

State Department Federal Credit Union

Topics of Interest

Goals: Resolutions With a Deadline

If you're like most Americans, you spent some time recently making your resolutions for the new year. And while each individual's goals may be as different as losing weight and learning to sky dive, there are certain fundamental financial goals that everyone should have in common. Once these basic goals are achieved, they form the foundation for your overall financial success.

1. Save for a Rainy Day

Experts recommend you keep at least three to six months' living expenses in an emergency fund to see you through difficult times. This money should be kept liquid, in an account where you can get to it quickly and there is no penalty for withdrawal; consider a federally insured savings account or a money-market account.

2. An Ounce of Prevention

Unfortunately, even an emergency fund can't prepare you for catastrophic loss or illness. The types of insurance and the amount of coverage needed will vary from one person to the next, but the kinds of policies you may need include health (necessary for everyone!), renter's or homeowner's, life, disability, and a personal liability umbrella policy. Review your present insurance coverage and put in place any additional policies you may need to fill the gaps.

3. Pay Off Debt

There is no question that paying off consumer debt is a smart financial move. Depending on your situation, there are different methods for achieving this goal. If you are making only the minimum payments required each month, see if you can cut expenses somewhere to increase the amount you send. If you are still getting offers for low-rate cards, you might want to transfer balances so that you can save money on interest charges while you whittle away the balance. And if you're having trouble making progress, you can talk to a professional credit counselor about setting up a debt management program to help you achieve your goal.

4. Build a Retirement Nest Egg

Whatever you want to do in your golden years, worrying about money shouldn't be on the list. While most experts do believe that social security will still be around, the percentage of your retirement income that will come from that source is getting smaller and smaller. Ultimately, you are responsible for building your nest egg, and the best way to ensure success is to start saving today! Even \$15 a paycheck (\$30 a month) in a tax-deferred account would grow to \$22,780 over 20 years at a rate of 10%.

As a credit union member, you have access to BALANCE, a financial fitness program dedicated to helping you achieve your goals. For more information, call them toll free at 888-456-2227 or visit <http://www.balancepro.net/sdfcu>.