

Your Money Matters

an adult's guide to personal finance



Your Money, Your Life, Your Future

What does money mean to you?

Seems like a simple question, doesn't it? But if you really stop and think about it, it may be difficult for you to come up with an immediate answer. Money means different things to all of us; that's why we each have unique financial goals related to our wants, needs and values.

For some, money means security. For others, it's about freedom or success. Before you can learn how to manage your money, you must learn what money means to you. Spend some time thinking about your money values. Ask yourself the following questions to determine your money values and learn how they shape your spending and saving priorities.

How did you view money growing up?

Did your parents ever talk to you about money?

Have you ever felt richer or poorer than your friends? How did that make you feel?

How were your parents at handling money?

Do you consider yourself a spender or a saver? Why?

What's your charitable-giving philosophy?

Financially speaking, where do you see yourself in five to 10 years?

Are you willing to live below your means for a while in order to have something better later in life?

If you're engaged or married, start a conversation with your loved one and discuss both of your answers. Also, explore our *Love & Money* module on our website, OklahomaMoneyMatters.org.



Get on Track, Stay on Track

Now that you have a better understanding of how you view money, what you want out of life and how you value your financial resources, here are a few key thoughts to keep you on track during your financial planning.

- **When it comes to spending, wait.** We live in an immediate gratification society. With fast food, the Internet and mobile phones/email devices, we're used to getting what we want, when we want it. This technology isn't bad but having everything at our fingertips in a matter of seconds increases our urge to spend without thinking or planning ahead.

Try this. Next time you're tempted to purchase an inexpensive item you weren't planning to buy, don't. Give yourself three days; if you still want it, then you can consider making the purchase. If it's a larger, more expensive item, like a car or home, resist the urge to upgrade as long as you can.

- **Understand your money values and priorities and stick to them.** By now, we all know the difference between our wants and needs. However, something another person considers a want, you and your family may highly value. For example, giving to charity isn't a basic survival need, but for many, planning for charitable expenses is a priority. Living in a nice home may be important to you, but maybe wearing expensive clothing or driving a new vehicle isn't. Find out what's most important to you and your family and cut back in other areas to ensure you can afford your lifestyle.
- **Forget about what other people have.** Many people live lives they can't afford by drowning in debt. Focus on your future goals and ignore how your friends, family, co-workers and neighbors spend their money. Chances are they use credit excessively to afford their lifestyle. Keeping up with others is a never-ending battle.



Begin With a Budget

Financial success begins with creating and sticking to a budget. A budget, also known as a spending plan, allows you to plan for your monthly expenses and keep better track of where your money goes.

Use the budget worksheet on your supplemental CD or create your own using a spreadsheet or online software. To complete your spending plan, you'll need to:

1.

Know your monthly income. Income can come from a paycheck, child or spousal support, or unexpected cash in the form of gifts, tax returns or rebates. If your monthly income varies because your work hours constantly change or you work on commission, budget based on your base salary or take an average of your last three paychecks.

2.

List your financial responsibilities. What bills and expenses do you have each pay period and how much do they typically cost? Don't forget to include expenses that occur periodically, like insurance premiums or property taxes. Your fixed expenses are easier to track because they stay the same each month—think mortgage, car or student loan payments. Your variable expenses, like groceries, fuel and entertainment, are trickier because they change from month to month. Don't forget about savings. Pay yourself first *before* paying bills.

3.

Track your spending. Monitoring your variable expenses is about to get easier. Hang onto your receipts and write down all financial transactions for one month so you can get an accurate picture of your spending.

Paying yourself first means setting aside money designated for your savings goals before paying bills. Make it a habit and watch your account grow!

4.

