



The College at
BROCKPORT
STATE UNIVERSITY OF NEW YORK

Financial Aid Office

FINANCIAL PLANNING TIPS

Managing Your Budget

- Know the difference between a "need" and a "want."
- Track your daily expenses closely for four to six months, until you know your spending habits well enough to develop a realistic budget.
- Periodically review your fixed and variable expenses; don't assume fixed expenses can't be adjusted, too.
- Save 5 to 10 percent of your net income every month. Pay yourself first — don't just save the "leftovers."
- Write down your goals — short-, medium-, and long-term.
- Check your net worth at least once a year to make sure you're making progress.
- Review your checking and savings accounts every couple of years to ensure that you're getting the best deal in terms of service fees, monthly charges, minimum balances, credit card fees, enhancements, etc.

Managing Your Credit

- Check your credit rating annually. If you are married, confirm that your credit history is being maintained in your own name. Adjust any errors you find immediately.
- Pay your bills on time to maintain a good credit record. If you get into trouble, contact your creditors and explain your situation.
- Stay below 20 percent! Avoid getting into debt that exceeds 20 percent of your annual income.
- Reserve consumer credit for major purchases, such as a car. Avoid using your credit cards unless you plan to pay the total due at the end of the month (or if you are trying to build up a good credit rating).

Managing Your Taxes

- Consult with experts well before April 1 each year.
- Keep good records. A business diary is one way to track deductible expenses. If you use credit cards for business travel and expenses, note the nature of the expense on the back of the slip you keep.
- If you can't make yourself keep good records, at least maintain a file — or a drawer, or a paper bag — into which you toss things throughout the course of the year that might relate to filing your taxes.
- If you're eligible to do so, open an IRA/KEOGH. Fund it annually.
- Remember, every dollar you save in taxes equals an extra dollar in income.

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Managing Your Insurance

- Make a household inventory. In the event of fire or loss, you will need it to document insurance claims.
- Protect yourself with the right insurance, but don't buy insurance you don't need. If you have a whole life insurance policy, review it to make sure the return on the investment portion of your premiums is competitive with other investment vehicles.
- Once a year, *review* the primary and secondary beneficiaries on your policies.
- Review renewal contracts of all your homeowner or renter, automobile, and other personal property insurance.

Managing Your Investments

- Establish an emergency fund first, before you invest. Your emergency fund should have the equivalent of three to six month's income.
- Work with someone you trust, and who understands your financial objectives. Interview the experts until you find a good fit; don't let yourself be pushed around.
- Analyze your tolerance for risk, and don't exceed it.
- Learn how to compare taxable with tax-free yields.
- *Never* invest in something you don't understand.
- Be a little skeptical. If it sounds too good to be true, it almost certainly is.
- Don't put all your eggs in one basket. Work for a balanced investment plan that permits your capital base to grow, and that can provide income when you need it. *Diversify!*
- Once you've made investments, pay attention to them. Ask questions. Stay informed about trends. Read books and magazines on personal and consumer finance topics. Learn from radio and television programs. Buy a pocket dictionary of financial terms, and look up every new word you hear or read.

Managing Your Retirement and Estate Planning

- Keep records in a system that others can understand and access. Should something happen to you, it will be easier to sort out your affairs. *Both* partners in a marriage or long-term relationship should know where all financial and legal records are, as well as the names of lawyers, accountants, and other advisers.
- Periodically check the balance in your social security account.
- Ask your employer's benefits administrator to explain all your employee benefits, so you can include information in your personal records, make maximum use of benefits when they're needed, and decide whether you should supplement them.
- Periodically check the amount accruing in pension plans, supplemental annuities, etc.
- Make a will and review it periodically to ensure it continues to reflect your wishes. Couples should avoid mutual wills.