higher score if you consistently pay your bills on time.

**Outstanding balances.** The higher your credit card balances are in relation to the percentage of your credit limits used, the lower your score.

**Financial stability.** The length of time you've had the same accounts open, the various types of existing credit, and the number of recent credit applications you have submitted. Also, the length of time at your current job and whether you have a checking or savings account are considered when calculating your score.

## COMMON WAYS ID THEFT HAPPENS:

Skilled identity thieves use a variety of methods to steal your personal information, including:

- 1. Dumpster Diving.** They rummage through trash looking for bills or other paper with your personal information on it.
- 2. Skimming.** They steal credit/debit card numbers by using a special storage device when processing your card.
- 3. Phishing.** They pretend to be financial institutions or companies and send spam or pop-up messages to get you to reveal your personal information.
- 4. Changing Your Address.** They divert your billing statements to another location by completing a “change of address” form.
- 5. “Old-Fashioned” Stealing.** They steal wallets and purses; mail, including bank and credit card statements; pre-approved credit offers; and new checks or tax information. They steal personnel records from their employers, or bribe employees who have access.

DETER·DETECT·DEFEND  
**AVOID** THEFT  
[www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)

To learn more about ID theft and how to deter, detect, and defend against it, visit [ftc.gov/idtheft](http://ftc.gov/idtheft). Or request copies of ID theft resources by writing to:



**Consumer Response Center**  
Federal Trade Commission  
600 Pennsylvania Ave., NW, H-130  
Washington, DC 20580

DETER·DETECT·DEFEND

**AVOID** THEFT

[www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)



FIGHTING BACK AGAINST  
**IDENTITY THEFT**

FEDERAL TRADE COMMISSION



# DETER



# DETECT



# DEFEND

**Identity theft is a serious crime. It occurs when your personal information is stolen and used without your knowledge to commit fraud or other crimes. Identity theft can cost you time and money. It can destroy your credit and ruin your good name.**

**Deter identity thieves by safeguarding your information.**

- **Shred** financial documents and paperwork with personal information before you discard them.
- **Protect** your Social Security number. Don't carry your Social Security card in your wallet or write your Social Security number on a check. Give it out only if absolutely necessary or ask to use another identifier.
- **Don't give out** personal information on the phone, through the mail, or over the Internet unless you know who you are dealing with.
- **Never click** on links sent in unsolicited emails; instead, type in a web address you know. Use firewalls, anti-spyware, and anti-virus software to protect your home computer; keep them up-to-date. Visit [OnGuardOnline.gov](http://OnGuardOnline.gov) for more information.
- **Don't use** an obvious password like your birth date, your mother's maiden name, or the last four digits of your Social Security number.
- **Keep** your personal information in a secure place at home, especially if you have roommates, employ outside help, or are having work done in your house.

**Detect suspicious activity by routinely monitoring your financial accounts and billing statements.**

**Be alert to signs that require immediate attention:**

- Bills that do not arrive as expected
- Unexpected credit cards or account statements
- Denials of credit for no apparent reason
- Calls or letters about purchases you did not make

**Inspect:**

- **Your credit report.** Credit reports contain information about you, including what accounts you have and your bill paying history.
  - The law requires the major nationwide consumer reporting companies—Equifax, Experian, and TransUnion—to give you a free copy of your credit report each year if you ask for it.
  - Visit [www.AnnualCreditReport.com](http://www.AnnualCreditReport.com) or call 1-877-322-8228, a service created by these three companies, to order your free credit reports each year. You also can write: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.
- **Your financial statements.** Review financial accounts and billing statements regularly, looking for charges you did not make.

**Defend against ID theft as soon as you suspect it.**

- **Place a "Fraud Alert" on your credit reports, and review the reports carefully.** The alert tells creditors to follow certain procedures before they open new accounts in your name or make changes to your existing accounts. The three nationwide consumer reporting companies have toll-free numbers for placing an initial 90-day fraud alert; a call to one company is sufficient:
  - **Equifax:** 1-800-525-6285
  - **Experian:** 1-888-EXPERIAN (397-3742)
  - **TransUnion:** 1-800-680-7289

Placing a fraud alert entitles you to free copies of your credit reports. Look for inquiries from companies you haven't contacted, accounts you didn't open, and debts on your accounts that you can't explain.

- **Close accounts.** Close any accounts that have been tampered with or established fraudulently.
  - Call the security or fraud departments of each company where an account was opened or changed without your okay. Follow up in writing, with copies of supporting documents.
  - Use the ID Theft Affidavit at [ftc.gov/idtheft](http://ftc.gov/idtheft) to support your written statement.
  - Ask for verification that the disputed account has been closed and the fraudulent debts discharged.
  - Keep copies of documents and records of your conversations about the theft.
- **File a police report.** File a report with law enforcement officials to help you with creditors who may want proof of the crime.
- **Report the theft to the Federal Trade Commission.** Your report helps law enforcement officials across the country in their investigations.
  - Online: [ftc.gov/idtheft](http://ftc.gov/idtheft)
  - By phone: 1-877-ID-THEFT (438-4338) or TTY, 1-866-653-4261
  - By mail: Identity Theft Clearinghouse, Federal Trade Commission, Washington, DC 20580

DETER · DETECT · DEFEND



## *Be your own savings advocate.*

With a 401(k) or similar plan, you're in the driver's seat. Employers and fund providers may make investment education available, but it's up to you to build the retirement nest egg you need.

