




National Life
Group®

ABCs of Financial Fitness

Maximize Your Cash Flow for Today and Tomorrow

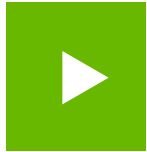
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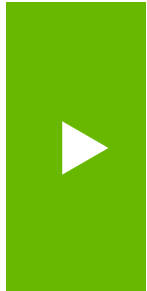
A photograph of a man with a beard and a young child with curly hair laughing together on a beach. The man is wearing a white t-shirt with a fish graphic, and the child is wearing a white patterned shirt. The background shows a beach, ocean, and trees under a bright, hazy sky.

Maximize Your Cash Flow for Today and Tomorrow

1. Identify your **expenses**.



Select a month that represents your ordinary expenses.



Add up the withdrawals from your bank accounts.

Include ATM and debit card expenses and ATM withdrawals. Do not include transfers.



Categorize expenses.

For example, childcare, groceries, and clothing.



2. Surplus or deficit?



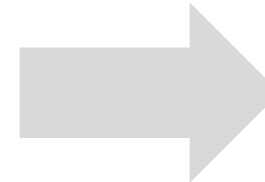
Add up:

Your total take home pay (what hits the bank).



Subtract:

Identified and calculated expenses.



If there's a surplus:

Save the extra cash for your financial goals.

Talk to your agent regarding your financial goals.

If there's a deficit:

Drill down on your expenses to find ways to cut.

This is when categorizing expenses comes in handy!

3. Make a budget

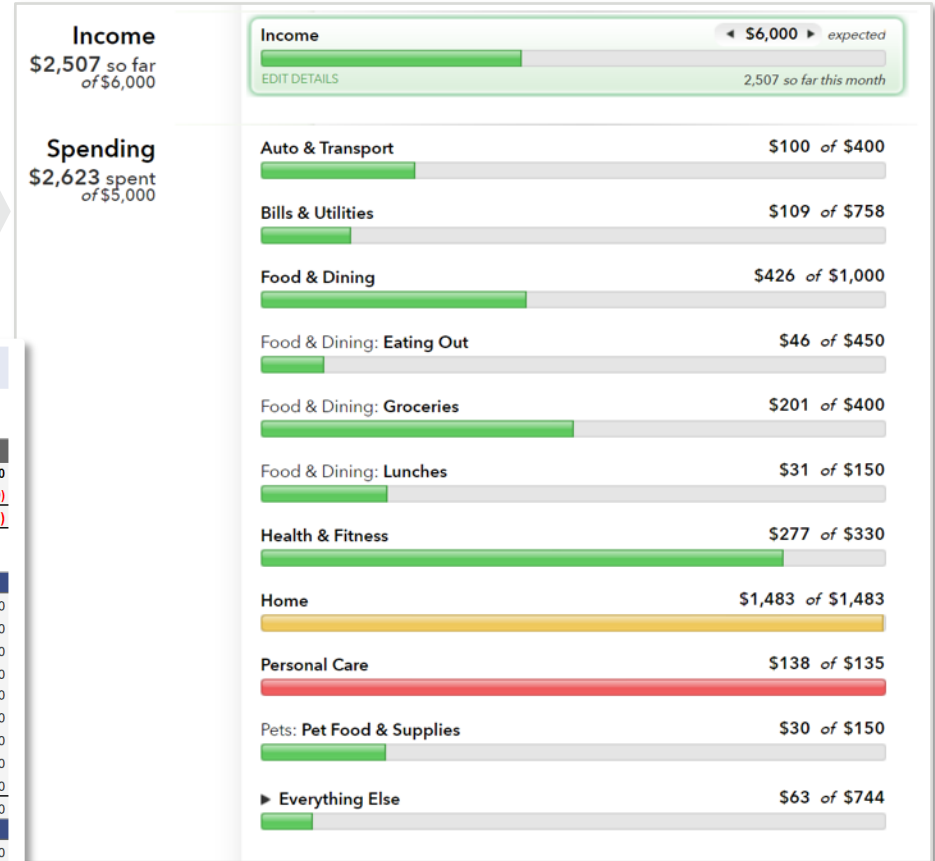
Save first then spend next:
identify savings needs.

Use an app to track your budget, e.g. Mint or EveryDollar.

