

FINANCIAL WELLNESS

MARCH 2015

**OREGON SCHOOL EMPLOYEES
WELLNESS CONFERENCE**

MANAGING YOUR MONEY
THE BASICS FOR LONG TERM SUCCESS

SPEND LESS

Borrow Wisely

Protect against fraud

Save More

SPENDING LESS

Stop the madness and do the “uncool” thing

<http://www.youtube.com/watch?v=idzDUmCMw8w>

Ever wonder at the end of the month where all your hard earned money has gone?

SPEND LESS:

TAKE A SERIOUS LOOK AT YOUR SPENDING

Create a Spending Plan (formally known as a budget)

Identify Needs vs. Wants

Cut from wants first (restaurant meals, premium TV, subscriptions, memberships)

Consider Opportunities to save on necessities (public transportation, buying used instead of new, look for sales, take care of what you do have)

<http://www.goodfinancialcents.com/best-free-online-budgeting-tools/>

SPEND LESS:

TAKE A SERIOUS LOOK AT YOUR SPENDING

**Finally, don't use credit to
buy things you can't afford**

p.s. remember that thing we used to call a budget?

It helps *you* decide how to spend *your* money and
controls impulse buying



KEEP BANKING COSTS DOWN

Look at recurring charges on your statements

Review your habits to cut unnecessary fees

keep close tabs on your balance, no overdrafts

use only free ATM's

Get as low of an interest rate as you can

Pay off as much as you can as soon as you can

Consider refinancing your home



BORROWING WISELY

You can live without credit and there is such a thing as good debt

Work your tail off to get yourself in the best place you can and then stay put.

**FIRST, YOU MUST UNDERSTAND
WHAT YOU HAVE AND WHAT IT
COSTS YOU**

**READ THE FINE PRINT
CHECK YOUR STATEMENTS
NOTE HOW YOU USE YOUR CREDIT
SHOP AND COMPARE WHAT IS AVAILABLE**



NEXT, BE SMART WITH THE CREDIT YOU ALREADY HAVE

PAY THE BILL ON TIME

DON'T RUN UP THE BALANCE

**DON'T GET ADDITIONAL CARDS FOR
“FREEBIES”**

**KEEP AN EYE ON YOUR CREDIT REPORT AND
CREDIT SCORE**



CREDIT SCORE...WHAT IS IT?

Numerical number that reflects how risky you are as a borrower

FICO Score is the most widely used score

Long before you need credit, get your score as high as possible

Credit Scores generally range from 300-850

Most folks score in the 600's and 700's

Most lenders consider anything above 750 a very good score



CREDIT SCORE...HOW IS IT USED?

Used to determine your credit worthiness

Helps determine what credit will cost you

Affects auto insurance premiums

Looked at as part of many job applications and promotions

Rental agreements and contracts terms



CREDIT SCORE...HOW IS IT CALCULATED?

Payment History – the first thing any lender would want to know is whether you have paid past credit accounts on time. This is also one of the most important factors in a credit score.

Amounts Owed – owing a great deal of money on many accounts can indicate that a person is overextended, and is more likely to make some payments late or not at all.

Length of Credit History – in general, a longer credit history will increase your score.

New Credit – is more debt, or the ability to obtain more debt, being taken on?

Credit in Use – what is the mix of credit cards, retail accounts, installment loans, finance company accounts and mortgage loans.

The median FICO score is 723 average is 623 (2/15; FICO Labs).

BORROWING WISELY REQUIRES A GOOD CREDIT SCORE

Get copies of your credit reports

www.annualcreditreport.com

free once every 12 months, 3 different credit bureaus
Experian, TransUnion, Equifax

Check to make certain all information is correct

Pay your bills on time



IMPROVING YOUR CREDIT SCORE

Understand how your credit score is determined

do you pay on time?

what is your outstanding debt

how long is your history?

how many and what type of accounts do you have?

have you applied for new credit recently

Beware of credit-repair scams www.ftc.gov

IMPROVING YOUR SCORE WILL HELP YOU:

Lower your interest rates

Speed up credit approvals i.e. car loans, refinances, pre-approval for home mortgages

Reduce deposits required by utilities and landlords

Get approved for apartment rental

Get better credit card offers



PROTECTING AGAINST FRAUD

Slow Economy = Quick Scams

**If it sounds too good
to be true...it is.**

COMMON SCHEMES

Mortgage Rescue Schemes

Any Loan “guarantee” with large upfront fees

Work at Home Schemes

“employer” steals your SS #, bank account numbers, etc.

