



FINANCIAL BUILDING BLOCKS

A guide to help you build a solid financial foundation



The secret of getting ahead is getting started. The secret of getting started is breaking your complex overwhelming tasks into small manageable tasks and starting on the first one.

-Mark Twain

When it comes to planning for your financial future, it's easy to get weighed down with life's never-ending to-do lists. After a while, you start to think it may be simpler to ignore financial planning. Don't. Timing is everything, but not everything on your financial to-do list needs to be done at once.

There are financial steps you need to think about in your 20s that may or may not apply when you're in your 40s or 50s. But you don't have to figure it out alone. LGFCU can help.

LGFCU has created this booklet to help you break down your financial to-do list. The tips you'll find in this booklet can help you better focus your attention on the areas that make sense for you now. From here you can build the framework for things you want to achieve in the future.

Of course, we understand there may be things you need to take care of prior to starting on your "to-do" list. That's OK. Use this booklet to help guide you through all life's stages. You'll have a better idea of what you need to do to have a financially secure future.



★ A BUDGET IS THE BUILDING BLOCK FOR FINANCIAL SUCCESS ★

Creating a budget is one of the most empowering steps you can take toward living your best financial life now and for years to come. Get started with this basic budget template. First, list your monthly income from all sources. Then, add the totals from your monthly expenses. Finally, subtract your expenses from your income. If you have a positive number, you're living within your means. A negative number means just the opposite and you've got more work to do. If you break even, you still have more work to do. You want to have wiggle room for unexpected expenses and/or extras.

The financial wellness experts at LGFCU recommend budgeting within the following percentages. It's important that your monthly expense total not exceed 100%.

INCOME

Total \$ _____

HOUSING

(30-35% of income)

Mortgage/Rent _____

Second mortgage _____

Real estate taxes _____

Homeowners/Renters insurance _____

Total \$ _____

PERSONAL

(10-20% of income)

Charity _____

Child care _____

Clothing _____

Entertainment _____

Total \$ _____

UTILITIES

(5-10% of income)

Electricity _____

Gas/Propane _____

Water _____

Trash _____

Phone/Internet _____

Cellphone _____

Cable/Digital TV _____

Total \$ _____

SAVINGS

(5-10% of income)

Emergency fund _____

IRA(s) _____

Total \$ _____

FOOD

(10-20% of income)

Groceries _____

Eating out _____

Total \$ _____

TRANSPORTATION

(15-20% of income)

Automobile taxes _____

Car payments _____

Car insurance _____

Gas _____

Total \$ _____

INSURANCE

(5-10% of income)

Life insurance _____

Health insurance _____

Disability insurance _____

AD&D insurance _____

Total \$ _____

INCOME - EXPENSES =
OVERAGE/SHORTAGE \$ _____



An entry-level job can make it hard to believe you'll ever have a solid financial foundation. But you can get there.

- ★ Create a budget to keep track of your money. Ideally, plan to spend less than you make.
- ★ Develop a plan to pay off your student loans; ideally, you'll be done within 10 years.
- ★ Make sure you know where your money is going. Track your spending with Compass, LGFCU's complimentary, interactive money management service.
- ★ Set financial goals for the future (e.g., pay down student loans, buy a home, buy a car, etc.).
- ★ Deposit something every month in a Share Account, even if it's only \$10 or \$20. Aim to set aside three to six months of expenses for emergencies.
- ★ Have savings automatically deducted from your paycheck. You won't miss it if you don't see it.
- ★ Enroll in your employer's retirement savings plan. Contribute at least enough to receive your employer's matching contribution.
- ★ Review your credit reports at least quarterly. You can get a free copy of your credit report once a year from each of the three credit bureaus, Equifax, Experian and TransUnion, by visiting [annualcreditreport.com](https://www.annualcreditreport.com).
- ★ Create an estate plan that includes a will, living will and health care power of attorney. Learn more about LGFCU's affordable Estate Planning Essentials program by contacting your local branch.
- ★ Purchase a Term or Whole Life Insurance policy, because it's never too soon to protect what you love. LGFCU partners with TruStage® to offer affordable home, life and auto policies.





Aim for financial stability to create a strong, lasting foundation. No matter what goals you're working on, we can help.