The key to wealth is
**spending less than
you make.**

TIP:
Make the grocery
store, lunches,
and restaurants
separate budgets.

Personal Monthly Budget				Vertex42.com			
https://www.vertex42.com/ExcelTemplates/personal-monthly-budget.html				© 2008-2019 Vertex42 LLC			
INCOME				MONTHLY BUDGET SUMMARY			
	Projected	Actual	Difference	Projected	Actual	Difference	
Wages & Tips	2,000.00	2,000.00	0.00	Total Income	2,000.00	2,000.00	0.00
Interest Income			0.00	Total Expenses	1,381.00	1,527.00	(146.00)
Dividends			0.00	NET	619.00	473.00	(146.00)
Gifts Received			0.00				
Refunds/Reimbursements			0.00	DAILY LIVING			
Transfer From Savings			0.00		Projected	Actual	Difference
Other			0.00	Groceries			0.00
Other			0.00	Personal Supplies			0.00
Total INCOME	2,000.00	2,000.00	0.00	Clothing			0.00
HOME EXPENSES				Cleaning			0.00
	Projected	Actual	Difference	Education/Lessons			0.00
Mortgage/Rent	1,100.00	1,100.00	0.00	Dining/Eating Out			0.00
Home/Rental Insurance	56.00	56.00	0.00	Salon/Barber			0.00
Electricity	50.00	67.00	(17.00)	Pet Food			0.00
Gas/Oil	43.00	52.00	(9.00)	Other			0.00
Water/Sewer/Trash	7.00	7.00	0.00	Total DAILY LIVING	0.00	0.00	0.00
Phone	25.00	25.00	0.00	ENTERTAINMENT			
Cable/Satellite	35.00	35.00	0.00		Projected	Actual	Difference
Internet	15.00	15.00	0.00	Videos/DVDs			0.00
Furnishings/Appliances	0.00	150.00	(150.00)	Music			0.00
Lawn/Garden	0.00	0.00	0.00	Games			0.00
Maintenance/Supplies	50.00	20.00	30.00	Rentals			0.00
Improvements	0.00	0.00	0.00	Movies/Theater			0.00
Other	0.00	0.00	0.00	Concerts/Plays			0.00
Total HOME EXPENSES	1,381.00	1,527.00	(146.00)	Books			0.00
				Hobbies			0.00



Check before you spend!
Look at your app before making a purchase.

4. 50/30/20 Rule of Thumb

50%

Goes to your needs

- Housing
- Transportation
- Insurance
- Groceries
- Healthcare
- Utilities



20%

Goes toward your financial future

- Paying down your debt
- Building up your savings

30%

Goes toward your wants

- Takeout dinners
- Concert tickets
- Cocktails with friends
- New throw pillows
- Fun tech gadgets

5. Fixing a **deficit**

▶ Set mini goals.

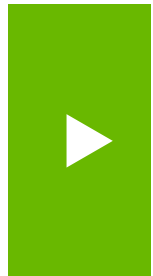
\$100/week for groceries instead of \$400/month.

▶ Recognize the difference between wants and needs.

- Don't let a "want" put you into debt.
- What did I use *before* this new gadget?
- Delay purchases until a lower expense month.
- Make hard decisions.



6. Simplify and name accounts



Easy to track money coming in and out of one main checking account.

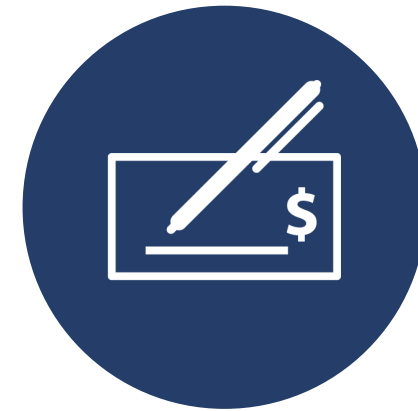
Gives a true picture of what is left over.



Make a separate emergency fund account.



Give your savings account a purpose, e.g. Disney Trip.



7. Debit cards

Are you self-disciplined with spending?
If not, use a debit card.



You can only spend what you actually have. However you still need to be aware of purchases. If the bank hasn't recorded them yet you can overdraw your account and rack up significant fees.



Keep track of the timing of purchases so you have enough money for bills due.