Mystery Shopper Scams

usually involves wire transfers of deposited “bogus” checks

SCAMS AND SCHEMES

Fraudulent E-mails, calls from Financial Institutions

*BANKS DO NOT CALL or EMAIL YOU TO CONFIRM
ACCOUNT NUMBERS OR PASSWORDS*

Higher than normal interest rate offers on money market
and CD accounts



HOW TO PROTECT YOURSELF FROM RIP-OFFS

Be wary of requests for “updated” info...don't share any personal information

create strong passwords, use alternatives to social security numbers

Be skeptical of any offer that requires upfront fees

Thoroughly research organizations that offer jobs, loans or deposits

Assume if the offer sounds unrealistic (especially if it is unsolicited and unfamiliar) ...it is



IDENTITY THEFT & FRAUD...

DON'T BE AN EASY TARGET

Protect Your Personal Information

banks do not call or email you asking for your personal information

Don't Carry unnecessary information on you

clean out your purse/wallet

Safeguard documents and other information in you home

Know what's missing from your mail box

Shred all mail with relevant information, statements, offers, etc.

CURRENT RETAIL ISSUES

(TARGET, NEIMAN MARCUS, MICHAEL'S, AND WHOEVER IS NEXT)

Monitor Your Accounts

Sign-up for Alerts

Get New Cards

Change Account Numbers

Change Passwords

Don't Share Personal Information

Get Your Free Credit Reports

Consider ID Theft Insurance



SAVING MORE

**You work hard for
your money so
make your money
work harder for
YOU !**

#1 CREATE YOUR EMERGENCY FUND

Self Insurance against unforeseen expenses

A minimum of 2-6 months of living expenses, more if employment outlook is uncertain

Keep the \$\$ in a fairly liquid account i.e. money market, short term CD, interesting bearing bank account

FDIC Insured would be best

www.myFDICinsurance.gov

OTHER TIPS ON SAVING MORE

Save for Long-Term Goals

may have to set those goals first (see goal sheet)

Pay Yourself First

automatic deposits from your paycheck

Start Small

“A latte a day” method

If you get a raise, save it

Use the money you “found” after doing your spending plan

SAVING...MORE TIPS

Review and Compare Your Existing Accounts

bankrate.com

ask questions of your financial institutions and planner
understand all fees associated with your accounts