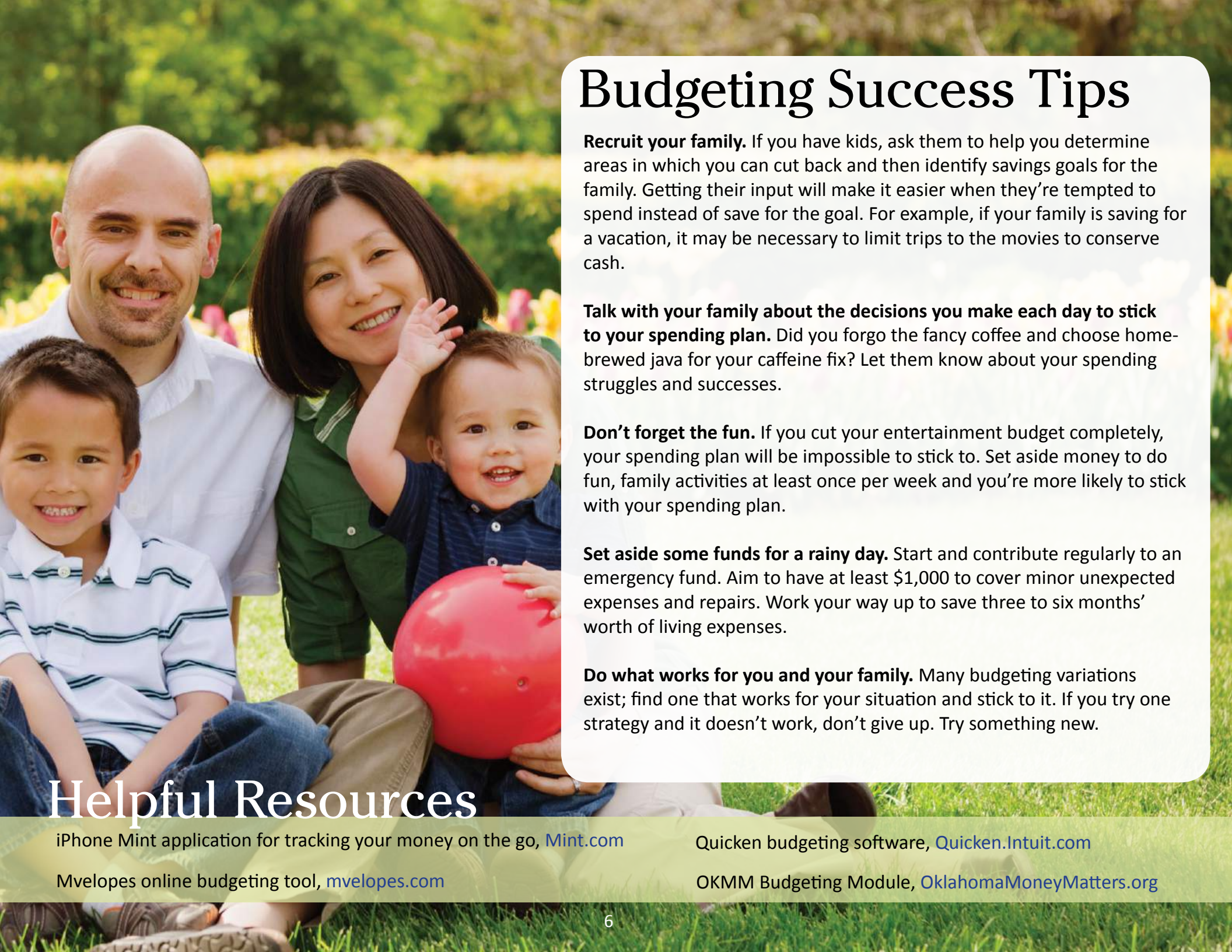
Categorize your spending. Next, pull out your stash of receipts and list of transactions and lump them together in like categories. You'll probably see piles emerge for "dining out," "entertainment," "clothing," "household repairs/updates," "groceries," etc. Based on your current spending, assign each category a monthly amount.

5.

Do the math. Then, subtract predicted expenses from your projected income. Are you already over budget? If so, refine a few of your variable expense categories and try again. After implementing your budget, if you find yourself spending more or less, adjust your categories—or spending—accordingly.

Here's what your spending plan might look like. Remember, your plan may look different. To create your customized budget, explore the interactive budget calculator at OklahomaMoneyMatters.org.

	Projected	Actual
Monthly Income	\$ 3,800	\$3,756
Monthly Expenses		
Savings	380	375
Charitable Giving	100	100
Rent	650	650
Car Payment	350	350
Day Care	550	550
Groceries	300	325
Diapers/Formula	150	150
Utilities	200	186
Fuel	250	226
Cell Phone/Internet	115	121
Cable	38	38
Entertainment	150	142
Dining Out	150	122
Gifts	50	45
Clothing	75	90
Beauty/Health	50	60
Medical/Co-Pays	40	45
Gym Membership	50	50
Miscellaneous	50	60
Monthly Total	3,698	3,685
Difference	+102	+71



Budgeting Success Tips

Recruit your family. If you have kids, ask them to help you determine areas in which you can cut back and then identify savings goals for the family. Getting their input will make it easier when they're tempted to spend instead of save for the goal. For example, if your family is saving for a vacation, it may be necessary to limit trips to the movies to conserve cash.

Talk with your family about the decisions you make each day to stick to your spending plan. Did you forgo the fancy coffee and choose home-brewed java for your caffeine fix? Let them know about your spending struggles and successes.