Be careful of miscellaneous cash withdrawals.



Debit cards have less protection against fraud.



8. Credit cards

- **Green:** Pay off in full
- **Blue:** Minimum payment
- **Purple:** High interest rate
- Rewards available
- Protection against theft

CARD Statement

Account Number 1234 1234 1234 1234 TERESA TORRES
 Statement Closing Date 11/06/08 123 ANY STREET
 Credit Line \$2,100.00 CITY CA 12345
 Available Credit \$1,576.80

Account Summary

Previous Balance	\$1,686.15
- Credits	\$0.00
- Payments	\$1,688.15
+ Purchases & Other Chgs	\$523.20
+ Cash Advances	\$0.00
+ FINANCE CHARGE	\$0.00
= New Balance	\$523.20

Payment Information

New Balance	\$523.20
Scheduled Minimum Payment	\$35.00
Scheduled Payment Due Date	12/01/08

Rate Information

YOU MAY PAY YOUR BALANCE IN FULL AT ANY TIME
 YOUR RATE MAY VARY ACCORDING TO THE TERMS OF YOUR AGREEMENT
 NOTICE: SEE REVERSE SIDE FOR IMPORTANT INFORMATION ABOUT YOUR ACCOUNT

Type of Balance	Corresponding ANNUAL PERCENTAGE RATE	Daily FINANCE CHARGE RATE	Average Daily Balance
PURCHASE(S)	19.80%	.05424%	\$.00
CASH ADVANCE(S)	21.80%	.05972%	\$.00

Composite ANNUAL PERCENTAGE RATE 21.80% Days in Billing Cycle 25

Transactions

Trans Post	Reference Number	Description	Credits	Charges
10/08 10/08	XXXXXXXXXXXXXXXXXXXX	MERCHANT NAME		523.20
10/08 10/09	XXXXXXXXXXXXXXXXXXXX	PAYMENTS	1,686.15	

Detach an mail with check so that your payment is received no later than the "Payment Due" date. See reverse for important additional information.

Account Number 1234 1234 1234 1234 **12/01/08**
 New Balance \$523.20
 Scheduled Minimum Payment \$35.00
 Scheduled Payment Due Date 12/01/08
Amount Enclosed \$

9. Large purchases



If possible, **plan in advance.**

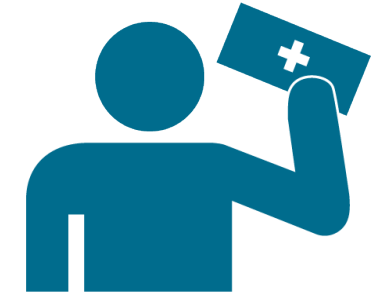


Divide the amount needed by the weeks left to goal.

- Save \$25/week to have \$1,300 by Christmas.



Buy on days with **big sales**, e.g. Black Friday or Cyber Monday.

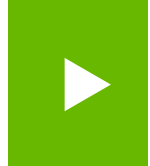


If it's an emergency, utilize your emergency fund savings to stay out of debt.

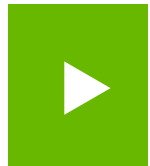
10. Automatic savings



Save first, spend the leftovers.



Split your direct deposit to automatically save a designated amount into a savings account.



Sign up for retirement account contributions through your employer.

Edit Your Bank Information

WHAT TO EXPECT

Changes can take up to 24 hours to be processed and may not be applied to your next paycheck.

Primary Bank Account

ACCOUNT NICKNAME <input type="text" value="Joint Account"/>	ROUTING NUMBER <input type="text" value="021000021"/>	DEPOSIT AMOUNT <input type="text" value="100"/> % Switch to dollar amount
ACCOUNT NUMBER <input type="text" value="00000000000001234"/>	ACCOUNT TYPE <input type="text" value="Checking"/>	

Additional Bank Accounts

Some types of payments will not be split, and will be deposited entirely into your primary account.

[\(?\) Learn more about how payments are split.](#)

ACCOUNT NICKNAME <input type="text"/>	ROUTING NUMBER <input type="text"/>	Remove	DEPOSIT AMOUNT <input type="text"/> % Switch to dollar amount
ACCOUNT NUMBER <input type="text"/>	ACCOUNT TYPE <input type="text" value="Checking"/>		

QUESTIONS




ABCs of Financial Fitness

Debt Management and Student Loan Forgiveness

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A photograph of a classroom with several students seated at wooden desks. In the foreground, a young Black woman with curly hair, wearing a red long-sleeved shirt, is smiling and raising her right hand, holding a pencil. Other students in the background are looking towards the front of the room. The room has large windows and bookshelves.

