

WINNING THE GAME OF FINANCES

PASS GO AND COLLECT YOUR FUTURE

Managing your finances can be overwhelming. But don't just roll the dice and hope for the best! You're winning just by getting started — let's get you to the next level.



PAY THE BANKER: SAVE WITH A CD

Wait, aren't CDs old-fashioned music? Nope, this type of CD is a financial tool: A certificate of deposit (CD) is a low-risk investment that earns interest over a specified term, ranging from a week to 10 years. The term is how long your money stays in the CD before you can make a withdrawal, and it's up to you to decide the length.



CDs are sold by banks and backed by the FDIC (Federal Deposit Insurance Corporation).

Benefits of a CD include:

- Fixed rates for fixed terms. This makes your financial future easier to plan.
- Security. The money in a CD is backed by the FDIC.
- High interest rates. CDs typically have a higher interest rate than a regular savings account, earning you more. The national average interest rate for a savings account is about 0.09%, while an average two-year CD's interest rate is 0.43%.

CDs are a good option if you plan to stash your cash and forget about it. But if you decide to withdraw money early, you'll be charged a penalty. **Don't use a CD as an emergency fund** — it's more of a long-term investment tool. And some CDs also require a minimum deposit.

Certificate of Deposit



KEEPING SCORE: DO I REALLY NEED TO KNOW MY CREDIT SCORE?

Short answer: yes! What is a credit score? It's a numeric rating creditors use to assess the risk of a borrower when making lending decisions. Your score is affected by your amount of debt owed, payment history, length of credit history, the amount of credit cards and loans you have, and more.

So how can you improve your score? Keep your credit card balances low, or, ideally, pay them off each month. **Pay your bills on time.** Check your score regularly to make sure you're keeping it high and to spot any identity theft.

The most common credit score is from FICO. Each credit bureau calculates its own score, which can be slightly different from FICO; however, these scores are mostly used for consumer education, while the FICO score is used by 90% of top lenders. Your score can range from 300 to 850. It will affect big financial decisions in the game of life, such as buying a car, opening new lines of credit, and even things like getting a new job. Before you're approved for these things, your credit score will be checked.

COLLECTING PROPERTIES: ALL MORTGAGES ARE THE SAME, RIGHT?

Congrats on taking the homeowner plunge! With such a big decision, though, make sure you're getting the mortgage (loan for financing a home) for your situation. Depending on your credit score and other factors, there are a few types to consider.

This way to Mortgages



CONNECT 401(k): HOW CAN MY RETIREMENT SAVINGS WORK HARDER FOR ME?

Whether you're new to the workforce or retirement is on the horizon, a 401(k) is key to your financial future. The money you save in your 401(k) is tax free, and you can invest it in stocks and bonds to help it grow. Here's how to maximize your 401(k):

• Take advantage of your employer

match. Many employers match a portion of the amount you contribute to your 401(k). And since this money is tax free, you'll save even more. If you can, try and contribute as much as your employer matches — you'll save double the money.

• Use automatic contributions.

Using payroll deductions allows you to contribute money from your paycheck directly to your 401(k).

• Max out your contributions. The IRS puts an annual limit on how much of your earned income you can contribute to your account. For 2019, the limit is \$19,000. If you're 50 or older, you can make a catch-up contribution of \$6,000 for a total of \$25,000. Try and contribute as much as you can each year — your future self will thank you.



DRAW A (BUSINESS) CARD: DO I NEED A FINANCIAL ADVISOR?

A financial advisor is a professional who provides advice and guidance on areas of finance including retirement savings, taxes, investments and more. However, this service can come at a steep price.

Some common services offered by financial advisors include:

- Retirement planning
- Taxes
- Estate planning
- Reducing debt
- Investing

In today's online world, there are a lot of tools you can utilize to manage your finances. Apps like Mint and PocketGuard can help track your budget, and you can invest in stocks and bond online on your own. If you're worried about saving enough for retirement, or just feel overwhelmed by your finances and need help, bringing in a professional could be a good solution.



It's your turn – take charge of your finances and you'll come out a winner!

MORTGAGES

Before you sign on the dotted line, make sure you're picking the mortgage option that's best for your finances.

Fixed-rate mortgages start at 15-year terms and offer interest and principal payments that stay the same for the life of the loan. **Adjustable-rate mortgages** usually start at a lower rate for a set period that increases periodically after.

A **conventional mortgage** is a private loan not secured by a government agency. You must meet FICO score and debt-to-income requirements, among other things. A down payment of 20% is typical.

Government-backed mortgages include a Federal Housing Administration loan (lower down payments and more flexible credit criteria) and a U.S. Department of Veterans Affairs loan (available to all qualified veterans and other military personnel).

