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Financial Update

Ideas and Action Steps for Achievers

Ten Money-Saving Travel Tips

Exploring the world sounds fun and exciting, but it can be expensive to travel. However, there are ways to experience the trip of your dreams on a budget. Follow these money-saving tips when planning your next vacation to help make it more affordable.

1. Join a frequent flyer program. It will probably take time to accumulate frequent flyer points, but the perks can be worth it. Depending on the program, rewards can include cheaper fares, upgrades, free companion tickets, and more.

2. Be flexible with scheduling. Timing your ticket purchases wisely can help you save big. Aim to travel during days of the week when airfare tends to be cheaper. Similarly, try to fly at unpopular hours (e.g., early morning or red-eye flights) for more affordable pricing. Avoid traveling during peak holiday seasons and school breaks, and be aware of big events such as conferences or trade shows that tend to make hotel prices soar.

3. Comparison shop. Research online to find the cheapest flights to your desired destination. Mix and match your airlines and airports for the best rates — you might discover that two one-way tickets are cheaper, overall, than purchasing one round-trip ticket. Consider all-inclusive options, since the up-front price you pay is usually the total cost of your trip.

4. Pack smart. Checked baggage fees can rack up quickly, especially if you exceed an airline's weight limit. Try to stick with carry-on luggage or just remember to pack lightly to avoid paying extra for overweight bags.

5. Consider alternatives to hotels. Lower-cost lodging options can include hostels, home-exchange programs, B&Bs, and vacation rentals. But they do require careful research. Find a match that best suits your needs by narrowing down potential options according to your budget, number of guests, length of stay, and space requirements. Look at ratings and reviews to determine whether a particular location and property will work for you.

6. Download apps to your smartphone. Take advantage of free travel apps that can help you save money on things like gas, car rental, airfare, hotels/accommodations, and more. Find and download messaging apps that your family and friends also have so you don't have to pay for text messages you send/receive while traveling.

7. Reduce mobile roaming charges. After a relaxing vacation, you probably won't want to come home to an expensive phone bill due to data roaming charges. Fortunately, many mobile networks offer data roaming deals, so check with your phone's carrier to learn about packages and discounts that may be available to you. And before you embark on your travels, adjust settings on your phone to disable data roaming as well as software downloads. App and phone updates are important, but most can wait until you are connected to Wi-Fi, which is available for free at many places.

8. Find free activities. Regardless of where you're traveling, it's likely that there are plenty of fun and free or low-cost activities. Sightseeing, walking, browsing stores, and attending local concerts/fairs/cultural events are great ways to explore a new place without spending too much (or any) money.

9. Act like a local. Blend in with the locals by dining out and shopping at stores located away from popular tourist streets. Prepare your own food when it's practical, and don't shy away from street food — it's less expensive than a sit-down restaurant.

10. Save on car rental. If possible, stick with public transportation on your trip. But if you must rent a car, book the cheapest option you can find online. You can save even more money by choosing to forego car rental insurance, but you'll want to review your existing auto insurance policy first to see if it comes with some form of coverage for rentals.

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Managing Your Money in a Gig Economy

As a contingent worker, you may be eligible for a number of tax deductions (e.g., start-up expenses, mileage), so be sure to keep good records. If you have multiple gig jobs, consider using a log to keep track of your income and work expenses.

According to the Bureau of Labor Statistics, 16.5 million people rely on contingent or alternative work arrangements for their income.[1] Often referred to as the "gig economy," these nontraditional or contingent work arrangements include independent contractors, on-call and temp agency workers, and those who sign up for on-demand labor through smartphone apps.

If you are a contingent worker, you need to pay close attention to your finances in order to make up for any gaps in earnings that may occur between jobs. In addition, you'll have to plan ahead for health-care costs, taxes, and saving for retirement, since you will have to shoulder these expenses on your own. The following are some tips for managing your money in a gig economy.