Debt Management and Student Loan Forgiveness

Learn how a
program can
alleviate the bulk
of student loan debt.

1. If you can't pay cash, **don't buy it.**



The only way to get out of debt is to stop accruing new debt.



Spend less than you make.



Realize the difference between wants and needs.

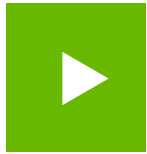


Save up for the purchase so you can pay cash.

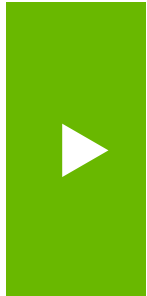
Utilize the 50/30/20 rule of thumb to build your budget.



2. Make a **list** of your debts.



Gain a better perspective and stay organized.



Keep track of the following:

- Who you owe
- How much
- At what rate



Information can be found on statements.



Sort by highest interest rate or highest amount of debt owed.

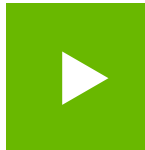


3. Make payments **on time**.



Benefits of making payments on time:

- Avoid late fees
- Avoid an increase in your interest rate
- Avoid a negative impact on your credit score.



Keep a calendar of your bills due.



Set up automatic payments.

- Ensure enough funds are in the account prior to the due date.



4. Good Debt vs. Bad Debt



- Mortgage
- Student loan
- Some auto loans

Don't pay extra towards good debt. Extra funds are better used to **save for retirement**. Assumes a reasonable interest rate. If any of these loans have high, double-digit interest rates, treat them as Bad Debt.



- Outstanding credit card balance
- Personal loans

Do pay extra towards bad debt to reduce interest paid.

5. Choose your **payment strategy**.



Debt Avalanche

- Pay off **highest interest** rate debt first
- Saves the most money in the long term