Don't forget the fun. If you cut your entertainment budget completely, your spending plan will be impossible to stick to. Set aside money to do fun, family activities at least once per week and you're more likely to stick with your spending plan.

Set aside some funds for a rainy day. Start and contribute regularly to an emergency fund. Aim to have at least \$1,000 to cover minor unexpected expenses and repairs. Work your way up to save three to six months' worth of living expenses.

Do what works for you and your family. Many budgeting variations exist; find one that works for your situation and stick to it. If you try one strategy and it doesn't work, don't give up. Try something new.

Helpful Resources

iPhone Mint application for tracking your money on the go, [Mint.com](https://www.mint.com)

Quicken budgeting software, [Quicken.Intuit.com](https://www.intuit.com/quicken)

Mvelopes online budgeting tool, [mvelopes.com](https://www.mvelopes.com)

OKMM Budgeting Module, [OklahomaMoneyMatters.org](https://www.oklahomamoneymatters.org)

Twists on the Classic Budget

If you're not the spreadsheet-loving, track-your-spending type, fear not. *Money Magazine* highlighted the following twists to the classic spending plan. See if one of these fits your financial lifestyle.

Thrice as Nice

How it works: You'll need three bank accounts—two checking and one savings. First, decide how much of every paycheck you want to put toward savings and have that amount automatically sent to your savings account. Via direct deposit, send the rest of your paycheck to checking account No. 1. From this account, you'll pay all monthly fixed expenses, like rent, car payments and utilities.

With the money left over after paying your fixed expenses, divide by four and set up a weekly automatic transfer of that amount to checking account No. 2. Use this account for all variable expenses like groceries, entertainment, clothes and eating out. Refrain from transferring more money or using credit cards.

The perks: This process forces you to save first and live off limited funds for your variable expenses.

Use the Envelope System

How it works: Grab some envelopes and write the name of each category in your spending plan on a separate envelope. Then place the monthly amount of cash you plan to spend on that category inside. Forget your checks and plastic cards, use these envelopes instead.

Once the cash in each envelope is gone, there's no more spending until next pay period. One word of caution—be careful if you implement this plan. If your cash gets lost or stolen, there's no replacing your money.

The perks: This tactic forces you to spend only the amount you've allotted for groceries, gas, entertainment, clothes, etc.

Trim It Down

How it works: Grab your bank and credit card statements and make a list of recurring expenses and the amount spent. Instead of cutting your overall spending by a certain percentage, choose one or two large expenses and cut those. Maybe it's cable television, the second car or your gym membership. Whatever it may be, cut it loose and add those extra funds toward your savings goals.

The perks: Cutting one bigger item versus making an across-the-board cut alleviates the need to re-evaluate your spending plan on a regular basis, which saves you time and effort.



Join the conversation on Facebook!

Tell us about your successful budgeting tips at
[Facebook.com/OklahomaMoneyMatters](https://www.facebook.com/OklahomaMoneyMatters).

Successful Saving

If you're like most adults, you're looking for the key to successful saving. Here it is, boiled down to one simple phrase—start now. No matter what stage of life you're currently in, make it a priority and a habit to save for your future, big-ticket items and emergencies.

There are two ways to look at saving. Saving can mean putting money aside and investing, but it can also mean living a more frugal lifestyle and cutting back on your spending. Both are important pieces of the puzzle if you want to watch your savings account grow.

Saving for your future can't be overlooked if you want financial security and independence for your family. Many experts recommend saving at least 10-15 percent of your income; if that doesn't seem doable, start contributing as much as you can on a regular basis and work your way up from there. It's making savings a consistent action that matters.

Let's say you purchase a TV on credit for \$1,000. If you made only the minimum payment—based on 3 percent of the outstanding loan balance—and your credit card charges an 18 percent annual interest rate, it would take eight years to pay off that debt, and you'd pay an additional \$684 in interest!

What Should You Save For?



Emergencies. An emergency account should be top on your priority list so unexpected expenses won't find their way onto your credit card. Three to six months of living expenses is recommended for your emergency fund but aim to stash away at least \$1,000 to cover minor bills and repairs. Since an emergency is never planned, put your money somewhere easily accessible, like an interest-bearing savings account or money market account.



Retirement. Whether you're 25 or 55, retirement should be on your mind. Take advantage of an employer's 401(k) or other sponsored investment program, especially if they offer matching funds. At minimum, contribute enough to get the full company match -- that's free money!