Prepare for slower periods between jobs

While establishing a cash reserve is an integral part of any financial strategy, it is especially important for contingent workers. You'll want to set aside enough money to cover unexpected expenses and large bills that may come due during slower months between jobs. A good strategy is to make it a habit to deposit a portion of your income in your cash reserve.

Make sure you maintain good credit

Even a robust cash reserve might not be able to weather a significant downturn in contingency work. That's why it's important for contingent workers to have access to credit to help them get through leaner times. Make sure that you maintain a good history by avoiding late payments on existing loans and paying off your credit card balances whenever possible.

Come up with a budget...and stick to it

Because your income flow fluctuates, you'll need to come up with a budget a bit differently than someone with a regular income. Your first step should be to determine your monthly expenses. If it helps, you can break them down into two types of expenses: fixed and discretionary. Fixed expenses are expenses that will not change from month to month, such as housing, transportation, and student loan payments. Discretionary expenses are expenses that are more of a "want" than a "need," such as dining out or going on a vacation. Once you come up with a number, you should determine how much income you need to keep up with all of your expenses.

For a contingent worker, it's especially important to stick to your budget and keep your discretionary expenses under control. If you are having trouble keeping on track with your budget, consider ways to cut back on spending or find additional sources of income to make up for any shortfalls.

Consider your health insurance options

Unfortunately, as a contingent worker you don't have access to an employer-sponsored health plan. However, you do have health insurance options. If you are a recent college graduate and still on your parents' health insurance plan, you usually can stay on until you turn 26. If you are no longer on your parents' plan, you may be eligible for a government-sponsored health plan, or you can purchase your own plan through the federal or state-based Health Insurance Marketplace. For more information, visit healthcare.gov.

Plan ahead for taxes

In a traditional work arrangement, employers typically withhold taxes from employees' paychecks. As a self-employed worker, you'll have to plan ahead for federal and possibly state taxes so you don't end up with a large bill during tax time. The IRS requires self-employed individuals to make quarterly estimated income tax payments, so make sure you set enough money aside each time you get paid to go toward your tax payments. Because contingency income fluctuates from month to month, the IRS allows you to make unequal quarterly payments. In addition, you'll be responsible for paying a self-employment tax, so you need to account for that as well. For more information, visit the IRS website at irs.gov.

Don't forget about retirement

While being self-employed has benefits, it also comes with tough challenges. In particular, a lack of structured benefits, such as an employer-sponsored retirement plan, can lead contingency workers to end up sacrificing their retirement savings. And even though anyone with earned income can set up an IRA, the contribution limits are relatively low — $6,000 in 2019 ($7,000 if age 50 or older).

Fortunately, there are some options that may allow you to make larger retirement contributions. Consider contributing to a solo or individual 401(k) plan (up to $56,000 in 2019, not counting catch-up contributions for those age 50 and over) or a SEP IRA (25% of your net earnings, up to $56,000 in 2019).

[1] U.S. Bureau of Labor Statistics, Contingent and Alternative Arrangements Summary, June 2018

Financial Advice for Recent College Graduates

You've put in the hard work as a college student and finally received your diploma. Now you're ready to head out on your own. And though you may not have given much thought to your financial future when you were in college, you have new financial challenges and goals to consider. Fortunately, there are some simple steps you can take to start on the right track with your personal finances.

Set financial goals

Setting goals is an important part of life, especially when it comes to your finances. And though your financial goals will likely change over time, you can always make adjustments in the future. Start out by asking yourself some basic questions about your financial goals, such as whether they are short term (e.g., saving money to buy a car or rent an apartment) or long term (e.g., paying off student loans or buying your own home). Next, ask yourself how important it is to accomplish each goal and determine how much you would need to save for each goal.

Understand the importance of having a budget

A budget is an important part of managing your finances. Knowing exactly how you are spending your money each month can set you on a path to pursue your financial goals. Start by listing your current monthly income. Next, add up all of your expenses. It may help to divide expenses into two categories: fixed (e.g., housing, food, transportation, student loan payments) and discretionary (e.g., entertainment, vacations). Ideally, you should be spending less than you earn. If not, you need to review your expenses and look for ways to cut down on your spending.

