

# On your own



## Costs and benefits of independence

There are many financial benefits to being single. You have the freedom to change jobs, move and make other major decisions that could benefit your financial standing—without having to consult someone else. You don't have to worry about a spouse's debt or spending habits reducing your credit score. You and only you have an impact on your financial decisions, which can be very liberating.

On the other hand, depending on someone else isn't always a bad thing. When it comes to housing and other major purchases, a single person has just one income to rely on. If you lose your job or become disabled, you can't fall back on a spouse's earning power. When it comes to preparing for your retirement and tackling other major financial issues, you may feel quite alone. The good news is you don't have to figure it all out on your own. A financial professional, such as your Representative, can help.

### Don't wait

In addition to consulting with a financial professional, the most beneficial thing you can do is to begin saving and investing right away, as soon as you start earning income. Many young people make the mistake of postponing planning for the future because they see it as part of a package deal: get married, accumulate savings, have a child, purchase life insurance—and so on.

Perhaps that was how your parents did it, but it's important to remember that these are different times. Your parents may have married and started families at a young age, and were not overly concerned about saving for their retirement, as they likely had a pension to rely on. However, the number of defined benefit pension plans has dropped dramatically in recent years and it appears that this trend will continue.

In addition, with Social Security's future in question, many people are concerned they will have to rely on their own limited savings and investments.

### Build your savings

At Foresters Financial, we believe that building up your liquid savings is the first step to financial success. "Liquid" means that these funds are easily accessible and placed in a relatively secure investment vehicle, such as a savings account at a bank or a money market mutual fund. A family is generally advised to save enough to cover three to six month's worth of expenses in case of an emergency. That calculation assumes that there are two income-earners; therefore, single people should aim to save about twice that amount, enough to cover six months to a year of living expenses.

## Financial Wellness & Education

Why should a single person save more? Simple. Your earning ability is your number one asset. If you were to lose your job or become sick or disabled, you need that savings cushion to fall back on. These savings would help you cover your rent or mortgage, buy groceries and pay for other necessities while you recover or look for a new job.

### The next step

The second step to personal financial success is life insurance. It's all too easy for single people to shrug off the idea of purchasing life insurance, especially if they don't have children. However, a beneficiary does not need to be a child or a spouse. Many single people have others who depend on them, such as an aging parent or relative. In addition, singles may also want to consider taking out a policy if they have significant debt that they would not want died to their families. Also, young people should consider purchasing life insurance if they have an inkling of marrying or starting a family down the road. Premiums are generally more affordable the younger and healthier you are. By purchasing a policy now, you won't have to worry about future insurability and can save yourself a significant sum in the future.

### Invest in yourself

Once you have a cushion of savings in place and have obtained a suitable amount of life insurance coverage, the next step is investments. A good starting point is to contribute as much as you can to a retirement-specific investment vehicle, since they offer investors many tax advantages. At the workplace, you may be eligible for a 401(k), 403(b) or 457 plan. Outside of work, you may choose to open a Traditional or Roth IRA.

You may also want to establish investment accounts for other medium- to long-term goals as well, such as buying a home or car or funding higher education. If taxes are a concern, you may want to consider investing in a municipal bond fund or other tax-advantaged vehicle to reduce your income tax burden.

### Other factors to consider

It is imperative that single people designate beneficiaries for their investments, especially their retirement accounts. You may choose to designate a parent, sibling or partner as a beneficiary, or leave it to a trust for a niece or nephew. Philanthropic individuals may also choose to leave

their 401(k) s or IRAs to their favorite charities. While finding the money to save and invest is the difficult part for many, having a significant income or estate pose their own challenges for singles too. For example, single people cannot pass on their estates tax-free, like spouses can. Therefore someone in this position may want to consider "gifting" their relatives; an individual can gift up to \$14,000 per year without incurring taxes.

### Benefit from our experience

Foresters Financial Services, Inc. provides everyday families and individuals with financial solutions, guidance and tools, to meet their needs across all life stages. Our Financial Representatives offer personalized service combined with a solid, long-term approach and fresh thinking to help you:

- 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.

Neither Foresters Financial nor its Representatives offer tax, legal or estate planning services. Clients should contact their personal tax and legal advisers for any advice about tax-related investment decisions, estate planning or gifting.

*The information contained herein is not intended as a recommendation of a specific security or investment strategy. Rather, it is intended to be general and informational in nature. Speak with your Representative to discuss your specific situation and financial goals.*

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