

# State Department Federal Credit Union

## Topics of Interest

### Basic Steps To Financial Fitness

Your finances and the decisions you make about them change over time. Still, some broad guidelines may help you get a handle on your financial plans.

- Save, Save, Save! Most financial advisors say to accumulate three to six months' take-home pay in savings. That can take time to build up, and you may need to raid your account even while you are adding to it. Still, if you consistently put aside 5% or more of your take-home pay, you will reach your goal sooner than you think.
- For mortgages, lenders expect your payments to amount to no more than 28% of your monthly gross income. Another method says that your PITI (principal, interest, taxes and insurance) plus your long-term debt (car payments, college loans, installment payments) should not exceed 36% of your gross income.
- For long-term retirement savings, at minimum put a percentage into your 401(k) that equals what your employer will match. Anything less and you're actually giving up free money. Ideally, contribute the maximum your employer allows. If you can't match that amount while you're saving for your child's future education expenses, keep this in mind - You can borrow against your retirement account to meet higher education expenses, but you can't borrow for retirement expenses.