Turn a Debt Payment into a Deposit

“snowball method” works well

Save, Don't Spend a Financial Windfall



SAVING vs INVESTING



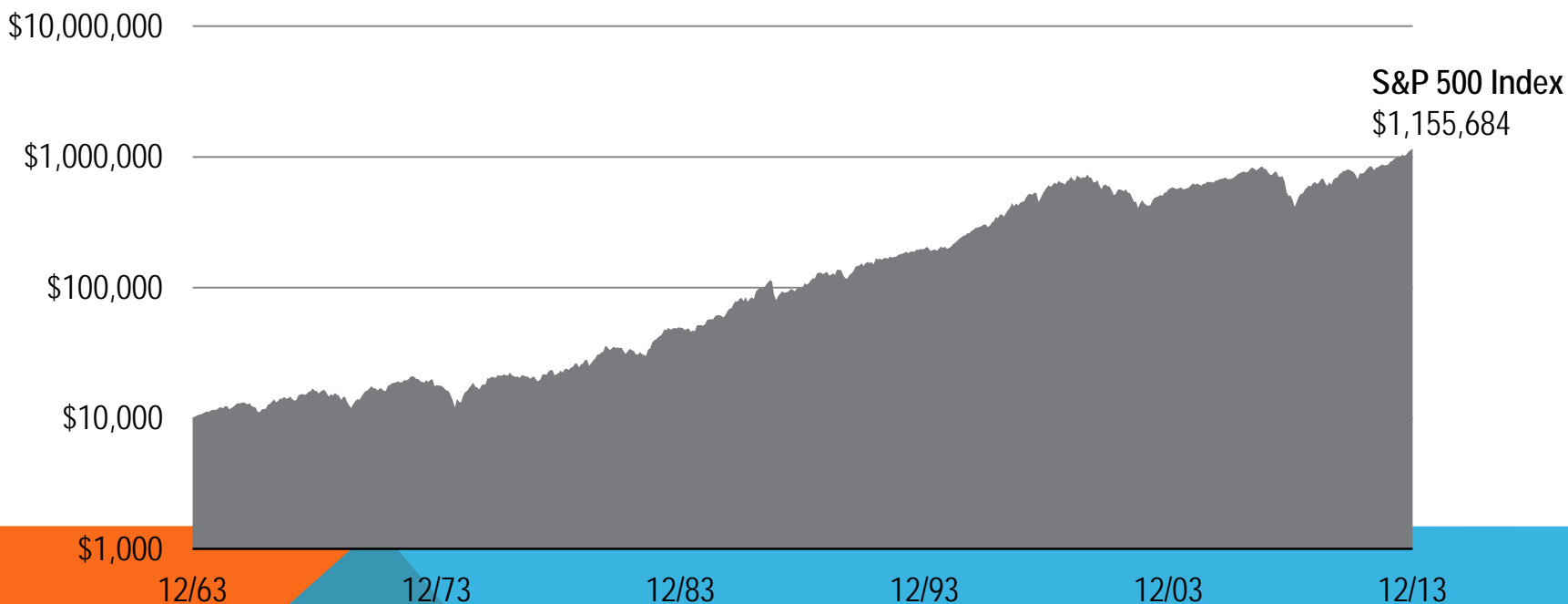


WHY INVEST?

The Power of Compounding

Growth of a \$10,000 Investment in Stocks¹

50-Year Period Ended December 31, 2013

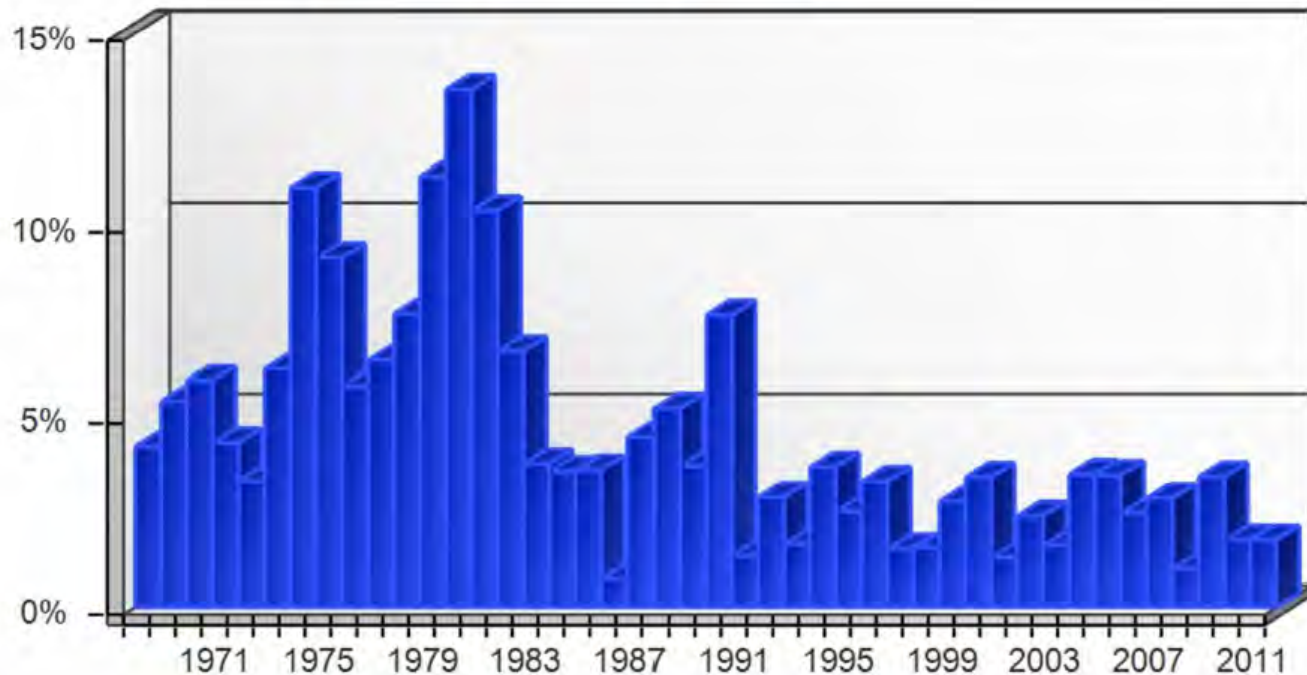


1. Source: © 2014 Morningstar, S&P 500 Index. As of 12/31/13. All rights reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. Indexes are unmanaged, and one cannot invest directly in an index.

