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Personal Finance



How to Stay On Budget

It's hard to stay on pace, especially when you don't have a roadmap

Budgeting helps give us a clear idea of how much we're spending, and where. That makes it easier to properly portion out your hard-earned salary. Creating a budget makes it clear where smart cuts are needed, what's costing you more than it should, and the amount you'll need to put aside to meet all of your obligations.

WHY IT'S SO IMPORTANT

There will always be surprise expenses, as when an appliance or vehicle breaks down. Changes at work may also have sudden impacts. But more often than not, we have money issues simply because we're not keeping a close enough eye on the specifics of our spending. Budgets make clear how much you have coming in, and how much you have going out. You may find almost imperceptible changes in expenses become apparent simply by writing it all down. Getting your cost of living under control can lead the way to increased savings, so you're better prepared when the unexpected happens.

MAKING SMART CUTS

Once you've begun to regularly spend less than you earn, the nest egg that you've long hoped for will begin to grow by leaps and bounds. To get



there, you may have to make some notable cuts in discretionary spending. Begin by adding up your regular income and then balance that against what you owe, keeping in mind that this should include rent or mortgage payments, a car payment, groceries and gas, and regular insur-

ance and utility bills — but also the money you spend on extras that may be unneeded. You may find that it makes sense to alter a few lifestyle choices in order to more quickly build up your savings.

STAYING CONSISTENT

Making these small cuts,

even if just for a few weeks or months, may quickly put you back on track. In cases where someone has fallen very far behind, it could take longer. The key to success, however, is sticking with the plan. Even putting away just a handful of dollars each day can end up making a huge

difference with your long-term goals. Keep at it, and a well-deserved trip or major purchase might seem suddenly within your reach again. Over time, you may need to revise the budget to take into account the goals you've met or are still pursuing.

Getting Ahead On Your Taxes

You don't have to wait until April each year to tackle this particular task

In some cases, it makes good sense to pay your income taxes as you go — in particular if you own your own business, or work as a private contractor or freelancer. But those aren't the only situations where doling things out incrementally can keep you from experiencing a huge end-of-the-year bill. Plenty of everyday kinds of income may make it smarter for you to pay what's called estimated taxes along the way. You'll need to figure out how much you think you'll owe and begin making monthly or quarterly payments so that there are no surprises down the road.

ESTIMATED TAXES

Most people have a certain amount of taxes withheld from each paycheck, and that keeps them on track with the IRS. But if you don't have automatic withholding, or if you have additional income that is not taxed, you should pay periodically. You may also consider this kind of pay schedule if you receive additional income from dividends, interest, capital gains, special awards or alimony. Keep in mind that some local governments actually require estimated income tax payments, so do your homework.



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REQUIRED PAYMENTS

Those who work as sole proprietors, partners and certain shareholders who expect to owe \$1,000 or more when they file are required by the IRS to pay estimated taxes. The same goes for larger corporations, and individuals who meet certain income standards. These rules apply to U.S. citizens and

both resident and non-resident immigrants, as well as those living in U.S. territories like Puerto Rico and Guam. There are certain exceptions for those who had no tax liability in the previous year, as well.

CALCULATING THE BILL

A separate set of withhold-

ing rules is in place for fishermen, farmers and high-income bracket earners, but the vast majority of workers are not required to pay estimated taxes because their paychecks include a regular withholding amount. If you are, utilize Form 1040-ES to figure out how much you'll owe. Calculate your expected

adjusted gross income, credits and deductions to figure out your taxable income and how much you will potentially owe. If you don't want to hassle with mailed-in payments, the IRS has also made it easier to file by creating an online payment system that can be accessed as needed through the handy IRS2Go app.

What's Your Net Worth?