College. Consider monthly contributions to the Oklahoma College Savings Plan (OCSP), our state's 529 plan, for each child. Participation in the OCSP offers several savings perks, including an Oklahoma income tax deduction on contributions and tax-free growth and withdrawals. Visit OK4Saving.org for more information.



Wants. If you're itching for a vacation, new car, home or any other big-ticket item, start saving for it. Paying cash for these expensive items versus putting them on a credit card or securing a loan will save you hundreds or thousands of dollars in the long run. The more money you can save, the less you'll pay in the form of interest.

Cut Back, Move Forward

Now that you know what you're saving for, let's look at ways to increase the amount you can put back by evaluating your expenses. Trimming back spending on wants and other unnecessary items helps us get one step closer to our savings goal. Living a more frugal lifestyle doesn't have to mean going without. If you're married or in a committed relationship, sit down and talk with your partner about your financial goals. Do you want to retire and travel at 55? Do you dream of paying cash for your next car or home? These goals will take dedication and planning. Once you've determined your joint financial goals, ask yourselves:

- How soon do we want to reach this goal?
- What are we willing to sacrifice to reach it?
- How will we cut back our spending?

Embrace the Frugal Lifestyle

Curbing your spending isn't as much of a sacrifice as it seems. Just by making small changes in your spending habits, you can stash away extra cash toward your goals. Here are just a few of the many cost-saving ideas to consider. To learn more, consider blogging about your new frugal lifestyle or asking for recommendations from friends and family.





- **Stop eating out or limit the number of times you eat out each month.** Dining out, grabbing lunch on the go and stopping for morning coffee quickly add up. Commit to cook more meals at home and watch your savings grow.
- **Be smart about buying groceries.** Plan a menu ahead of time and buy items in bulk. Try to use recipes that call for the same ingredients and use coupons to boost your savings.
- **Resist the urge to upgrade.** If you have an item that's in working condition (a car, coffee pot, toaster, washer, TV, etc.) don't buy a new one, no matter how great the sale. Once the item breaks, you can replace it, but as long as it's working, you're wasting money by replacing it.
- **Don't buy new.** Take advantage of other people's upgrades if you're in the market for an item. Shop [Craigslist.com](https://www.craigslist.com) or [FreeCycle.org](https://www.freecycle.org) and don't forget flea markets and thrift stores.
- **Limit nights out on the town.** Host a game night at home with your friends instead of going out to dinner and a movie. Consider low-cost options like local sporting events, theater productions and other community activities.



Let It Grow

Now that you've picked a few ways to cut back, it's time to up your savings. The more money you save and the earlier you begin saving, the more your money will grow with the help of compounding interest. Compounding interest is when interest earned on your savings is added to the principal—your initial investment—and you continue to build interest not only on your principal, but also on the interest you've already accrued! The longer you save, the more compounding interest works in your favor.

The chart below shows how large your account can grow by age 65, depending on the age you begin saving and the amount saved weekly. For example, if you start saving \$50 a week at age 30, you'll have nearly half a million dollars by age 65 (the green numbers). On the flip side, waiting a year to begin saving means your account will have one less year to grow before you're 65. For example, if you wait a full year to begin saving \$50 each week (starting at age 31, instead of 30) you'll lose over \$40,000 by age 65 (the red numbers).

Age	amount contributed each week			
	\$10	\$25	\$50	\$100
 20	<i>total savings at age 65</i>			
	\$85,143	\$212,859	\$425,176	\$851,432
	-\$4,562	-\$11,406	-\$22,811	-\$45,622
<i>total amount lost by waiting a year (age 21) to start saving</i>				
 30	<i>total savings at age 65</i>			
	\$48,154	\$120,385	\$240,768	\$481,537
	-\$2,801	-\$7,002	-\$14,003	-\$28,008
<i>total amount lost by waiting a year (age 31) to start saving</i>				
 40	<i>total savings at age 65</i>			
	\$25,445	\$63,614	\$127,227	\$254,454
	-\$1,719	-\$4,299	-\$8,597	-\$17,194
<i>total amount lost by waiting a year (age 41) to start saving</i>				
 50	<i>total savings at age 65</i>			
	\$11,504	\$28,761	\$57,522	\$115,045
	-\$1,055	-\$2,639	-\$5,278	-\$10,556
<i>total amount lost by waiting a year (age 51) to start saving</i>				

More Saving Strategies

Make savings automatic. Each pay period, have money automatically transferred from your paycheck to your savings account. Direct deposit makes saving simple because you won't miss what you don't see.