Inflation

Inflation is the annual increase in the price of goods and services as measured by the federal government. The graph¹ below illustrates the annual percentage change every other year since the base year of 1967. Over the last 44 years, the average annual inflation rate in the U.S. has been 4.43%.

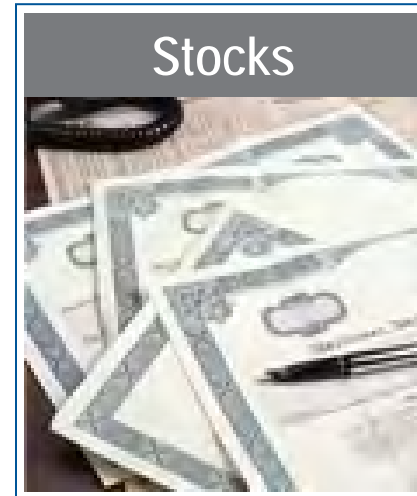
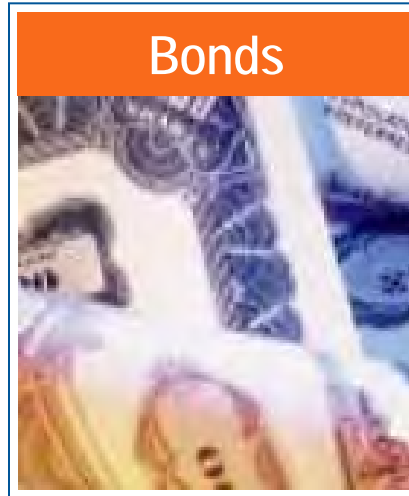
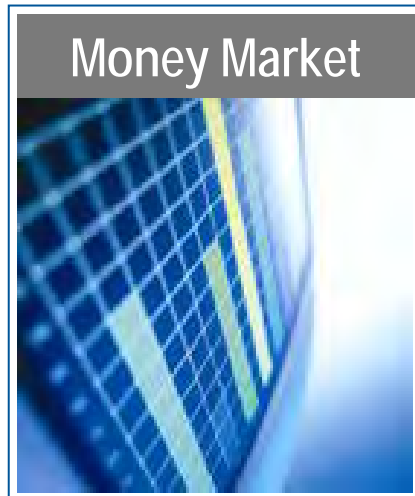
Annual Inflation Rates



Source: U.S. Bureau of Labor Statistics (CPI-W)(1967 - 2011)



THREE INVESTMENT TYPES





MUTUAL FUND

- Pools money from individuals and institutions sharing a common goal
- An actively managed investment company
- Manager selects securities



