

# Money is tight



People have many excuses as to why it's difficult to save money. On an economic level, rising food, fuel and health care costs have contributed to lower savings rates nationwide. On a personal level, you may think, "I'll start saving after I get a raise," or, "I'll be able to save once I pay off my student loans." However, it's easier to make excuses than to acknowledge that there will always be some financial barrier to saving money, no matter what your stage in life.

When it comes to saving and investing, time is often your strongest ally.

#### The need for savings

It's important to realize that savings are a necessity, along with food, shelter and clothing. Every household should have a cushion of savings in place—generally enough to cover three-to-six months worth of expenses—in case of an emergency or a sudden loss of income. In addition to savings, it's also a good idea to have life insurance in place as well as investments for those long-term life goals, such as funding a college education, buying a home and building a nest egg for retirement.

#### Make time your ally

When it comes to saving and investing, time is often your strongest ally. Take the case of Amy and Sam. Amy began a new job, and at age 25, made the decision to begin investing right away. She committed to saving \$200 a month, every month, until retirement age. Assuming an average annual investment return of 8 percent, Amy will have amassed \$702,856 by age 65.

Sam, on the other hand, procrastinated. He put off contributing to an investment account until age 40. Sam tried to catch up, contributing \$400 a month until he reached age 65. His investment also returned an average of 8 percent per year. But by retirement age, Sam will only have \$382,947 in his account—almost \$320,000 less than the amount amassed by Amy. Over time, Amy ended up contributing \$96,000 to her account, while Sam contributed \$120,000 to his. In his attempt to catch up, Sam contributed 25 percent more to his account than Amy did;

yet her account was worth over 83 percent more at age 65.

Though the case of Amy and Sam is hypothetical, and does not reflect the performance of an actual investment, it does illustrate the power of compounding over time. However, in the real world of investing, time has another advantage. Generally, the more time you have, the more aggressive you can be with your investments. Long-term investors can ride out market cycles, allowing them to invest more aggressively and potentially reap greater returns.

#### Start saving today!

We've provided a Monthly Budget Worksheet on the reverse page to help you begin saving for your goals. Start by writing down your expenditures for one month. Make sure to include every purchase, no matter how small it might seem. Once you write down your expenses, sort them according to the categories listed on the worksheet. This way, you can see exactly where your money is going, and recognize where you can make adjustments to your budget.

At the end of the month, tally up all of your expenses and subtract them from your income. Even if your expenses don't exceed your income that doesn't necessarily mean your buying habits are under control. Your monthly budget should also include allocations for savings and investments. How much depends on your needs and goals, but many experts suggest setting aside at least 10 percent of your income to these categories.

# Financial Wellness & Education

## Take the first step

Balancing your monthly budget is a prerequisite to any sound financial strategy, and it requires strong personal discipline. However, working with your Representative can help.

He or she can go over the Monthly Budget Worksheet with you and help you find ways to reach your long-term financial goals.

MONTHLY BUDGET WORKSHEET			
INCOME	Household Income	Take-home pay	\$ _____
		Spouse's pay	\$ _____
		Other Income	\$ _____
		<b>TOTAL INCOME:</b>	\$ _____
EXPENSES	Household	Rent/Mortgage	\$ _____
		Utilities	\$ _____
		TV/Phone/Internet	\$ _____
		Clothes/Laundry	\$ _____
		Other	\$ _____
		<b>Subtotal:</b>	\$ _____
	Food	Groceries	\$ _____
		Weekday lunch	\$ _____
		Dinner out/Takeout	\$ _____
		Other	\$ _____
		<b>Subtotal:</b>	\$ _____
	Transportation	Auto loan/lease	\$ _____
		Auto insurance	\$ _____
		Maintenance	\$ _____
		Gas	\$ _____
		Public Transportation	\$ _____
		<b>Subtotal:</b>	\$ _____
	Health/Dependent Care	Health care/Co-pays/Rx	\$ _____
		Self care (toothpaste, aspirin, etc.)	\$ _____
		Dependent Care (daycare, education, etc.)	\$ _____
		<b>Subtotal:</b>	\$ _____
	Debt	<b>Student Loans</b>	\$ _____
		Credit Cards	\$ _____
Other		\$ _____	
<b>Subtotal:</b>		\$ _____	
Miscellaneous	Entertainment	\$ _____	
	Gifts	\$ _____	
	Other	\$ _____	
	<b>Subtotal:</b>	\$ _____	
	<b>TOTAL EXPENSES:</b>	Add up all subtotals	\$ _____
	Net Surplus/Deficit:	Total Income – Total Expenses	\$ _____
	Savings Goal:	Roughly 10% of income	\$ _____

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- Save and invest for retirement, education and other life events
- Create retirement income strategies
- Protect the ones you love
- Plan your legacy

Together, we can help you achieve financial and family well-being—now and tomorrow, this generation and the next.

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