Remember that the most important part of budgeting is sticking to it, so you should monitor your budget regularly and make changes as needed. To help stay on track, try to make budgeting a part of your daily routine and be sure to give yourself an occasional reward (e.g., dinner at a restaurant instead of cooking at home).

Establish an emergency fund

An emergency fund is money set aside to protect yourself in the event of an unexpected financial crisis, such as a job loss or medical bills. Typically, you will want to have at least three to six months' worth of living expenses in your cash reserve. Of course, the amount you should save depends on your individual circumstances (e.g., job stability, health status). A good way to establish an emergency fund is to earmark a portion of your paycheck each pay period to help achieve your goal.

Manage your debt situation properly

Whether it's debt from student loans or credit cards, you'll want to avoid the pitfalls that sometimes accompany borrowing. To manage your debt situation properly, keep track of your loan balances and interest rates and develop a plan to manage your payments and avoid late fees. If you need help paying off your student loans, consider the following tips:

- Find out if your employer offers some type of student debt assistance
- Contact your lender about your repayment options
- Consider whether loan consolidation or refinancing is available

Maintain good credit

Having good credit will impact so many different aspects of your financial situation, from obtaining a loan to gaining employment. You can establish and maintain a good credit history by avoiding late payments on existing loans and paying down any debt you may have. In addition, you should monitor your credit report on a regular basis for possible errors or signs of fraud/identity theft.

Determine your insurance needs

Insurance might not be the first thing that comes to mind when you think about your finances. However, having the right amount of insurance is an important part of any financial strategy. Your specific insurance needs will depend on your circumstances. For example, if you rent an apartment, you'll need renters insurance to protect yourself against loss or damage to your personal property. If you own a car, you should have appropriate coverage for that as well. You may also want to evaluate your need for other types of insurance, such as disability and life.

As for health insurance, you have a couple of options. You can usually stay on your parents' insurance until you turn 26. In addition, you may have access to health insurance through your employer or a government-sponsored health plan, or you can purchase your own plan through the federal or state-based Health Insurance Marketplace. For more information, visit [healthcare.gov.](https://healthcare.gov)

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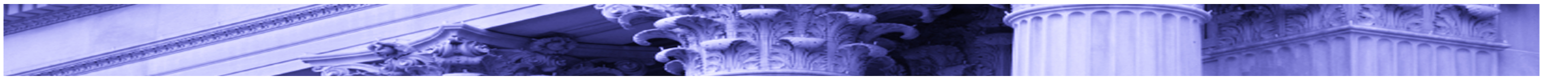

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How long could it take to double your money?

If you're saving for college, retirement, or a large purchase, it can be useful to quickly calculate how an anticipated annual rate of return will affect your money over time. To find out, you can use a mathematical concept known as the Rule of 72. This rule can give you a close approximation of how long it would take for your money to double at any given rate of return, assuming annual compounding.

To use this rule, you simply divide 72 by your anticipated annual rate of return. The result is the approximate number of years it will take for your money to double.

For example, if your anticipated annual rate of return is 6%, you would divide 72 by 6. Your money can be expected to double in about 12 years. But if your anticipated annual rate of return is 8%, then your money can be expected to double in about 9 years.

The Rule of 72 can also be used to determine what rate of return you would need to double your money in a certain number of years. For example, if you have 12 years to double your money, then dividing 72 by 12 would tell you that you would need a rate of return of 6%.

Another way to use the Rule of 72 is to determine when something will be halved instead of doubled. For example, if you would like to estimate how long it would take for annual inflation to eat into your savings, you could divide 72 by the rate of inflation. For example, if inflation is 3%, then it would take 24 years for your money to be worth half its current value. If inflation jumped to 4%, then it would take only 18 years for your purchasing power to be halved.

Although using a calculator will give you more precise results, the Rule of 72 is a useful shortcut that can help you understand how long it might take to reach a financial goal, and what annual rate of return you might need to get there.

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