

# COULD YOU IMPROVE YOUR PERSONAL FINANCES TODAY?

BY DOMINIC LUCENTE

*Simple decisions & new habits might lead you toward a better financial future.*

In life, there are times when simple decisions can have a profound impact. The same holds true when it comes to personal finance. Here are some simple choices you could make that may leave you better off financially – in the near term, the long term, or both.

**Use less credit.** Every time you pay with cash instead of credit, you are saving pennies on the dollar – actually, dimes on the dollar. At the start of December, the average “low interest” credit card in America charged users 12.45%, the average cash back card 17.15%. If you want to see your bank balance grow, try consistently paying in cash. There is no need to pay extra money when you pay for something.<sup>1</sup>

**Set up automated contributions to retirement plans & investment accounts.** By automating your per-paycheck salary deferrals to your workplace retirement plan or your IRA, you remove the chore (and the psychological hurdle) of having to make lump-sum contributions. You can bolster invested assets with regular inflows of new money, without even thinking about it. Often, arranging these recurring account contributions takes 20 minutes or less of your time.<sup>2</sup>

**Bundle your insurance.** Many insurers will give you a discount if you turn to them for multiple policies (home and auto, possibly other combinations). This may help you reduce your overall insurance costs.

**Live somewhere less expensive.** Sure, it takes money to move, but that one-time cost might be worth absorbing, especially if you can perform your job anywhere. A look at the December United States Rent Report at ApartmentList.com reveals that the median rent for a 1-bedroom apartment in Los Angeles is \$1,900. The median rent for a 1-bedroom apartment in Spokane is \$630. What is the median rent for a 2-bedroom apartment in Boston? \$3,200. How about in Fayetteville, North Carolina? \$700.<sup>3</sup>

**Look into refinancing your largest debts.** Perhaps your student loans could be consolidated. Perhaps you could qualify for a refi on your mortgage (while rates are still low). Both of these moves could free up money and leave you with more financial “breathing room” each month.

**Spend less money on “stuff” and more money on yourself.** Many

people associate possessions with well-being – the more “toys” you have, the richer your life becomes. That kind of thinking can quickly put you deep in debt. You may find yourself living on margin as your “toys” depreciate.

A wise alternative: pay yourself first and direct more of your income into retirement or savings accounts. Or if you like, use some money you would normally spend on creature comforts to attack your debt. Instead of simply entertaining yourself today, make money moves on behalf of your financial future. Too many people give their financial future little thought, and they may be in for a shock when they reach retirement age.

We all want to splurge now and then, but try spending money on memorable experiences instead of flashy items – you may find the former many times more valuable than the latter.

Forgo several purchases a month and see what happens. A recent SunTrust bank survey found that roughly a third of U.S. households earning \$75,000 or more live paycheck to paycheck. Earlier this year, *Money* noted that the average household credit card balance was nearly \$16,000. In short, people are spending too much.<sup>4</sup>

Some expenses are obligatory, others spur-of-the-moment and unexamined. Pause and think before you buy something; do you really need it? If you separate your needs from your wants and say no to several of them, you may find yourself living a simpler life with less debt and more cash.

Spend less than what you make, invest and save some of the difference – this is the classic path toward improving your financial situation.

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## YOU HAVE QUESTIONS...



Will I run out of money in retirement?

How can I make sure taxes don't eat up my estate when I die?

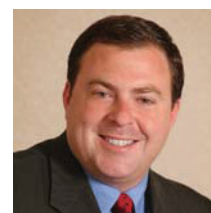
How am I going to be able to afford college for my kids?

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are not illustrative of any particular investment. **Citations.**

- 1 - bankrate.com/finance/credit-cards/current-interest-rates.aspx [12/1/16]
- 2 - forbes.com/sites/robertberger/2016/05/14/20-ways-to-improve-your-finances-in-under-20-minutes/ [5/14/16]
- 3 - apartmentlist.com/rentonomics/national-rent-data/ [12/1/16]
- 4 - time.com/money/4320973/why-you-are-poor/ [6/6/16]



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