Debt Snowball

- Pay off **smallest debt** first
- Helps maintain motivation



Pay \$1,000 per month towards two debts totaling \$25,000

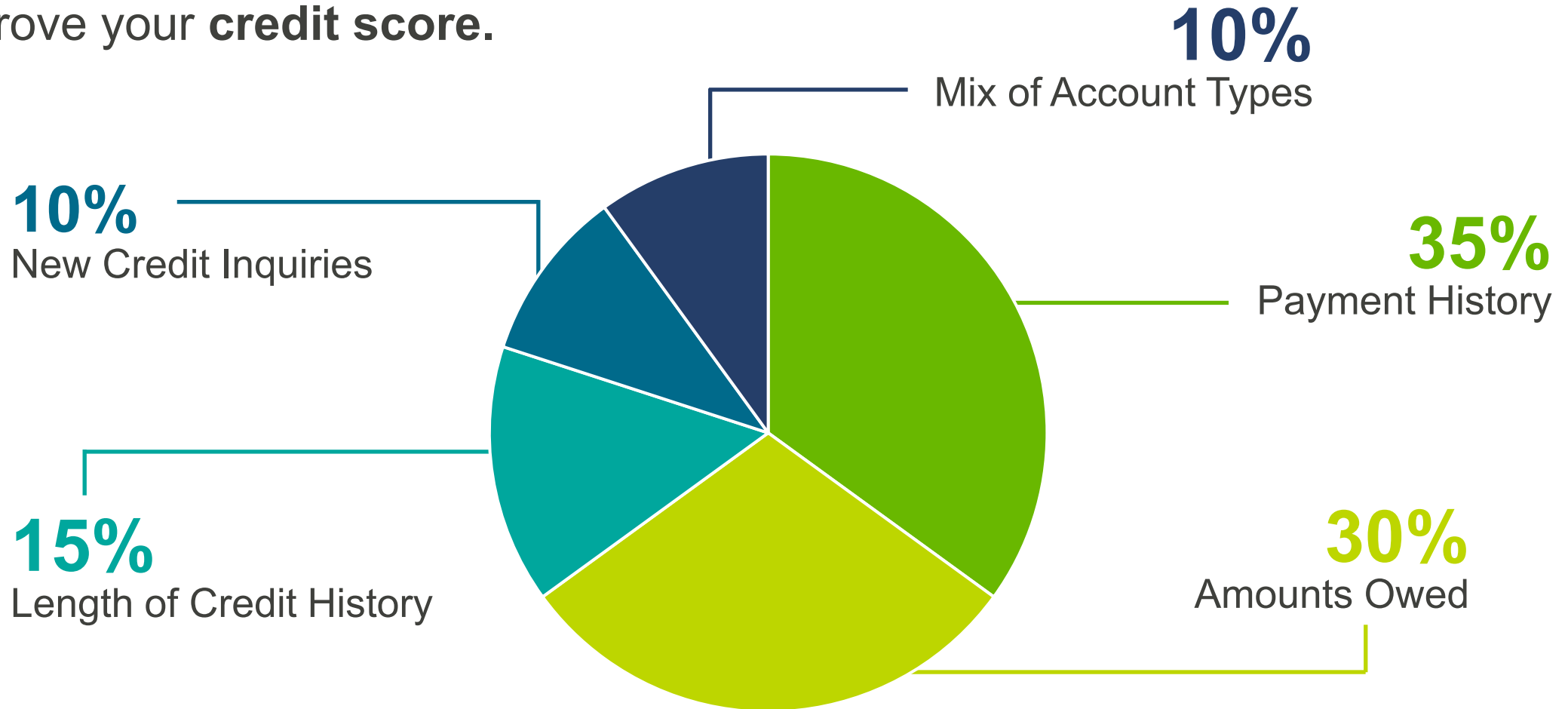


Debt Avalanche

Debt Snowball

Debt Amount to Pay First	\$15,000	\$10,000
Interest Rate	20%	10%
Total Amount Paid	\$29,978	\$31,366
Length of Time	2 years 6 months	2 years 8 months

6. Improve your **credit score**.



Source: <https://www.experian.com/blogs/ask-experian/credit-education/score-basics/what-affects-your-credit-scores/>

7. Debt Consolidation

Benefits:

- Lower interest rate
- One payment
- Higher credit score

Risk:

- If you take on more debt beyond your consolidated loan(s), you compound your debt problem



Methods:

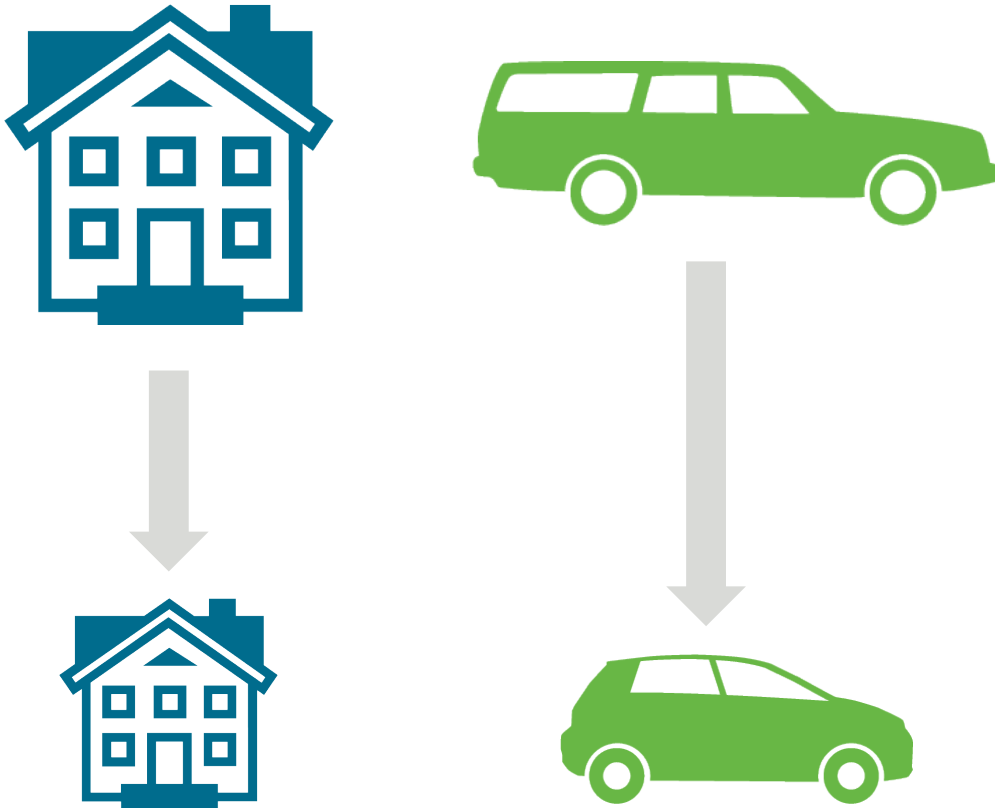
- Balance transfer
- Home equity loan
- Be aware of the risk that an unpaid home equity loan may lead to foreclosure
- Personal loan

