

# 10 Strategies for Improving Your Finances

Presented by ComPsych® Corporation



Work-Life Challenges

**Stay Ahead** of Performance, Productivity and Health Issues

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GuidanceResources® Worldwide

# Objectives

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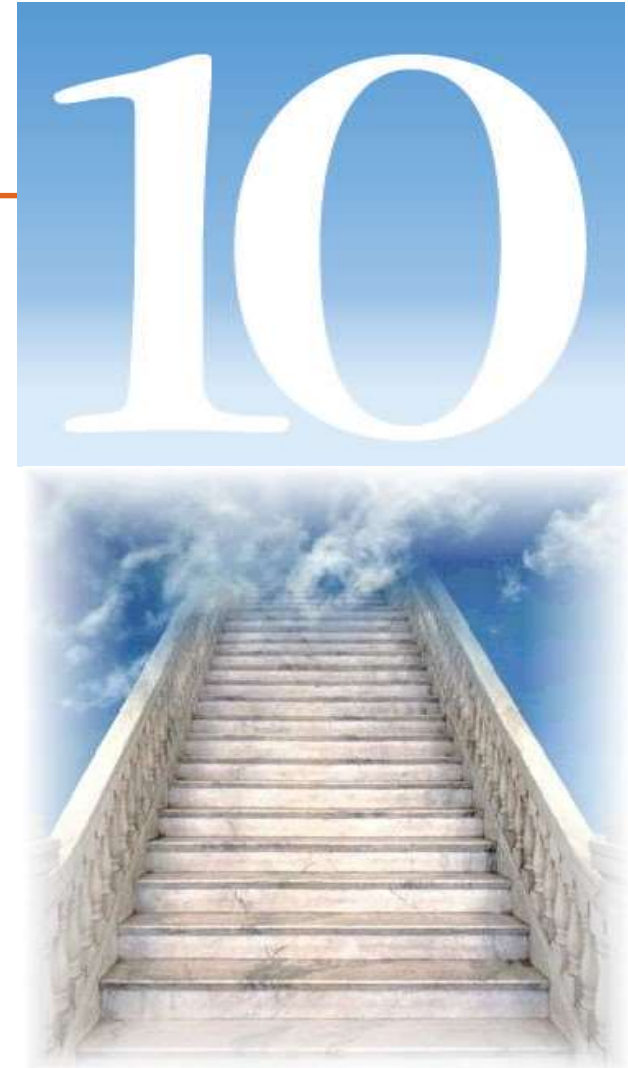
Discover Strategies You Can Begin Now!

Take Control of Your Financial Future

Minimize Stress

Become Goal Oriented

Accurately Assess Your Situation



# # 1 Learn to Budget Effectively

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Provides you peace of mind

Helps make your expenses manageable

Can help you change negative spending habits

Identifies possibilities for saving money

Allows you to find ways to reduce debt

Helps you improve your credit

Budgeting Methods:

- ✓ Envelope System
- ✓ 50/20/30
- ✓ Zero-sum



## # 2 Start an Emergency Fund

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Eliminates need to borrow to survive emergencies and unexpected events

- ✓ Unemployment
- ✓ Medical
- ✓ Car Repairs
- ✓ Major Appliance Breakdowns

Three to Six Months of Living Expenses

Start with Baby Steps

Keep Funds outside of Regular Accounts

- ✓ Safe and Liquid

# # 3 Understand Good Debt VS Bad Debt

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## Good Debt

- ✓ On Appreciating Assets
- ✓ Lower Interest Rate
- ✓ Long Repayment Period
- ✓ Some tax benefit

## Bad Debt

- ✓ On Depreciating Assets
- ✓ Higher Interest Rates
- ✓ No Tax Benefits
- ✓ Interest Rate May Increase



# # 4 Know and Improve Your Credit Score

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## Why is Good Credit important?

- ✓ Influences Interest Rates on loans
- ✓ May affect auto and home insurance rates
- ✓ Employment – more employers are pulling credit reports before extending offers
- ✓ Landlords are using credit reports before approving leases

## Credit Score vs Credit Report

- ✓ Free online credit reports: [www.annualcreditreport.com](http://www.annualcreditreport.com)
- ✓ Score may cost you if directly from Experian, TransUnion or Equifax

## How do you improve or recover your score?

- ✓ Add good events (paying on time, paying off debt)
- ✓ Remove/Settle bad events (defaults, late payments, charge offs)



## # 5 Create a Personal Balance Sheet

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### Assets

Cash	\$ 12,000
Stocks	\$ 5,000
Retirement	\$ 450,000
Home	\$ 120,000
Cars	\$ 15,000