- ★ Think about the financial goals you set. How are you doing? Pause for an annual review of the plans you made.
- ★ Continue to pay down student loan debt.
- ★ Don't forget about your budget! Are you making more money? Continue to live off of your lower salary. Split the difference between paying down debt and putting some away for the future.
- ★ Increase retirement savings by 1 to 2 percent each year. In addition to your workplace plan, consider contributing to a Traditional or Roth IRA.
- ★ Evaluate your retirement account contributions and investment strategy annually to make sure you're still on the right path.
- ★ Review your credit reports at least quarterly. You can get a free copy of your credit report once a year from each of the three credit bureaus, Equifax, Experian and TransUnion, by visiting annualcreditreport.com.
- ★ Make sure you're covered with the right amount of disability insurance. Accidents happen, even when you're young.
- ★ Protect the ones you love by purchasing a Term or Whole Life Insurance policy. LGFCU partners with TruStage to offer affordable home, life and auto policies.
- ★ Create or update your will, living will and health care power of attorney as part of your estate plan review. Learn more about LGFCU's affordable Estate Planning Essentials program by contacting your local branch.
- ★ Start saving now for your children's college tuition. The Credit Union's Coverdell Education Savings Account or a North Carolina 529 Plan can get you started.
- ★ Plan to meet with a financial advisor annually or more often if you need to. Call or visit your local branch for no-cost financial counseling.





Welcome to your peak earning years. Now is not the time to make impulsive financial decisions. Stay focused on the goals you've created!

- ★ Have you budgeted enough to keep contributing to your savings? It's important to have a cash reserve equal to about three to six months' salary to ensure that your emergency fund is available should you need it.
- ★ Keep funding college savings accounts if you have kids.
- ★ Max out contributions to your employer's retirement savings plan. At the same time, if your finances allow, you can contribute to a Traditional or Roth IRA.
- ★ Don't charge more on your credit cards than you can afford to pay off every month. If you must carry a balance, choose a card with the lowest rate possible, such as LGFCU's Visa® Credit Card.
- ★ Review your life insurance policies to determine if changes are needed. Has your family grown since you first took out a Term or Whole Life Insurance policy? LGFCU partners with TruStage Insurance to offer members affordable life, home, auto and accidental death and dismemberment insurance.
- ★ Meet with a financial advisor annually to review your retirement strategy.
- ★ Begin to reduce your consumer debt, with a goal to be debt-free in retirement. If you need help, contact your local branch to schedule a financial counseling appointment.
- ★ Review your estate plan to make sure it's up to date. Learn more about LGFCU's affordable Estate Planning Essentials program by contacting your local branch.
- ★ Avoid large, unnecessary purchases such as boats or vacation homes.
- ★ Consider a long-term care insurance policy. Future medical expenses could eat away at your savings. A long-term care policy may help protect your assets.





You've reached the big 5-0. Hooray! This is a major milestone. Hopefully, most of your big debts (e.g., house) are paid for. With retirement likely becoming a reality, it's time to put the financial focus on your later years.

- ★ Review your goals. Are you still on track to meet your retirement needs?
- ★ Make catch-up contributions to retirement plans. Visit the IRS website to learn more about the maximum contributions to a 401(k) plan or an IRA.
- ★ Check on your budget. You're likely making more now than you did early in your career, which means you can put a little more into savings.
- ★ Meet with a financial counselor. Call or visit your Credit Union for complimentary financial advice.
- ★ Consider a long-term care insurance policy. Future medical expenses could eat away at your savings. A long-term care policy may help protect your assets.
- ★ Review other insurance needs. Have you purchased accidental death and dismemberment (AD&D) insurance? If you're not currently covered, you can get a no-obligation AD&D insurance quote from TruStage. AD&D insurance can provide financial support to you and your family in the event of the loss of your life or limb(s). AD&D insurance can be an affordable way to supplement your life insurance or medical coverage.
- ★ Invest for retirement and beyond. Look at ways to maximize your investments and to lower plan fees wherever possible.
- ★ Consider a smaller home to reduce your overhead costs. With the kids out of the house, maybe it's time to downsize.





You're on the countdown to Act 2! Whether you keep working or pursue a hobby, you'll want to be prepared.

