

FINANCIAL WELLNESS

Minister Cynthia Newman~ Presenter

SAVING FOR THE FUTURE

Proverbs 21:20 (NLT) - The wise have wealth and luxury, but fools spend whatever they get.

Basic Money Rules

- **Compound Interest:** The interest earns interest (applies to investment or credit)
- **Rule of 72:** Called the “Banker’s Rule” approximate the number of years it takes your money to double (or compound) based on the interest rate
- **Mutual Fund:** A professionally managed pool of money. Generally invested in the American/global economy and under constant supervision

All investments have RISK!

Three (3) D’s of Investing

- **Dollar-Cost Averaging:** Investing a certain fixed amount each month regardless of what is happening in the stock market. Does not assure profit or protect against loss but allows you to get the best price for investments over time.
- **Discipline:** Staying focused and invested regardless of what happens in the market.
- **Diversification:** Building a portfolio by balancing investments in different asset classes. Does not guarantee profits or protect against loss but allows you to spread your risk.

Don’t just save...INVEST! (Rate of return is the key)

Two Types of IRA’s

- **Traditional - (Deductible or Non-Deductible)** Allows you to save money for retirement on a tax deferred basis. May or may not be deductible on your taxes based on your income limits. Taxes are paid at the time of withdrawal
- **Roth -** Allows you to save for retirement with after-tax income. Contributions are not deductible, but you receive tax deferral on earnings and tax-free withdrawals later.
- ****Income limitations may restrict the amount that you may contribute to a Deductible IRA or a Roth IRA. Additionally, the amount you may contribute to a Roth IRA is reduced by contributions to other IRAs. Withdrawals before 59 1/2 may be subject to ordinary income and a 10% tax penalty. Primerica representatives do not offer tax advice. Consult your tax advisor with any questions.**

YOU CAN BE DEBT FREE!

Proverbs 22:7 (NIV) - *The rich rule the poor and the borrower is slave to the lender.*

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| 1. Debt Cycle: Your finances control you | Cash Cycle: You control your finances |
| • Outspending your income | Debt free |
| • Borrowing to maintain a lifestyle | Paying with cash instead of borrowing |
| • Paying off one debt and accruing another | Investments, savings and assets |
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2. When you carry debt compound interest works against you. Instead of your savings growing your debt is growing!
 3. When you buy on credit and only make the minimum monthly payment, your **new balance each month is the principal PLUS interest...** and that is the amount upon which the interest rate is calculated month after month!
 4. To Avoid Debt
 - Identify Needs vs Wants
 - Avoid Impulse Purchase - “24-rule” - If it costs more than \$50 wait 24 hours!
 - Eliminate Shopping as a hobby
 - Keep Track of Spending
 5. Debt stacking identifies an **efficient order** for you to **pay off debts.**

PLAN FOR TOMORROW TODAY (Protect Yourself)

Proverbs 13:22 (NIV) - *A good person leaves an inheritance for their children's children, but a sinner's wealth is stored up for the righteous.*

- Term Life Insurance (5-10 times income)
- A Will
- Other Protection