**Total Assets**                    **\$ 602,000**

### Liabilities

Credit Card Debt	\$ 875
Student Loans	\$ 0
Personal Property	\$ 0
Mortgage	\$ 0
Car Loans	\$ 5,000

**Total Liabilities**                **\$ 5,875**

Total Assets – Total Liabilities = Net Worth (Net Wealth)

$$\$602,000 - \$5,875 = \$ 596,125$$

## # 6 Create and Implement a Debt Repayment Strategy

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- STOP adding to existing debt
- ALWAYS pay at least the minimum due on all debt obligations
- Look for opportunities to lower existing interest rates
- Pay debt with the highest Interest Rate first (Avalanche Method)
- Use debt repayment calculators to form timeline
- Create an aggressive budget
- Write down your step by step plan
- Ask for Help
- If all else fails, consult with reputable Credit Counselor:
- The National Foundation for Credit Counseling ([www.nfcc.org](http://www.nfcc.org))



# # 7 Manage Your Mortgage

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## Know your numbers

- ✓ How much do you owe?
- ✓ What is the current monthly payment?
- ✓ What is the remaining term?
- ✓ What is your current rate?
- ✓ How is your credit?

## Accessing your equity

- ✓ HELOC
- ✓ HEL
- ✓ Refinancing



Consider Refinancing if you have a high interest rate and you have good credit.

# # 8 Fortify Your Retirement Savings Plan

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## Know Your Company's Retirement Offerings

- ✓ Matching Contributions
- ✓ Vesting Schedules
- ✓ Annual Contribution Limits: \$19,500 (Over the age of 50 - \$26,000)

If you're married make sure your spouse participates in his or her plan

If you can afford it, open IRAs

- ✓ Roth and Traditional
- ✓ Annual Contribution Limits: \$6000 (Over the age of 50 - \$7000)

Make Appropriate Investment Choices

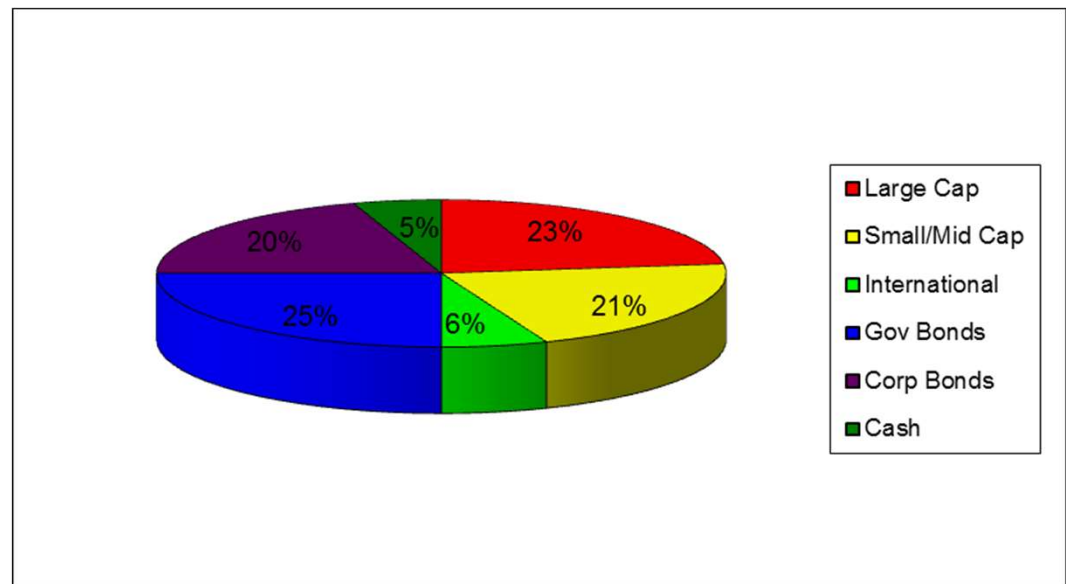
Make saving for retirement a top priority

“Pay Yourself First”

# # 9 Revisit Your Asset Allocation

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- Know Your Time Horizon and Risk Tolerance
- Understand Asset Classes
- Diversify **Between** Asset Classes and **Within** Asset Classes
- Rebalance According to Criteria



# # 10 Review Your Insurance Coverage

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- Life Insurance
- Health Insurance
- Long Term Care Insurance
- Disability
- Property and Casualty Insurance
  - ✓ Know your policy renewal dates
  - ✓ Meet with your insurance provider to review current coverage
  - ✓ Understand what your deductibles are
  - ✓ Determine your level of risk tolerance to adjust deductibles
  - ✓ Find out what records your insurance provider will want to see after an emergency and store them in a safe place.

# Thank You for Attending

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