There's more to financial security than the regular paycheck you bring home

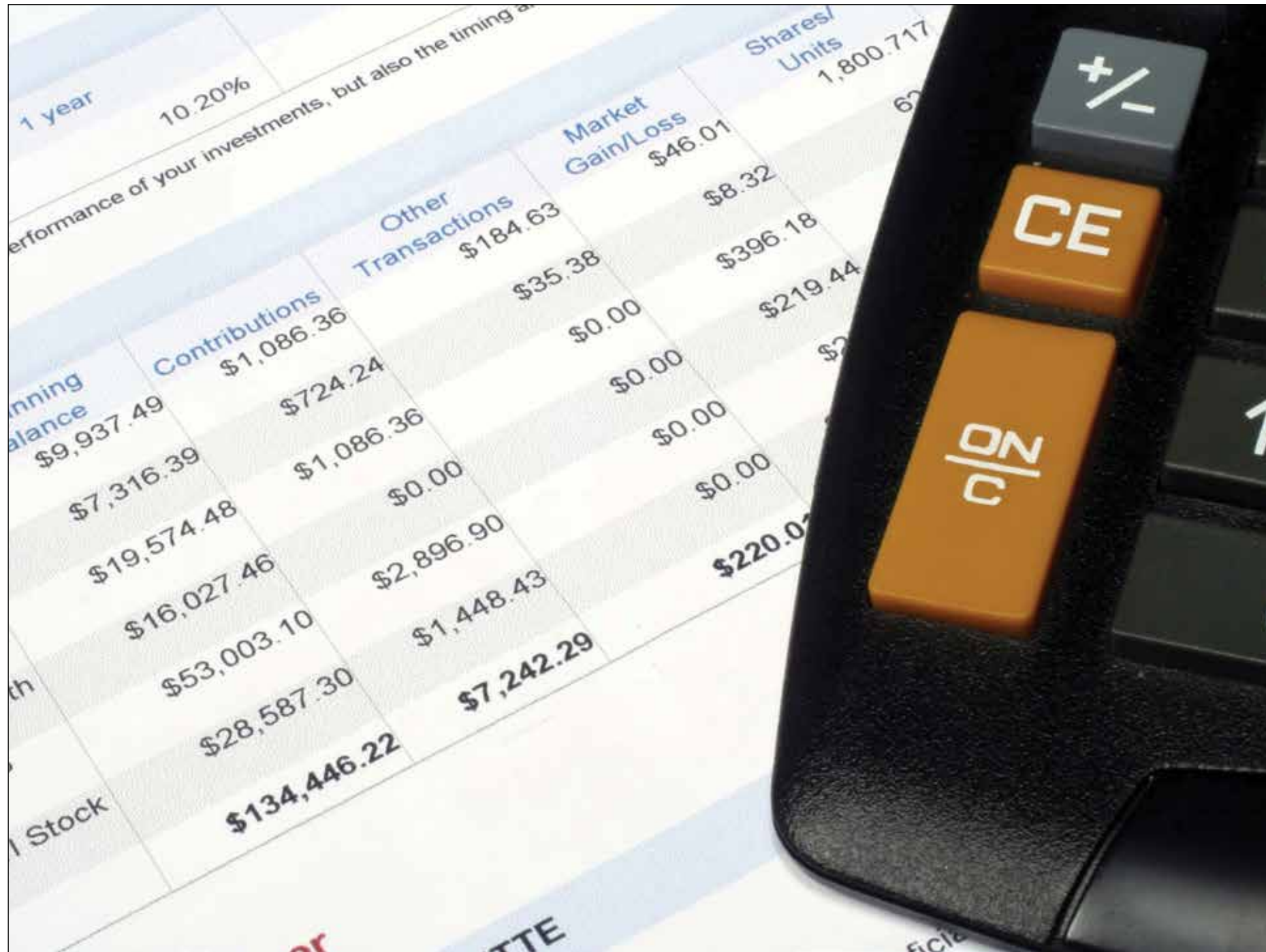
Figuring out your net worth will give you a better idea of where you stand, since this calculation will also take into account assets of value and hidden-away savings in things like retirement accounts. You'll get a better idea about your financial standing today, and a better idea about what you need to do to create a secure future, as well.

DEFINING NET WORTH

You'll be balancing everything that you have of value minus your everyday liabilities. Areas that need attention within your finances will be easier to spot once you've got a handle on the big picture. Determining your overall net worth also makes it easier to prepare for the future. For instance, lenders will inquire about net worth when you decide to purchase a property. This is done both to determine your readiness to take on such a huge loan, while also revealing potential assets that could be seized should you default. On the other hand, you may be looking ahead to retirement, and calculating assets you have on hand is critical to planning.