Adjust your withholdings. Make sure your W-4 form is filled out to your best advantage. File a new W-4 anytime there's a major change in your life, like a marriage or birth of a child, which can affect the amount of tax you'll owe. If you receive a sizeable tax refund each year, you may want to complete a new form and retain more of your earnings each month. Make sure the money you just spared from the IRS isn't spent; put that extra money into savings.

Put away windfall money. When you earn a raise, get a refund or receive a cash gift, put it in your savings account. You know you can get by without the extra money, so put it to work for your goals. It'll be worth even more later.

Ask for a discount. Whether it's a newspaper subscription, gym membership, hotel stay, car insurance or beauty treatment, ask for a discount. It doesn't hurt to ask and you never know—they may just grant your request! Put the money you saved in your savings account.

Re-evaluate service providers. Compare auto and home insurance providers often to make sure you're getting the best rate. You may receive a significant discount if you insure both with the same company. Also, some companies offer discounts if you work for specific employers or within a particular industry.

Helpful Resources

OKMM Saving & Banking Module, OklahomaMoneyMatters.org

Oklahoma College Savings Plan, OK4Saving.org

Financial Planning Association, FPANet.org

Saving Calculator, BankRate.com/Calculators/Savings/Saving-Goals-Calculator.aspx

Keep Up With Your Credit

The majority of adults use credit in some form or fashion, whether it's a mortgage, car loan, student loan or purchases on a credit card. If understanding your credit better is a priority, check out our credit Q&As.

What's the best credit card for me?.....

For the best deal, choose a credit card that doesn't charge an annual fee, offers a low fixed interest rate and provides a clear explanation of fees for late payments and courtesy services, like cash advances and balance transfers. Beyond that, determine what "extras" you want from a card. Are cashback bonuses or frequent flyer miles important to you? Compare credit cards at BankRate.com, CreditCards.com or CardRatings.com.

Should I co-sign on a friend's credit card or auto loan?

Only you can answer this question. Just remember, if your friend doesn't meet the financial obligation, as co-signer it becomes your responsibility to pay up.

What's my credit score?.....

Your credit score is the tool lenders use to determine the likelihood that you'll repay money you borrow. The FICO score, developed by the Fair Isaac Corporation, is the most widely used credit evaluation system; scores range from 300-850. A higher score means lower interest rates and access to more credit.



How's my FICO score figured?

Your score reflects five general categories:

- 35 percent** – Payment history (if you make your payments on time)
- 30 percent** – Amount owed (your ratio of debt to available credit)
- 15 percent** – Length of credit history (how long you've had credit in your name)
- 10 percent** – New credit (if you've opened new accounts recently)
- 10 percent** – Types of credit used (different types of credit, like revolving accounts, installment accounts or mortgages)

What's the difference between my credit report and my credit score?

Your credit score takes into account information from your credit report to determine your creditworthiness. Your credit report is a comprehensive list of your past and present credit accounts, your payment history and balance information. Checking your credit report through AnnualCreditReport.com is free; however, accessing your credit score isn't.

How do I check my credit report?

The Annual Credit Report Service (AnnualCreditReport.com) will provide one free copy of your credit report from Equifax, Experian and TransUnion per year as required by the Fair Credit Reporting Act. Also, Equifax, Experian and TransUnion—the largest consumer reporting agencies—will provide additional copies of your credit report and your credit score for a small fee. Instructions for ordering your report and addressing any errors are available on the website.

What do I look for when checking my credit report?

Make sure all your personal information is correct, including your name, address and previous employment. Look at your accounts listed to make sure the information is accurate and that new accounts haven't been taken out in your name without your knowledge. If you find errors, contact the consumer reporting agency immediately to dispute them.

How can I raise my credit score?

Increasing your score takes time. The best way to maintain a good score or raise a low one is to pay your bills on time and in full, elect not to use all the credit that's available to you and limit new lines of credit.

Did you know that 16 percent of employers surveyed use a credit report as part of their regular screening process?

Source: TrueCredit.com



Get Out of Debt

The debt snowball is a highly effective way to quickly pay off debt and gain momentum toward a healthy financial lifestyle. Before creating your own debt snowball, there are **three important things you should know**.