There's no need to micromanage the money in your plan—just use smart saver strategies to make your money grow.

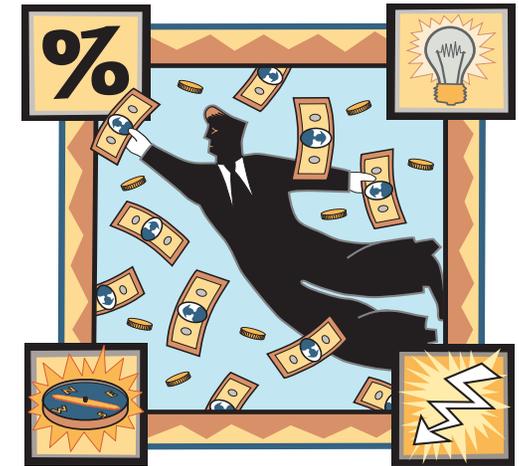
### *Choose to Save*

- Tap into savings education resources such as [www.choosetosave.org](http://www.choosetosave.org)
- Consult with professional financial advisors.
- Diversify your investments with a variety of funds that can help you reach your unique savings goals.
- Rebalance when equity/fixed income percentages move more than 5 percent off your targets.
- Track your savings progress at every age milestone.

# Choose to Save<sup>®</sup>

[www.choosetosave.org](http://www.choosetosave.org)

*Campaign Partners*



## Maximizing Your Company Savings Plan

*Make the most of your savings plan.*

**T**here's a lot to like in 401(k) and other employer-sponsored savings plans: The ability to choose your own investments from a menu of investment options. A chance to save pre-tax dollars. An easy way to save for retirement. The possibility of "free money" from an employer contribution. The benefits are all there...as long as you make the most of your plan.

For information on Choose to Save<sup>®</sup>, we invite you to e-mail us at [info@choosetosave.org](mailto:info@choosetosave.org)

For additional savings tools, calculators and worksheets, please visit [www.choosetosave.org](http://www.choosetosave.org)

Choose to Save<sup>®</sup>  
Suite 878  
1100 13th Street NW  
Washington, DC 20005



### **take the driver's seat with a 401(k) plan**

**S**tart by joining the plan as soon as you're eligible. It's never a perfect time to save—there **always** are demands on our money. Save a small amount now and save more as soon as you can.

Consistency is the key to success. Saving a small amount from each paycheck can be relatively painless and profitable. Over time, the income earned on your money typically snowballs, ringing the cash register of retirement security.

### **Cash in on free money**

The government limits the amount of money you can contribute to your employer-sponsored savings plan on a before tax basis.<sup>1</sup> You save pre-tax dollars from your "gross" income, so your retirement contributions reduce your taxable

<sup>1</sup> In 2007, the maximum employee pre-tax contribution for most employees by law was \$15,500. The limit is adjusted each year for inflation.

income. It may make good financial sense to contribute the maximum and cut your tax bill.

If your plan has a matching employer contribution, it's an added bonus. Try to contribute at least the maximum amount your employer will match to get as much "free money" as possible. Typically, employers contribute a percentage of your contribution through their own matching formula. Until you withdraw the money, it's a tax-deferred bonus that boosts your long-term savings.

If you can't contribute the maximum, contribute as much as you possibly can and increase your contributions as your salary increases. An employer match can help increase your retirement savings. Assume you earn \$40,000 and you contribute 10 percent into your account each year. If your employer matches your contribution up to, say, 3 percent of your pay, that's \$1,200. Wow!

Save the most that you possibly can in a 401(k) or similar employer-sponsored savings plan. The money you save here could provide the foundation for a financially secure retirement.



### **cut your tax bill by contributing the maximum to your savings plan**



### **choose from a menu of investment options**

### **Buy a ticket to the investment world**

When you have a small amount of money to save and invest, it can be difficult to meet minimum requirements for many investment vehicles. A 401(k) or similar plan combines the money of many employees, giving you access to a variety of investment opportunities.

Diversification is one of the most important principles of investing. You can achieve much of that diversification through different mutual fund options in your plan. A "balanced" mutual fund, for example, owns shares in many different stocks and bonds. The 401(k) or similar plan gives you access to professional money managers who choose among thousands of investments.

### **Don't cash out—roll over**

If you change jobs, don't clean out your plan account along with your desk. It's too tempting to spend all or part of your money. Even a small raid on your savings can crack your nest egg and risk your retirement security. Your best alternative may be to roll the money over directly into your next employer's plan or into an individual retirement account (IRA). You may even be able to leave the money in your current employer's plan.