GETTING IT DONE

First, you'll need to organize your records so that all of the required information is easily



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found. Next, contact a trustworthy financial advisor to get an in-depth analysis of your assets and liabilities. They'll go through both columns with you, noting personal property, banking and investment accounts, vehicles and other holdings. They can also help you determine the value of

things like insurance policies, which may have their own cash value. Next, you will outline all of your liabilities, including mortgage or rent, credit balances, other debt and other payments. The calculated difference between the things in these two columns equals your total net worth.

WHY IT MATTERS

It's easy to follow a bank account balance and become lulled into thinking you've got the future figured out. Net worth determinations put everything in perspective. This information can be critically important to making huge decisions about your career,

investments or retirement. But no matter your situation, getting a better understanding of your net worth is an opportunity for peace of mind. If there are issues found within the numbers, you'll have time to get them resolved before reaching a final decision on moving forward.

If Your Identity Is Stolen

Data breaches, hacks and lost phones or wallets can wreak financial havoc

The Federal Trade Commission reports that as many as five million Americans are impacted by fraud and identity theft during any given year. This can lead to damaging financial issues, plunging credit scores and compounding stress. But there are a few tried-and-true processes in place that can provide some small amount of peace of mind along the way.

REPORT THE CRIME

If you have been the victim of identity theft, begin by contacting the Federal Trade Commission, either by telephone at (877) 438-4338 or online at [usa.gov/identity-theft](https://www.ftc.gov/identity-theft). Workers there will assist in completing a form verifying your situation for creditors, banks and other businesses. They will also help you establish an individual recovery plan based on the particulars of your situation. Keep in mind that some creditors may require a police report, so call local authorities next.

FOCUS ON CREDIT

The next step is contacting national credit bureaus like Equifax, TransUnion and Experian. Placing a fraud alert on your credit report with any of these individual bureaus is all that's needed, since the others are notified. If the identity theft



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causes longer-term problems, you may need to share a copy of the Federal Trade Commission theft report with each national credit bureau in order to set in motion a special alert that lasts for up to seven years.

OTHER REPORTS

Contact the fraud department with your personal credit card and banking institutions.

Tell retailers and other places where you have credit accounts what happened. Employers or potential employers may also have to be alerted, depending on your role with the company. Contact the related offices directly if you are a victim of IRS tax ID theft, unemployment identity theft or Medicare fraud. The National Long-Term Care

Ombudsman Resource Center is standing by for those who have been victimized at nursing homes or similar facilities.

STAYING SAFE

Taking part in some basic safety measures can help lower your risks. Never place your Social Security card in a wallet or purse. Be wary about sharing key personal information

like your birthday, and keep your account number at the bank a secret. Pay close attention to your account statements, noting any sudden or unexpected changes. Avoid banking transactions when connected via public Wi-Fi. Carefully shred expired cards, credit offers, most receipts and related statements so key financial data isn't at risk.

Smart Credit Card Choices

There are huge differences in what's offered, so study the fine print

There are times when it simply doesn't make sense to empty your cash reserves. Even the most careful of budgeters might encounter a huge and unexpected cost. That's when it's best to make use of a credit card. Unfortunately, you can subject yourself to deep financial risk by using them any more often, in particular when covering regular expenses. So it's best to seek out cards that have favorable terms, and use them as little as possible.

EVALUATING YOUR NEEDS

Begin by taking a look at your personal needs, whether you are looking for a better credit arrangement, applying for your first card or re-entering the marketplace after time away. Those who are simply attempting to establish credit are facing a new financial reality: These days, you have to have a good credit track record in order to make most larger purchases. They're encouraged to look for credit options from major providers, as are those who are hoping to limit financial risk in the event of an emergency.

Well-known companies will potentially improve your credit score more quickly by participating with national reporting bureaus, and may provide a higher initial credit limit that



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will provide needed flexibility. If you're simply trying to rebuild your credit, consider applying for a card from a specific retailer. You can then begin making more incremental purchases and quickly paying off the balance.

SEEK OUT A DEAL

Cash-back programs make

good financial sense when they're linked to places where you already do business. Just make sure that you're not adding new expenses where there were none before. If you travel often, look for credit cards that offer frequent-flyer discounts or miles. Charges made for a trip will build credit for future rooms, flights or related ame-

nities. Keep these cards paid off, however, as mounting interest charges can erase any bonus-driven savings.