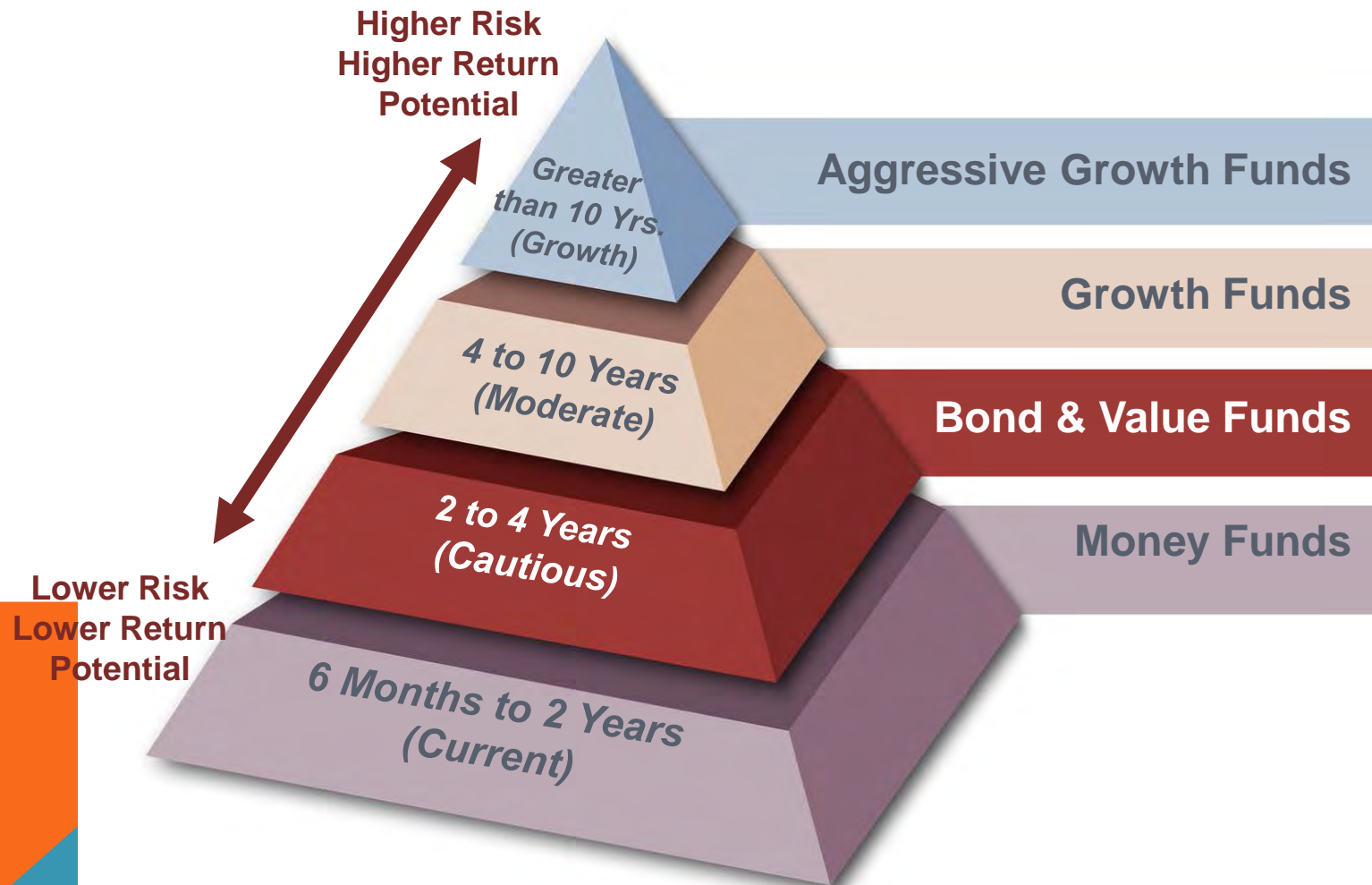


THE ADVANTAGES OF MUTUAL FUNDS

- Diversification
- Professional management
- Convenience
- Affordability
- Liquidity

It's important to note that front-end, and in some cases, back-end sales loads, management fees, Rule 12b-1 fees and other expenses are associated with mutual fund investments. These fees and expenses reduce investment returns. Funds are offered through prospectuses, which contain detailed information about a fund's sales charges, expenses and risks.

TIME HORIZON





WHAT IS ASSET ALLOCATION?

DEFINITION

Investing your money in different asset categories—typically including stocks, bonds and cash equivalents—so your investment portfolio is well-diversified.



WHY DIVERSIFY? BECAUSE WINNERS ROTATE

Annual Total Returns of Key Asset Classes (1994–2013)

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
FOREIGN STOCKS	8.06%	38.13%	23.97%	36.53%	42.16%	43.09%	22.83%	14.02%	10.26%	48.54%	22.25%	14.02%	26.86%	11.63%	5.24%	34.47%	29.09%	7.84%	18.05%	43.30%
LARGE GROWTH STOCKS	3.13%	37.58%	22.96%	33.36%	28.58%	28.25%	11.63%	8.44%	-11.43%	47.25%	20.70%	5.82%	23.48%	9.13%	-28.92%	32.46%	26.85%	4.65%	17.90%	38.82%
LARGE STOCKS	1.32%	37.00%	21.99%	31.78%	20.33%	27.30%	6.08%	2.49%	-15.66%	46.03%	18.33%	4.91%	20.80%	7.05%	-33.79%	31.57%	24.50%	2.11%	17.68%	34.52%
LARGE VALUE STOCKS	-0.64%	31.04%	21.37%	29.98%	14.67%	21.26%	-3.02%	-9.23%	-20.48%	39.17%	15.71%	4.71%	18.37%	6.97%	-34.92%	27.17%	15.10%	-0.48%	16.35%	32.75%
SMALL VALUE STOCKS	-1.54%	28.45%	16.49%	22.36%	8.69%	21.04%	-9.10%	-11.71%	-20.85%	31.79%	14.31%	4.55%	15.79%	5.49%	-37.00%	26.46%	15.06%	-2.91%	16.00%	32.39%
SMALL STOCKS	-1.82%	25.75%	11.26%	12.95%	1.23%	12.72%	-13.96%	-11.89%	-22.10%	28.68%	10.88%	4.15%	13.35%	1.99%	-38.54%	21.18%	15.05%	-4.18%	14.61%	31.99%
SMALL GROWTH STOCKS	-2.43%	18.47%	6.36%	9.65%	-2.55%	-0.82%	-22.08%	-12.73%	-23.59%	25.66%	6.13%	4.00%	11.01%	-1.57%	-39.22%	20.58%	8.21%	-5.50%	14.59%	23.29%
BONDS	-2.92%	11.55%	3.63%	2.06%	-6.45%	-1.49%	-22.43%	-21.21%	-30.26%	4.10%	4.34%	2.43%	4.33%	-9.78%	-43.06%	5.93%	6.54%	-11.73%	4.21%	-2.02%