- ★ Meet annually with a financial advisor, or more often if you have pressing needs.
- ★ Reduce the risk in your investment portfolio. The focus now should be on wealth preservation.
- ★ Review and update your estate plan. Learn more about LGFCU's affordable Estate Planning Essentials program by contacting your local branch.
- ★ Pay down or pay off all consumer debt before retirement. Work toward a zero balance on your mortgage, car, personal loans and credit cards.
- ★ Track your monthly spending. Sign up for Compass, LGFCU's complimentary, interactive money management service, to see your transactions. Compass provides tools to help you budget, plan and set goals for your finances.
- ★ Consider long-term care insurance. Medical costs in your later years could eat away your savings. This is your last chance to purchase affordable coverage to ensure you can pay for the care you may need later.
- ★ Practice living on your retirement budget now. Use an online calculator to get an estimate of how much you'll need for your retirement.
- ★ Investigate Social Security income options. You can collect benefits in your early 60s or you can defer until you turn 70. Contact your financial advisor and local Social Security office before making a decision.
- ★ Review Medicare options. You become eligible for this federal insurance at age 65, but it doesn't cover all your health care expenses. That's where a Medigap plan is useful. You can get help deciding between Medicare and Medigap options from the NC Seniors' Health Insurance Information Program (SHIIP).





CREDIT UNION PROGRAMS

LGFCU has financial solutions to help you reach your goals and protect what you value most.

Financial Counseling: lgfcu.org/financialcounseling

Let the Credit Union help you reach your financial goals. Branch staff can help you start living your best financial life with solutions that fit your budget and your life.

- ▶ Credit report review
- ▶ Debt elimination counseling
- ▶ Spending plan review
- ▶ Future financial goals

Estate Planning Essentials: lgfcu.org/estateplanning

The Credit Union's affordable Estate Planning Essentials Program is designed to cover some of your most basic estate planning needs in a single visit with a local attorney. Documents you may receive through the program include:

- ▶ A will
- ▶ Durable power of attorney
- ▶ Health care power of attorney and living will
- ▶ HIPAA authorization

Call or visit your local branch to get started with financial counseling or to get help with your estate planning needs. Find a branch near you at lgfcu.org/locations.

Visit lgfcu.org to learn more about the products and services designed to help you save, borrow or plan. To talk with a Credit Union representative, call 888.732.8562* or visit a branch.

* Calls may be recorded for quality assurance.





COMPASS 24/7 INTERACTIVE MONEY MANAGEMENT

With LGFCU's Compass, you're in control of your financial information anytime, anywhere. This complimentary service for Credit Union members gives you clear insight into what you're spending. Compass is your financial GPS, with built-in tools to guide you through the process of making a plan for your money.

Visualize your spending

- ▶ View accounts – From LGFCU and other financial institutions.
- ▶ Track spending – Clearly see the categories where you spend the most.
- ▶ Create budgets* – Make a plan and follow your progress.
- ▶ Manage debt – Take control and plan ways to pay down debt.
- ▶ Review transactions – In one place, from all your accounts.
- ▶ Net worth* – Track your assets in 12-month increments.
- ▶ Cash flow – Forecast what cash you may have on hand based on history.

Mobile convenience

- ▶ Choose your device† – Available for Android® on Google Play® and on the App Store®, plus a desktop version.
- ▶ Financial advice – Get the guidance you need to meet your goals right from the Personal Finance library.
- ▶ Access Member Connect through the app.

Secure? We've got you covered

Rest assured your information is protected with the best technology available. Both the Compass mobile app and desktop version use two-factor authentication. This advanced security measure verifies your identity through two separate methods of contact. Activate your Compass account in the app or sign up today at [compass.lgfcu.org/register!](https://compass.lgfcu.org/register)

* These tools are currently available in desktop version only.

† Data fees may apply. Check with your service provider.





PARTING THOUGHTS

You've planned for today. You've invested for tomorrow. Whatever your financial life stage, count on LGFCU to help you construct the best life possible with these additional resources:

Credit Union Resources

Personal Finance advice, lgfcu.org/personalfinance

TruStage Insurance

Auto & Home Insurance, lgfcu.org/homeinsurance;
lgfcu.org/autoinsurance

Life Insurance, lgfcu.org/lifeinsurance

Accidental Death & Dismemberment (AD&D), lgfcu.org/add

General Resources

Annual Credit Report, AnnualCreditReport.com

College Foundation of North Carolina, cfnc.org

IRS, irs.gov

Medicare, medicare.gov

NC Department of State Treasurer, nctreasurer.com

NC Seniors' Health Insurance Information Program (NC SHIIP),
ncdoi.com/shiip

Social Security, socialsecurity.gov

The advice provided in this book is for information purposes only. Contact your financial advisor, tax advisor or estate planning attorney for additional guidance.



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