- 1.** The success of the debt snowball is contingent upon finding extra money to put toward your debt. In our example, we'll use \$200. Where do you find extra money in your budget? Cut cable television, limit eating out, earn extra income...do what you can to aggressively attack your debt. If you can't afford \$200, start with \$50 or \$100. To make the snowball work you must find a way to pay extra on your debt.
- 2.** Don't worry about interest rates. It makes sense logically to go after the debt with the highest interest rate first because you'd save more money in interest. However, changing behavior often isn't a logical decision; it's more of an emotional one. Using the debt snowball, you'll pay off your lowest-balance debt first, helping you feel a sense of relief and accomplishment almost immediately. Although we aren't focusing on interest rates, if you feel like your interest rates are too high, call your creditors to see if they'd consider lowering them.
- 3.** It's important that you make your minimum payment on every debt you owe. The extra money you set aside to help blast your debt (see number 1) will be added to the minimum payment on the debt listed first. Pay this new amount on this debt only, but continue to pay your minimum on all other accounts.

To get started, pull out all your statements and files to locate every account which has a balance. For now, don't worry about your mortgage; just focus on credit cards, medical bills, car payments or student loans. Make a list which includes the creditor's name, account balance and minimum payment due for all debts. Organize your debt from smallest to largest.

Now, using the extra money you identified—\$200, in this example—increase the minimum payment on your lowest debt. Remember, continue to make the minimum payment on all other debt. Once the lowest debt is paid, add that total monthly payment to the minimum payment on the next debt until it's paid off, too. Continue this process until all debts are paid!

It's remarkable to see how quickly debt disappears with this tool. To see examples and more step-by-step instructions, check out the Debt Snowball flyer on the consumers page at OklahomaMoneyMatters.org.

Getting Help

If your debt has grown into a situation you can no longer handle, contact a reputable nonprofit credit counseling provider, like Consumer Credit Counseling Service of Central Oklahoma at 800.364.2227 or CCCSOK.org.

Why Good Credit Matters

Keeping up with your credit and getting out of debt takes time and dedication. Why make the effort? Here's the difference having good credit makes to your pocketbook.

Let's say you purchase a home for \$150,000 and finance the full amount for 30 years. With good credit, you'll have a much lower interest rate and pay less over the life of the loan. In the example below, you pay over \$300 more a month and \$100,000 more over the life of the loan if you have bad credit!



X 5% = \$805 per month { You pay back the \$150,000 plus \$139,000! }

X 8% = \$1,100 per month { You pay back the \$150,000 plus \$246,000! }

Helpful Resources

MyFICO.com AnnualCreditReport.com Experian.com

TransUnion.com Equifax.com Credit.com

Payday Loans

Payday loans may seem convenient, but they can be costly. Payday loans allow people to get cash with no credit or background check. The interest rate is extremely high, possibly more than 500 percent. This type of loan is legal; however, lenders will often offer to roll your debt into larger and larger loans. Payday lending is a quick trip into an even bigger financial hole. Almost any other solution to your cash crunch would be better in the long run.

Avoid Identity Theft

Identity theft occurs when someone uses your personal information, like your name, Social Security number (SSN) or credit card number, without your permission to commit fraud or other crimes.

Don't want to be a victim? You can take special precautions to make sure your personal information doesn't fall into the hands of would-be thieves.

Online

Guard your information. Don't give out your personal information via email or on the Internet unless you initiate the inquiry. Your bank or credit card company will never ask you to verify your account information by email.

- **Be password savvy.** Create hard-to-break passwords for your email account(s), bank account and school information. Never use your birth date, name or phone number as a password. Choose a password with a mix of characters and numbers that would be hard to guess.

In-Person

Keep personal documents safe. Store personal papers, such as your birth certificate, Social Security card, loan information and insurance policies, in a fire-proof lock box. These are relatively inexpensive to purchase and available from a variety of stores.

Shred unnecessary documents. Invest in a cross-cut shredder and destroy all unnecessary documents that contain personal information.

Protect your SSN. Don't carry your Social Security card in your purse or wallet, and don't have your SSN printed on your checks. If you're asked to give or confirm your SSN in a public setting, try to avoid providing it verbally. Instead, jot it down on a piece of paper and shred it later. Or, better yet, use a calculator to punch it in and then hit the clear button when finished.

Put a stop to junk mail. Opt out of receiving pre-approved credit offers by calling 888.567.8688 or visiting OptOutPrescreen.com, a service run by the consumer reporting agencies.

Get online. Switch to online bill payment methods to eliminate your paper trail. In addition, 24-hour account access will allow you to more closely monitor your account activity and respond faster to fraudulent charges.

Test the strength of your passwords by using a password checker like the one found at Microsoft.com.

Identity Theft

Already a Victim?

If you've been a victim of identity theft, you'll need to act fast. Follow these four steps to limit the amount of damage done to your good name.

- 1 Check your credit reports and place a fraud alert on each one. Fraud alerts prevent a thief from opening more accounts in your name.
- 2 Close the accounts that have been tampered with or opened without your knowledge.
- 3 File a complaint with the Federal Trade Commission.
- 4 File a police report.

