

# How Well Are You— Financially Speaking, That Is?

Being able to differentiate between needs and wants is an important step to realizing financial goals and reaching financial independence.

What is financial wellness? It can be described as the state of attaining financial satisfaction. What that really means is being content with your financial situation and measuring how comfortable you are in handling money-related matters.

The idea of financial wellness has a lot to do with money, which plays a critical role in our lives. If you don't have enough of it to feel financially sound, you may feel stress, anxiety and fear. But you can reduce the amount of money-related stress you feel by developing the skills you need to be financially responsible—including keeping track of expenses, and making a budget and sticking to it.

The key to achieving financial wellness is learning how to successfully manage your expenses. Once you've

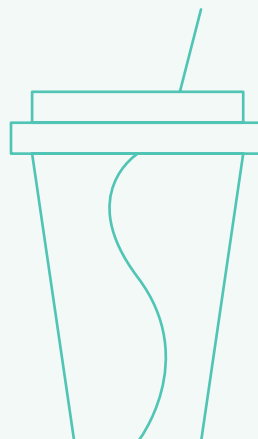
accomplished this task, you'll feel better prepared to handle potentially stressful financial situations, both now and in the future.

## Mapping Out Your Fiscal Fitness

If you're able to see your big financial picture, it can make a big difference in the process of becoming financially fit. Creating a financial plan gives you a broader overall view of your finances and helps you set long-term and short-term life goals—crucial steps in mapping out your financial future. And when you have a plan, it's easier to make financial decisions and stay on track to meet your goals.

## Save on the Little Things

Bringing your lunch to work or skipping a coffee-shop run a couple of times a week may save you only a few dollars here and there, but the money saved adds up over time—and it could mean more for your retirement savings. Let's say you saved \$10 a week for 40 years. Assuming 6% investment growth, your \$10 weekly savings could grow to more than \$80,000 over that time.



**\$10 a week  
could grow to:**

**\$7,000** in 10 Years

**\$19,000** in 20 Years

**\$42,000** in 30 Years

**\$83,000** in 40 Years

# Get Financially Fit



## Eliminate Debt

If your goal is to be financially fit and build wealth, making yourself debt free is an important step in that journey. Pay off higher-interest-rate loans and credit cards first. A sound, practical plan to eliminate your debt can help you take control of your finances and give you a better chance of meeting your long-term goals.



## Make a Budget

Budgeting is about making a specific plan for how you'll spend your money instead of wondering how it disappeared so fast. Tracking your spending is critical if you're going to manage your budget. Budgeting is simply preplanning: choosing the direction your paycheck will be going before you get paid.



## Save for Emergencies

An emergency fund is important to have in case you're faced with an emergency or unplanned expenses. A good rule of thumb is to save enough to cover four to seven months' worth of expenses. With an emergency fund, you'll be—and feel—more secure financially.



## Check your Credit

A good credit score is critical to qualifying for loans at the best possible rates. You should check your credit report at least once a year to make sure it is up-to-date and correct. There are three major credit reporting agencies: Experian, Equifax and TransUnion. You can ask for a free credit report from each of them every 12 months.

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## Plan for Retirement

If you're not saving through your employer's retirement plan, you may be leaving money on the table. Employees who don't join retirement plans may be forfeiting employer-matching contributions and certainly missing out on the benefits of compounding and tax deferral.

It's easy to start saving for retirement through a target-date fund: many employers offer target-date funds, which keep you appropriately invested from your early working years until you're well past retirement.<sup>1</sup>

## What Does Your Company Have to Offer?

Your company's intranet site can be a good way to explore the benefits available to you. Some companies offer perks like discounts on admissions to local attractions, travel deals and even freebies that can save you money on things you're thinking about buying—or getting ready to buy.

<sup>1</sup> Investing in target-date funds does not guarantee sufficient income at retirement or protect against loss of principal. Diversification does not guarantee a profit or eliminate risk.

# Steps You Can Take Now



## Automate

Jump-start your savings by setting up a direct, automatic withdrawal from your paycheck that flows directly to your retirement-savings plan, flexible-spending account (FSA) or 529 college-savings program—or even to a bank savings account. This way, you don't have to think about putting money away: it happens automatically.



## Take advantage of a company-sponsored dependent-care account

If you contribute the maximum of \$5,000 (pretax) to a dependent-care FSA, you could save \$1,000 or more—money that you'd normally be giving to the IRS.



## Consider a Healthcare FSA

With a healthcare FSA, you can use pretax dollars to pay for qualified out-of-pocket healthcare expenses. The money you contribute to a healthcare FSA is not subject to payroll taxes, so you end up paying less in taxes and taking home more of your paycheck.



## Start Saving for College Today

A 529 plan is a tax-advantaged college-savings plan designed to encourage saving for future college costs. Earnings in 529 plans are not subject to federal tax. It's easy to make contributions to a 529 plan by setting up automatic withdrawals directly from your checking or savings account.

## Destination: Financial Wellness

You won't change your financial situation overnight. Like a road trip, the route to better outcomes may take a while, and you could face some detours along the way. But at the end of the day, there is a destination. If you plan your route well and maintain your financial wellness, you stand a much better chance of getting there.

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