8 Tips for *Financial Success*

"Financial knowledge is financial power"

1. Choose Carefully

Every decision has a cost, so be sure to consider your options.

Too often, people make financial decisions without thinking through the consequences. For example, a consumer feels they must have a product, doesn't have enough cash, and uses a credit card to make the purchase without thinking about how much it will cost to pay off the debt. Or a couple buys a house without fully understanding the terms of the mortgage loan. When you choose between two things, you automatically give something up. A decision to buy an expensive car is a decision not to use that money to buy other goods or services, or make an additional payment on your mortgage, or put extra money in your children's college savings fund. Before making that impulse purchase, be sure to think about the cost of your choices.

2. Invest In Yourself

Education and training is your investment in you.

Education and training is an important investment in you and your family. Investing wisely in higher education is one of the best financial decisions you can make. More education means higher earnings for life. Studies show more education leads to bigger paychecks. So, the more you learn, the more you earn. Over a 40 year career, these additional earnings really add up. Just by staying in **high school and graduating, workers earn an average of $6,000 more per year, or $240,000 more in their lifetimes.** Add a two-year associate degree from a community college, and the lifetime earnings jump to $480,000 more than the high school dropout will earn. Think about it - that's a cool half-million dollars for finishing high school and going to college for just two years. The earnings premium for college graduates? Most bachelor's degree holders earn about $1.2 million more over their lifetimes than high school graduates.

3. Plan Your Spending

Know the difference between net and gross.

First-time workers often experience shock after receiving their first check. Income taxes, social security, and Medicare are just some of the deductions on most worker's earnings. When joining the work force, make sure to develop a spending plan that takes into account the fact that approximately one-third of your earnings will be deducted from your paycheck.

4. Save, Save More, and Keep Saving

Practice saving, not spending.

We all know there are more ways than ever to spend money. Look at saving as spending on your future. Everyone needs a nest egg or rainy day fund. To build one, it's easiest to start small. Save $100 or even just $50 per month by having funds automatically deducted from your paycheck and placed in a separate, interest-bearing savings account. Soon you'll have a special savings fund that can help you absorb unanticipated expenses or make expenditures on important investments such as a home or college.

5. Put Yourself on a Budget

Make a budget, and stick to it.

Financial success refers not so much to earning money as it does to making wise choices about how to use your money. A budget is important for you and for your family. Budgeting helps you to better plan and control your family's spending. Planning enables you to extend your buying power. A budget doesn't have to be complicated. All it takes is writing down how much comes in every month, how much must go out for rent, bills, food and other expenses, and how you want to use what's left over. Gaining awareness of where your money goes is key to exercising control over your spending.

6. Learn to Invest

Investing is critical.

Many people feel "investor" is not a word that applies to them. In reality, anyone with a retirement account is an investor. That's important to understand because many people working today will not receive a guaranteed pension, which means they need to save significant sums of money to finance their retirement. For most of us, just putting money in a savings account won't be enough. Investing is an essential tool for growing your money. Diversified instruments like target date retirement funds and mutual funds make investing easier than ever. To learn more, start at the SEC's investor education website at http://www.sec.gov/investor.shtml

7. Credit Can Be Your Friend or Enemy

Credit can work for you or against you.

Credit can be a powerful tool to help obtain financial security. Without credit, most families would not be able to buy homes or cars they need to get to work. Unfortunately, credit can sometimes be too easy to get. While credit can be a great friend, it is very important to know the terms before you borrow and to be sure credit is the best way for you to make the purchase. Don't become a credit junkie. If you are in serious credit difficulty, seek help from a reputable credit counseling service.

8. Nothing is Ever Free

If it's too good to be true, it's too good to be true.

It's best to assume that an offer or advertisement that "sounds too good to be true" – especially one from a stranger or an unfamiliar company – is probably a scam. To find out if a company is legitimate, look it up using a reliable source such as the DBO or Better Business Bureau. Do not rely on the contact information in unsolicited emails or letters. Even if the organization is legitimate, most "free" offers are really enticements to buy something. When an ad says, "Buy two, get one free," realize that you are paying more for the two items than you normally would. The third item is not free. Beware of any sales pitch that uses word "free."

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