KEEP IT PAID OFF

Try to limit your credit usage to the point where you don't have compounding interest. Sometimes that isn't possible, in particular if you have a car

accident or a home system fails. In that case, commit to paying it off as soon as is possible. High annual percentage rates can add mountains of unseen debt, leading to a situation where you end up paying much, much more than the original purchase was worth. Avoid offers with rates above 20%.

Correcting Your Credit Report

Bad numbers can impact your ability to purchase, borrow and pay things off

The number reflected on your credit report can have huge personal impacts. It may limit your ability to get a loan and open other lines of credit, or drive up the interest rate you pay on the debt you're carrying. In some cases, it can become a deciding factor in the hiring process. So pay close attention to these regularly updated calculations, and note any errors. Not correcting your credit report can end up changing your entire path forward.

ROOTING OUT ERRORS

A Federal Trade Commission study of credit reporting found that 26% of participants had an error that indicated a risk for potential lenders. The Consumer Financial Protection Bureau confirms that the top complaint they receive is about these basic mistakes. Make sure you're not one of them by closely following your numbers through national credit bureaus like Equifax, TransUnion and Experian. Some offer free credit report specials, as do certain banks and credit-card companies. Closely monitoring your report will also give you an early heads up if someone tries to steal your identity.

GETTING THEM FIXED

Credit bureaus allow you to



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dispute errors through an online process, and businesses and credit-reporting companies are required to fix errors free of charge. There are online options, or you can download dispute forms and mail them in. Keep complete records on any errors, and when you disputed them. Bureaus are required to inves-

tigate any dispute within a month's time. If they disagree with your alert, they must also provide an opportunity for you to submit more evidence. All of these details are then forwarded to the company which originally reported the incorrect information. Once changes are made, the bureaus are then required to send you a

free updated report.

DISPUTING DIRECTLY

If you choose to dispute the error directly with the reporting business, carefully document all of your communication. Begin with a letter or email, rather than a phone call, stating that you are disputing an error. Include com-

plete contact information, the specifics of the mistake and why it's incorrect, and copies of all documentation. (Do not send your originals.) Companies are required to inform all credit bureaus that you are disputing an element of your credit report, and the bureaus must acknowledge the dispute within your report.