For detailed information about each step, visit [FTC.gov](https://www.ftc.gov) and click on 'Identity Theft.'



One of the quickest and easiest ways to guard yourself against identity theft is to routinely check your credit report. Visit [AnnualCreditReport.com](https://www.annualcreditreport.com) every year to get your free report from each of the three major consumer reporting agencies. Be on the lookout for new accounts taken in your name without your knowledge.

Manage Your Student Loans

In addition to mortgages, car payments and other financial responsibilities, many adults are repaying student loans borrowed while in college. Unlike other forms of debt, student loans can't be dismissed through bankruptcy. The quicker you can pay off your student loans, the better. To help you stay on the right track, below are some repayment tips to consider.

Repayment Tips

- 1. Get organized.** Carefully read all the student loan-related correspondence you receive and organize all statements, notices and other important loan documents into a file.
- 2. Keep your lender informed.** Contact your lender immediately if you change your name, address or telephone number.
- 3. Call your lender/servicer if you have trouble making your loan payments.** They'll be able to explain your repayment options, as well as eligibility requirements for a **forbearance** or **deferment**.
- 4. Keep a phone log.** Write down the date of each conversation with your lender, the name of the customer service representative who assisted you and a brief description of the conversation.
- 5. Keep copies of loan documents and forms.** Make a copy of any forbearance or deferment forms for your records before mailing or faxing them to your lender.
- 6. Set up automatic payments.** Check to see if your lender can automatically debit your payment from your bank account; if so, this service could prevent missed payments and possibly earn you a lower interest rate.
- 7. Pay more than the minimum payment.** Any additional amount you pay reduces your loan balance, resulting in earlier payoff and lower interest costs over the life of the loan.
- 8. Look into loan discharge and forgiveness programs.** Depending on your major and other factors, all or a portion of your federal student loan debt may be discharged (cancelled) or forgiven. Unless forbearance has been granted, you must continue to make payments until you receive written confirmation that discharge or forgiveness has been approved. Visit the 'I'm Repaying My Loan' section on Ready Set Repay's website, [ReadySetRepay.org](https://www.ReadySetRepay.org), for more information.

A **deferment** allows a delay in payment on a student loan for a period of time. They're granted for specific situations and have time limits and eligibility conditions.

Forbearance allows you to temporarily postpone or reduce payments and provides short-term relief to help you maintain a good credit rating. Loan holders aren't required to grant forbearance and may require documentation to support your request.

For more student loan management tips, read the *Borrow Smart From the Start* brochure, available under Ready Set Repay's 'I'm in school' section.



To view your student loan status, including how much you owe, visit the National Student Loan Data System's website, [NSLDS.ED.gov/NSLDS_SA](https://www.nsls.ed.gov/NSLDS_SA).

If you have trouble managing your student loan payment, visit [ReadySetRepay.org](https://www.ReadySetRepay.org) to explore your repayment options.

Get Ready for Retirement

Are you ready for retirement, financially speaking? You may be thinking there's plenty to spend money on now, like vacations, braces, mortgages, day care; why should I worry about retirement?

The answer? You can't afford not to. Every month that goes by puts you either one step closer to financial freedom or one step behind. If retirement hasn't been on your radar until now, don't beat yourself up. It's never too early or too late to save for your future. Here's how.

Start now. No matter how little you can afford to set aside toward your retirement fund, do it now. If it's only \$20 a week to start, that's okay. Do what you can now, find areas in your spending where you can cut back and increase your savings as you free up additional funds. Work your way up to dedicating at least 10 percent of your income toward your retirement savings.

Bank windfall money. When you earn a raise, get a refund or receive cash as a gift, put it toward your retirement. You already know you can get by without the extra funds, so put them to work for your future.

Go for the match. Take advantage of your employer's 401(k) or other sponsored investment program, especially if they offer matching funds. At minimum, contribute enough to get the full company match - that's free money!

Fund an IRA. In addition to maximizing your contributions to a matched savings program, make regular contributions to a traditional or Roth Individual Retirement Account (IRA).

Put your security first. Don't sacrifice your future financial security to pay for your child's education. If you have to choose, fund your retirement first. There are numerous financial aid options available for your child, but only you can provide for a financially healthy retirement.



When investing for your retirement, keep in mind:

Risk. Risk is the chance you might lose your money. The higher the risk, the higher the potential reward. How much risk are you comfortable with? Typically, the farther you are from retirement, the more time you have to recoup short-term stock market losses, so you can afford to be a little risky. The closer you are to retirement, the more important it is to have a guaranteed return on your investment. As you age, adjust your investments to reflect the appropriate risk for your situation.