8. Consider refinancing

- ▶ Interest rates are at historic lows.
- ▶ Lower your interest rate.
- ▶ Lower your payment.
- ▶ Ability to extend the term if budget is tight(risky if debt is an issue).
- ▶ Option for a cash out refinance (risky if debt is an issue).
- ▶ New mortgage terms while taking cash out.



9. Downsize house or car



We suggest the following rules of thumb:

- Spend no more than **28% of your gross income** on total housing costs.
- Spend no more than **36% of your gross income** on total debt payments.

Hard decision, but if you're in a deficit, you may need to downsize or buy a cheaper car to meet your goals.

Prioritize retirement goals.



10. **Balance** debt repayment and savings.



Save for emergency fund.



Consolidate high interest debt and make payments.



Save for retirement.

Public Service Loan Forgiveness

- Borrower must work full time in public service which is non-profit 501(c)(3), military, public schools, non-profit hospitals, or government.
- Loan repayment plan type must be one of the four IDR plans or the 10-year standard repayment.
- 120 on-time payments under qualifying plans (10-year or IDR plans).
- No limit on forgiveness and loan is forgiven tax free!
- Complex. Many borrowers don't know this plan exists or enroll incorrectly. Read and understand all the restrictions before committing 10 years of employment to this plan.



QUESTIONS



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ABCs of Financial Fitness

First Line of Defense

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Insure to Protect

- ▶ Income.
- ▶ Health
- ▶ Life.
- ▶ Renters
- ▶ Property
- ▶ Auto and Homeowner





Short-term, Long-term and Social Security Disability Insurance Plans

Short-term Disability Insurance	Social Security Disability Insurance	Long-term Disability Insurance (employer-sponsored)	Long-term Disability Insurance (private)
Duration Up to 6 months	Duration Several years	Duration Several years	Duration Several years
Waiting Period 2-4 weeks	Waiting Period 5 months	Waiting Period 1-24 months	Waiting Period 1-24 months, varies based on plan
Definition of Disability Less strictly defined	Definition of Disability Strictly defined	Definition of Disability Less strictly defined	Definition of Disability Less strictly defined
Payout 50-60% of income	Payout \$1,234 per month	Payout 60% of income	Payout 70-85% of income

Note: These are averages, and figures vary based on the specifics of each policy.

INSTEAD OF
skipping life
insurance since
you're single



TRY
locking in
coverage now
while you're young
and healthy



Policy feature	Term life	Whole life
Choice of policy length	You can choose a policy length, typically 1, 5, 10, 15, 20, 25 or 30 years.	Coverage can last your entire life, typically expiring at a specific age like 95 or 100.
Cash value	No cash value.	Cash value grows at a guaranteed rate set by the insurer.
Premiums	Premiums typically stay level throughout the length of the policy.	Premiums typically stay level throughout the length of the policy.
Dividends	No dividends.	Dividends may be available through participating policies.
Death benefit	Death benefit is typically level, but decreasing death benefits are available.	Death benefit is typically level, but graded death benefit policies are available.*
Cost (\$500,000 policy for a healthy 40-year-old)	\$524 a year (30-year term).	\$6,483 a year.

**Graded death benefit policies—such as guaranteed issue life insurance—typically have a waiting period of a few years before paying out the full death benefit.*



A renters policy covers your belongings if they're stolen or destroyed.



Renters Insurance pays out if you cause harm to other people or their property.



Renters insurance covers disasters such as fire, theft and windstorms but generally doesn't cover flooding or earthquakes.





Car insurance quotes provide an estimate of how much you'd pay for an auto policy.