Benefits of Online Billing

Avoid damaging your credit by missing a payment through the mail

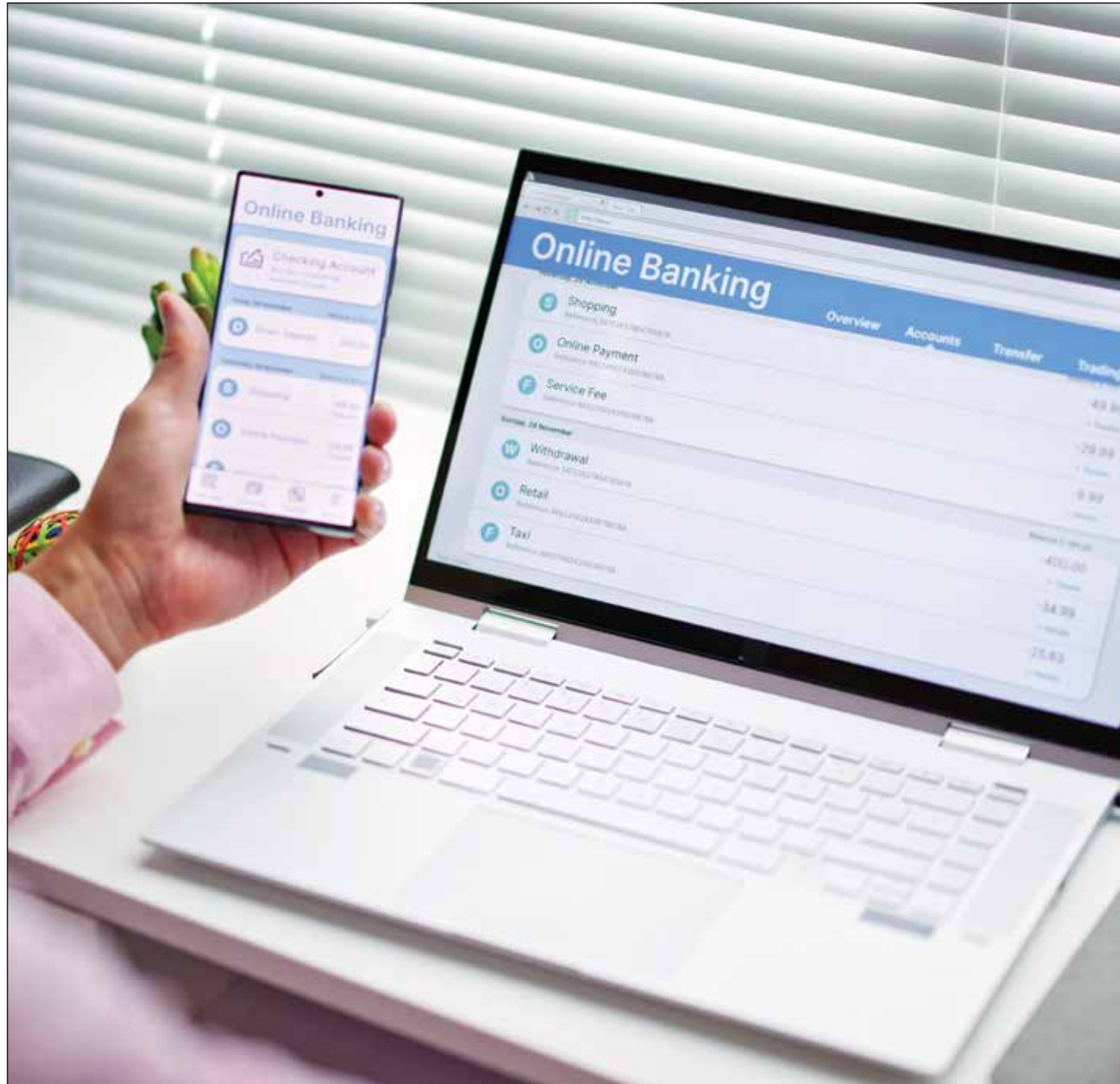
Slow payment for bills can have a huge impact on your buying power by damaging your credit score. In some cases, you might even face termination of services. Technology can help ensure that you never forget, while also avoiding the risk of something getting lost by the postal service while in transit.

HOW TO BEGIN

Different companies have their own processes, or you may choose to set up an online bill-paying hub through your personal financial institution. Either way, you'll gather together all of your bills so that you have easy access to account numbers and other required information. Banks will require the biller's details. You'll include your own information if setting up payment schedules through individual company sites.

ANALYZE YOUR SPENDING

Automatically deducted payments can help you analyze your spending, and they can also help you maintain a budget. Many online bill-paying services provide tools so that you can track spending. This allows you to determine exactly where your money is going and when, providing



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vital information on how to cut expenses. You can also keep an eye out for increasing costs as they happen.

SETTING A SCHEDULE

Everything is easier through these online scheduling services, whether you're dealing with a one-time only payment, monthly installments or annual responsibilities. Of course,

there's some front-end work involved with setting everything up by date and amount. But once you've set the schedule, your payments will begin to flow to their intended accounts like clockwork.

You can even set them up to pay extra in order to chip away at debt more quickly. Meanwhile, you never have to remember to pay again, and

payment will always arrive before it is past due. This can be particularly helpful with longer-range payments like club memberships or annual subscriptions which are more easily forgotten.

REAL-TIME BENEFITS

Identity theft has become a pervasive issue in the internet age, as tens of millions of

Americans fall prey to unwanted intrusions each year. Online bill-paying services will typically provide a notification system, either by email or text, that alerts users when payments have been made. They also offer updates on your available balance and on any suspicious transactions. Users can then quickly suspend accounts to limit the damage these hackers might do — a real-time benefit that has made a huge dent in losses due to identity theft.

ADDED BENEFITS

Beyond helping keep payments up to date, online banking makes creating and maintaining a budget so much easier. Financial institutions and other bill-payment services might even provide additional tools to help track income and spending. You'll get a better idea of how you're doing financially, and on a real-time basis. Areas to save will be right at your fingertips should costs begin to creep up too far.

Set up a two-factor log-in system and you can also guard against identity theft, since you'll have to enter a password and then a special code that's texted, phoned or emailed to you in order to access the page. The same system typically provides real-time updates on large or unusual transactions, allowing you to approve purchases if they're legitimate or to quickly suspend your account to stop a hacker in their tracks.