Diversification does not guarantee a profit or protect against loss.

Source: © 2014 Morningstar. Large stocks are represented by the S&P 500; large growth stocks are represented by the S&P 500/Barra Growth Index until 1995 and the S&P 500 Growth Index thereafter; large value stocks are represented by the S&P 500/Barra Value Index until 1995 and the S&P 500 Value Index thereafter; small stocks are represented by the Russell 2000® Index; small growth stocks are represented by the Russell 2000 Growth Index; small value stocks are represented by the Russell 2000 Value Index; foreign stocks are represented by the MSCI EAFE Index; and bonds are represented by the Barclays U.S. Aggregate Index. Indexes are unmanaged, and one cannot invest directly in an index.

Past performance does not guarantee future results



JUMPING IN AND OUT OF THE MARKET COULD COST MONEY

Missing the “Best” Days

20-Year Period Ended December 31, 2013

Period of Investment	S&P 500 Average Annual Total Return¹
Stayed fully invested	9.22%
Missed the best 10 days	5.50%
Missed the best 20 days	3.03%
Missed the best 30 days	0.91%
Missed the best 40 days	-1.02%

1. Source: Standard & Poor's. Based on returns of the S&P 500 Index over the 20-year period ended 12/31/13. Indexes are unmanaged and include reinvested dividends; one cannot invest directly in an index.

Past performance does not guarantee future results.



THREE KEYS TO DOLLAR-COST AVERAGING

Dollar-cost averaging is committing a fixed amount of money at regular intervals to an investment such as a mutual fund

1

Begin investing

2

Focus on accumulating shares, not on share prices

3

Be prepared to weather market declines

Such a plan does not assure a profit and does not protect against a loss in a declining market. Dollar-cost averaging involves continuous investment in securities, regardless of fluctuating price levels. Investors should consider their financial ability to continue purchases through periods of low price levels or changing economic conditions.



THE MECHANICS OF DOLLAR-COST AVERAGING

Month	Monthly Investment Amount	Share Price	Shares Purchased Each Month
January	\$500	\$8.50	58.80
February	\$500	\$10.00	50.00
March	\$500	\$11.50	43.50
April	\$500	\$10.00	50.00
TOTAL	\$2,000	\$40.00¹	202.30

Average Share Price: \$10.00 ($\$40/4$ purchases)

Average Share Cost: \$9.88 ($\$2,000/202.3$ shares)

The average cost of your shares would be 1.1% lower than the average share price over that period.

1. Cumulative total of share prices used to compute average share price.

RETIREMENT PLANNING



INVESTMENT VEHICLES WITH TAX ADVANTAGES

TSA/403(b)

457 Plan

“Deferred Compensation Plan”

IRA’s (Roth or Traditional)



TAX-DEFERRED GROWTH



Investment earnings (interest, dividends and capital gains) are not taxed until withdrawn. The bar graph above assumes monthly savings of \$200, a 25% tax rate and 8% annual growth. For illustration purposes only. Not a projection of potential returns on any particular investment. 403(b)/457(b) projections are not reduced by future taxes.

IMPORTANCE OF STARTING EARLY

	Jack	Jill
Age	Monthly Contribution	Monthly Contribution
25	\$0	\$200
30	\$0	\$0
45	\$200	\$0
65	\$200	\$0
Amount Contributed	\$ 48,000	\$ 12,000
Account Balance*	\$ 151,874	\$ 505,488

*at 10% return. These are hypothetical illustrations and are not indicative of any investment. Actual results may vary significantly.

**TAKE CHARGE, DO THE EASY
STUFF AND FEEL BETTER!**

QUESTIONS?

