



Do You Need A Financial Makeover?

"Happiness is not in the mere possession of money; it lies in the joy of achievement, in the thrill of creative effort."
–Franklin D. Roosevelt

Lucia Reynolds
Financial Advisor



Amerisal Financial, Inc.
9221 SW Barbur Blvd #310
Portland OR, 97219
Phone: 503-344-4422
FAX: 503-344-6720
lreynolds@scfinc.com
amerisalfinancial.com

Questions to Ask Yourself:

- Are you aligning your goals & dreams financially?
- Have you thought about your long- and short-term financial goals?
- Do you have a monthly budget & cash flow schedule?
- Can you track all of your spending accurately?
- Feel like your spending is out of control?
- Are you making only minimum credit card payments?
- Is your credit score over 730?
- Over time has your debt been increasing more than your savings?
- Is there an automatic savings plan in place?
- Do you need to refinance your home loan to take advantage of lower rates?
- Have you been contributing to your company retirement plan?
- For business owners, do you have a retirement plan for your business?
- For saving & investments, time is your best friend -- are you ready to plan?
- Do you have a financial coach to guide you?

Managing Your Finances

1. Make a List of all Checking, Savings, & Investment Accounts & their Balances
2. Gather all Statements of Debt: Mortgage, Credit Cards, Auto & Personal Loans
3. Review Last Year's Tax Filing for Total Income & Total Taxes paid
4. Make a Budget and Track your Spending
5. Establish financial goals based upon your dreams and desires
6. Pay Down Debt
7. Increase Savings

Create a Budget and Track Spending

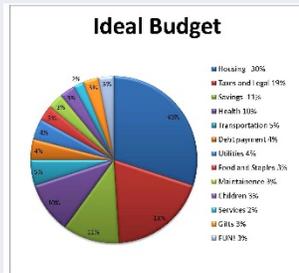
Let's talk about the need for a budget. How can you reduce spending and save for what you want if you don't know where your money is going? A budget is the main tool of financial planning. A budget is like the motor on a boat, it is a tool to re-direct your future. A budget will improve the quality of your life and help you set short term and long term goals. Making a budget and sticking to it feels good, it will help you save up for things you want.

Making a budget is easy! These steps will get you started. Get a blank piece of paper to start your budget.

1. Get your income numbers so you can accurately list your how much money is coming in each month. Add pay stubs, business income, social security benefits, and interest income to get an average amount. When in doubt, estimate low! List your income at the top of your budget sheet.
2. Below your income make some categories down the side with space underneath to list the items. Here are some basic categories:
 - a) Housing – mortgage/rent, HOA, property tax, home insurance, children's dorm/apt.
 - b) Household goods, furniture, lamps, rugs, décor, electronics, office supplies/postage
 - c) Utilities - electricity, natural gas, water/sewage, garbage, cable TV/internet, streaming, phone/cell/long distance, security monitoring, newspaper & magazines
 - d) Taxes and Legal – income tax, legal charges, tax prep services, banking/financial fees, liability insurance
 - e) Savings – retirement, college, other
 - f) Health –life, disability, and health insurance; Medical copayments, prescriptions, glasses/contacts, dental, physical therapy, chiropractor, counseling
 - g) Food: groceries, mini-mart snacks, coffee shop, eating out, diet plans, supplements

"It's not how much money you make, but how much money you keep, how hard it works for you, and how many generations you keep it for."
—Robert Kiyosaki

- h) Debt – car payments, credit card payments, personal and student loan payments
 - i) Transportation – car insurance, gas, auto maintenance, public transportation, parking & tolls
 - j) Utilities – phone, gas, electric, sewer, water, garbage, internet, TV, newspaper and magazines
 - k) Maintenance – minor home repairs, housecleaning service, yard supplies and landscaping service, including tree care
 - l) Children –educ./tutoring, school supplies, child care, sports/lessons, camps, toys, pet costs
 - m) Personal – clothing, dry cleaning and laundry, mani-/pedicure, haircuts/coloring, makeup, tanning, health club, sports fees, massage
 - n) Gifts – birthday, holidays, school parties, hospitality, charity
 - o) FUN! – hobbies, entertainment, sporting events, concerts, vacation savings; sports & recreation equipment, books, music, movies/streaming (Netflix,Hulu,Amazon)
3. Get Organized! To make categorizing your expenses easier, use colored folders with the categories above and separate all of your bills and receipts into them. An orderly set of clearly labeled files in bright colors is much less daunting than a big pile of paper. The very act of neatly filing your bills will begin to put you back in control.
 4. Going through the folders one by one, make a list of monthly payments, and add them to your budget in the right categories.
 5. Create a monthly amount for payments made infrequently like insurance and taxes: take the total amount and divide by 12 for annual expenses, by 6 for semi-annual payments-made every 6 mos., and by 3 for quarterly payments made 4 times/year.
 6. Gather three months of checking, debit card, and credit card statements. Write next to each line item what it is and what category it belongs in. Total the amounts for each category, divide by 3 because it is 3 months of figures, and add this to your budget sheet. Add estimates for repeated cash purchases: daily coffees, soda, snacks.
 7. Total expenses, then total income and compare! Examine ways to trim spending if expenses outweigh your income. If you have excess income, investigate how to put your savings to work to achieve your goals: establish an emergency fund, save for an upcoming vacation, add to college savings funds, get on the road to home ownership or make home improvements, and make consistent retirement contributions.