Auto insurance quotes are personal to you and are based on multiple factors such as your car make and model, your age, location and driving history.



Homeowners insurance covers the replacement of your home and contents.



QUESTIONS

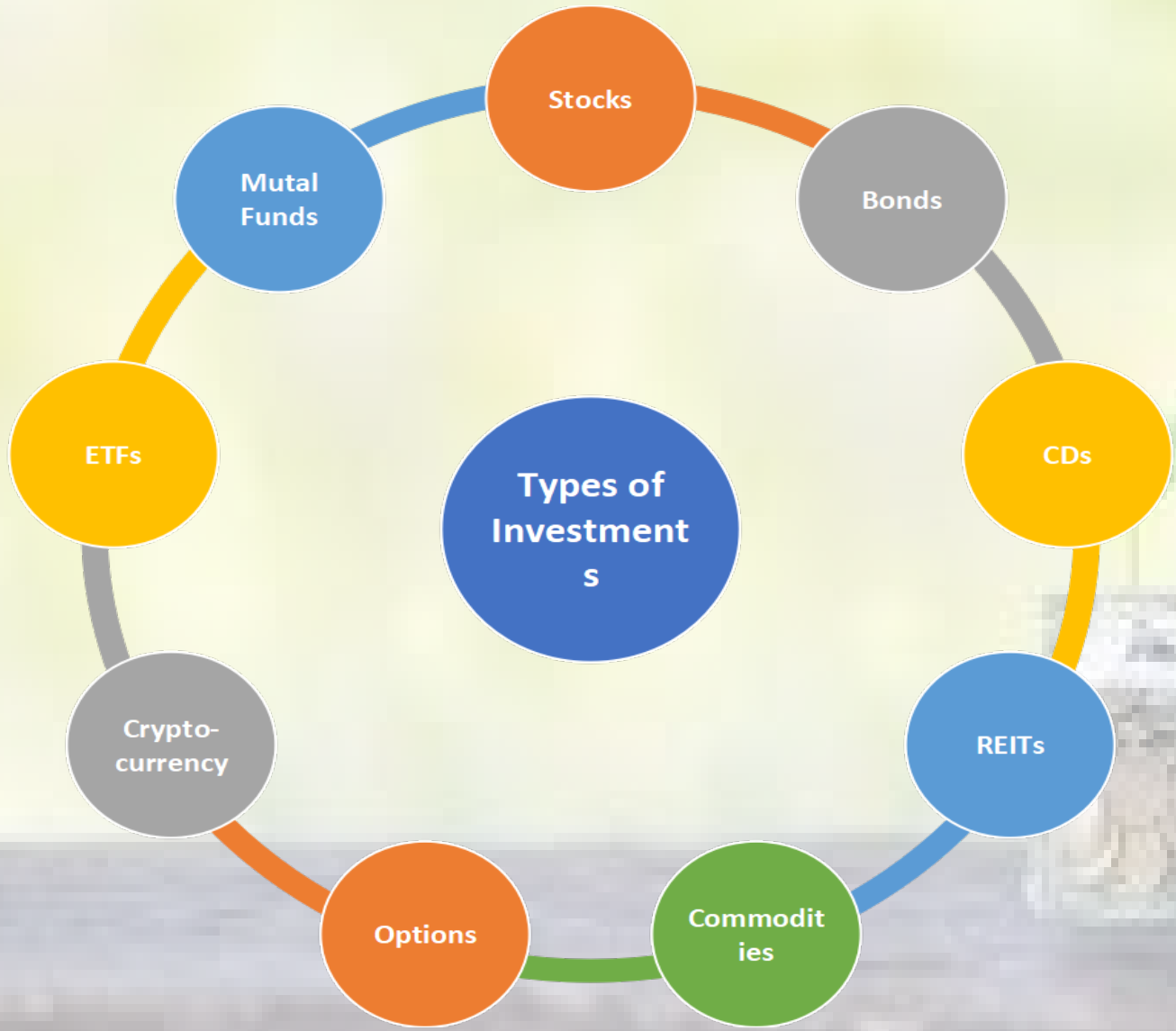


Risk Tolerance vs Risk Capacity



Risk Tolerance Vs Risk Capacity: Knowing The Difference

Types of Investments



Need More Information



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