Diversification. Talk to a financial planner about the proper investment mix for your situation. Like the old proverb says, you don't want all your eggs in one basket. An expert can help you find the right savings mix. Learn more about finding a financial planner, including questions to ask, on the consumers page at OklahomaMoneyMatters.org.

Fees. Know the fees attached to your retirement account. Also, keep in mind, if you withdraw retirement funds early, you could face some stiff penalty fees.

Visit the Online Resource Clearinghouse at OklahomaMoneyMatters.org to search for resources, calculators and other tools to help you plan for retirement.

Did You Know?

The way we fund retirement has drastically changed in the past few decades. Employees used to work at the same place for years, earn a pension and retire. Today, retirement planning is primarily the responsibility of the worker. And, the average worker today changes jobs about 10 times before the age of 40.

i

An IRA, or Individual Retirement Account, allows you to contribute a portion of your earned income each year. In 2013, the maximum regular contribution per year is \$5,500 for an individual and \$11,000 for a married couple filing jointly. These limits apply to total annual IRA contributions; in other words, an individual can't contribute \$5,500 to a Roth IRA and \$5,500 to a traditional IRA in the same year.

While these accounts are similar, the fundamental differences involve the "T" word... taxation. Contributions to a traditional IRA are taken from pretax income and may be tax deductible in the year they're contributed. Funds in a traditional IRA grow tax-deferred; the money is taxed as ordinary income when you take it out at retirement (if you follow the rules). Contributions to a Roth IRA are taken from post-tax dollars - in other words, you've already paid taxes on the earnings - so unlike a traditional IRA, qualified withdrawals from a Roth IRA are tax free (if you follow the rules).

To determine which is the best fit for you, consult a financial planner.



Teach Your Children About Money

All parents want their children to grow up to be self-sufficient and successful. Teaching your children how to manage their money is an important part of that transition. No matter your children's age, you can use day-to-day opportunities to educate them about proper money management.

Five and under

- Open a savings account and make regular deposits.
- Set a savings goal as a family and have your children help you gather and count loose change to save for that goal.
- Make your children choose. If they express an interest in more than one item or activity, let's say they want a toy and ice cream, have them choose one and explain why they can't have both.

Six to 10

- Consider giving an allowance. Start shifting small spending decisions to your children. See your supplemental CD for an allowance-giving guide.
- Use everyday financial transactions as teaching lessons. If you swipe your debit card to pay at the grocery store, explain what's happening behind the scenes between the bank and the store.
- Don't buy items on impulse. If your children want a particular item, encourage them to save their allowance or birthday money to purchase it.

11 to 14:

- Start talking about earning income and possible career interests your children might have. Explain to them that the more education they receive, the more money they can expect to earn.
- Shift more spending decisions their way. Plan to spend \$200 on back-to-school items? Let them be in charge of getting everything on the list and staying under budget. If they decide to buy \$80 jeans instead of a new backpack, don't jump in and save the day when their old one breaks. Teach them to deal with the consequences of their choices.
- Involve your children in family meetings to talk about household expenses and savings goals. Discuss your family goals and ways to reach them together.



15 to 18:

- Encourage your child to get a job to help pay school-related expenses and save for college.
- Consider adding your child to your credit card account, or get him a prepaid credit card. Teach her about properly using credit and understanding all the terms and fees associated with using credit.
- Teach your children about investing for the future. Explore online websites and games to show your children how to invest wisely.

Additional Resources



We have the tools to help you take control of your financial future. Visit our website to learn about basic money management, consumer credit, saving and managing student loans.



Education beyond high school is possible for everyone. UCanGo2 can help you prepare, plan and pay for higher education. Visit the website to view and download publications and other resources.



Ready Set Repay is an initiative of the Oklahoma College Assistance Program that helps students make smart borrowing decisions and successfully repay their student loans.



The State Regents are the coordinating board for Oklahoma public higher education. They set academic standards, grant degrees and manage numerous scholarships and special programs.





Whether you're married or single, a parent or grandparent, preparing for college or repaying student loans, looking to make a big purchase, building a budget, repairing your credit or looking for ways to fund retirement, this guide is for you.



405.234.4253

800.970.OKMM (toll free)

OklahomaMoneyMatters@ocap.org

OklahomaMoneyMatters.org



Like us on Facebook

Facebook.com/OklahomaMoneyMatters



Follow us on Twitter

Twitter.com/OKMoneyMatters

