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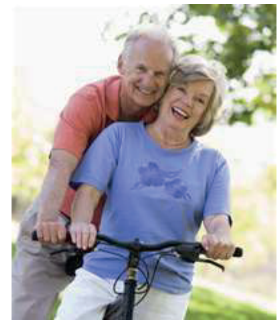
Protecting A Lifetime Of Memories



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Kick These Bad Financial Habits

Everyone strives to be financially smart, but with of the financial entertainers and all the misinformation being spread, it's hard! As we all travel along the path to being financially smart, we are bound to pick up a few bad habits. My goal here today is to show you the bad habits and how to avoid them. Here are the top 4...

1. Spending more than you earn.
We are all guilty of this at some point! You see an item that you want, and despite your financial limitations, you splurge and buy the item. On occasion, these splurges may not cripple your finances. However, habitually buying things that you cannot afford is a recipe for financial disaster. And when there isn't enough cash for these purchases, the risk of credit card debt increases.

Living within your means can keep your finances on track and avert money problems. But how do you achieve this? Start with a simple budget. Assess how much you earn each month or week, and then write down all your expenditures. This reveals where your money goes. Next, decide a reasonable amount to spend on extras, such as dining out, entertainment, and shopping. The key to staying in budget – only spend what you allocate for each category.

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Inflation & Retirement Income

With every year that passes, our cash or fixed assets lose value because of inflation, and the cost of our necessities continues to increase.

Older Americans can remember the times when interest rates were low and the word inflation was rarely used or heard. However, during the past 50 years as our economy has become more intertwined with the other nations of the world, inflation has become more a part of our vocabulary and something we must be regularly concerned with.

And for America's growing number of retirees, inflation is more than just a concern, but something that we must be constantly worried about.

Each year, inflation increases the cost of health care, food, transportation, our housing, and almost everything we need or want gets more expensive. This is bad news for practically everyone, but it is especially bad news for the many retirees who are on a fixed income and have limited cash reserves.

As inflation slowly increases the cost of almost everything, retirees will be forced to cut back on their expenses or find new sources of income. In most cases, this means they will eventually be forced to start depleting their cash reserves, and hope that their money will last until they die.
While a slow inflation rate of 4 percent might not appear threatening, remember that over a 10-year period that 4 percent grows to 40 percent –

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Interesting Facts:

-Most predators have eyes facing forward while most prey have eyes on the sides of their head.

-The Pyramids of Giza were more ancient to the ancient Romans, than Rome is ancient to us.

-A Stanford study found a high correlation between walking and creative thought output. Compared to sitting, those who walked demonstrated a 60% increase in creative thought output.

-The United Kingdom and Portugal hold the longest standing alliance in the world, it started in 1386.

-The month of July was named after Julius Caesar.

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Kick These Bad Financial Habits

2. Not having an emergency fund
How would you handle a major car expense or medical bill? Would you meet this expense with a credit card? Underestimating the importance of an emergency...savings account is a terrible money move, but one you can easily fix. Even if you don't have a lot of disposable income, you can save a little each paycheck. Financial experts recommend paying yourself first and saving 10% of your pay. But if this is a stretch, go less and save 5% of your income. With money in the bank, you're better prepared to handle a financial emergency.

3. Paying only the minimum
Getting sucked into a routine of only paying the minimum on your credit cards will keep you in debt. Your balances will hang over your head for years and you'll pay a ton of interest. Minimum payments are just that – a minimum. You can't pay less than this amount, but you can certainly pay more. Not to say you must drop hundreds of dollars on your debt each month. But if you can afford to pay double or triple your minimum, go higher and pay off the balance quicker.

4. Poor management of extra money
Did your boss surprise you with an annual bonus? Was your tax return higher than expected? Money doesn't fall into your lap often, and when it does, you might brainstorm the best way to spend your "free" money. But before you spend this cash on things that you don't need, think of wise uses for the money. A surprise lump sum can provide the help you need to pay off a credit card or build a cushion for a rainy day.

Inflation & Retirement Income

meaning that the cost of everything has or is going to increase by 40 percent.

In order for retirees to maintain their same standard of living, they must find significantly more income in order to maintain their same standard of living. For example, if you are currently spending $50,000 a year to maintain yourself or your family, you will need to increase your income to $70,000 to keep the same standard of living..

For most retirees, this will involve a combination of both factors:

Closely monitoring your expenses, and more closely monitoring your investments and/or financial reserves.

However, you really can't afford to wait. Each year that passes without you compensating for inflation means that you lose that much buying power to inflation.

Retirees do not need to panic because of the continued inflation because while inflation eats away at buying power, as a general rule the same inflation increases the dollar value of your investments.

The obvious solution is to have your cash reserves and investments grow faster than the combination of the inflation rate and your spending. This is not a difficult process, and can readily be achieved by strategically positioning assets, without sacrificing safety or guarantees.

Our team can assist you in making sure your assets are allocated wisely. Why wait? Contact our office today.

"The beginning is the most important part of the work."
— Plato

Money Saving Tips

-Start on the first day of the month and save every receipt. Review the stack at the end of the month. This will allow you to clearly see where all of your money goes, and see what changes need to be made.

-Aim for short-term savings goals, such as setting aside $20 a week or month rather than long-term goals. People save more successfully when they keep the short-term goal in sight.

-When grocery shopping makes a list beforehand and stick to it. People who stick to the list and buy little else spend much less than those who decide what to buy when they get there.

-Keep your car engine tuned and its tires inflated to their proper pressure. Also, when driving, avoid fast start-ups and stops. Doing these will save you a lot on both gas and maintenance costs.

-Use window coverings to block or let in sunshine. In summer, use these coverings to block sunlight, keeping your house cool. In winter, open the coverings to let sunshine warm the house. You'll save on energy costs and be more comfortable.