Now you can see what categories you spend the most, where you can cut costs, and how to budget for your long term goals! Your budget will show you how you spend your money so that you can change your spending to match your priorities.

Maintain your budget by balancing your checkbook every month, recording your debit and credit card purchases, and checking your bills for billing errors. Using apps like Mint or the computer program Quicken will help automate this process. Check your monthly spending against your budget to see where you need to improve and where you can save more. Knowing where and how you spend will greatly reduce money-related stress so that you feel in control of your finances.

If your spending exceeds your income, prioritize reducing expenses. Separating wants and needs is tricky, so start with the bare minimum expenses; housing, food, transportation and utilities. Eliminate unnecessary costs. If your expenses are too high sometimes your house is too big for your income, your car is too luxurious, or your credit card lifestyle is too lavish for your income.

Staying on budget can be hard at first, if you have been spending beyond your income for a long time. After a few months it becomes normal, though. Sticking to your budget will reduce stress, improve self-esteem, and reduce arguments. Fighting over money is a leading cause of divorce. Planning how you want to spend your money will make it easier to do what you want without wasting money on things you don't need. Don't forget any time you get a raise, pay yourself first—add to your savings!

When you know you have a big purchase or expense coming up our first instinct is to borrow money. Think again. Big expenses like cars, college, new furniture, even holiday gifting are easier to handle with a budget. Planning ahead and saving in advance, instead of racking up debt and loans, is always a better solution. Even if you can't save up the full amount, start saving right away. If you have a budget you will know how much you can afford and may need to adjust your & others' expectations.

"Every time you borrow money, you're robbing your future self "
—Nathan W. Morris



"Rich people have small TVs and big libraries, and poor people have small libraries and big TVs. "
—Zig Ziglar

"Try to save something while your salary is small; it's impossible to save after you begin to earn more."
—Jack Benny

Establishing Goals

Why is it so important to set goals? The majority of us are prone to the pull of instant gratification. But if we can't afford it, we shouldn't buy it. This doesn't matter as much for a latte and scone, but does for a new car or European vacation. Instant gratification too often prevents us from focusing on our long-term interests and prevents us from mustering up the courage to say NO. Avoid impulse purchases; think it over for 24 hours when considering items over \$ 100. I know, it is easier said than done. But, that's when goals become your best friend; they keep you on track.

Having goals enable you to:

1. Better decide what you want out of life
2. Know where you're headed and why
3. Create a short, medium, & long-term financial map for yourself
4. Focus on the big picture and prioritize
5. Then you can draw up a plan to make your goals become a reality

Goals take the pain out of resisting temptation. Saying no to buying a new fancy car is so much easier when you know you are saving for your beach vacation home. Yes, it's much tougher when the goal is long-term, like building a comfy retirement fund. But if you reword "building up a retirement fund" with the term "achieving total financial freedom", you're more likely to stick with it.

So what are some short-term goals?

Short-term goals are those you plan to achieve within the next 5 years such as:

- Build up a reserve for emergencies -- at least 3-6 months of expenses
- Pay off credit card debt
- Save for a vacation
- Minor home maintenance costs

Medium-term goals are between 5 and 10 years out

These are on the near-term horizon and could include:

- Your college education or post-graduate degree / paying back student loans
- Buying a new car or boat
- Home improvement projects
- Paying for your child's wedding
- Saving for a bigger home, vacation home, or recreational vehicle

Long-term goals would be ten years away or more

such as:

- Retirement nest egg (remember -- "complete financial freedom")
- Savings plans for children's college funding

Create a Personal Financial Statement

Before you create a list of your short-, medium-, and long-term goals you need to know where you're starting from. Knowing exactly how much money you have and how much you owe is all part of facing up to financial reality.

You start off by knowing your net worth. When you envision your big picture, knowing your net worth helps you gauge how much you can afford to put towards your goals and how close you are to meeting them.

Assets are what you own

For example, add the value of your real property such as land and homes, your savings accounts, pensions and investments. You may add a total amount for personal effects like vehicles, furniture, durable appliances, and household goods, but those should be discounted to what you could actually get for them by selling.

Liabilities are what you owe

Mortgages, vehicle loans, personal and student loans, bank and retail store credit cards, etc.

Net worth is the difference between your Assets and Liabilities



"Wealth is the ability to fully experience life." –Henry David Thoreau.



While your goals are your own, there are some that apply to pretty much all of us. Here are the top five goals for financial success:

1. **Pay off non-mortgage debt** – Cut back on spending until you've cleared all debts. Pay off all bank and retail credit cards IN FULL each month.
2. **Have a recovery plan** –A 3-6 month emergency fund in case disaster strikes, like your husband loses his job, the business goes under, or worse. Then you won't go into debt if you're landed with unexpected expenses.
3. **Start saving for retirement early** – If it isn't a formal pension or 401(k), then it should be another investment vehicle. Never shrink away from thinking about retirement savings. Start as early as you can and invest as much as you can. Build a diversified portfolio of investments that includes real estate, stocks, and bonds.
4. **Own your home** – Buy a property to live in and pay it off before you retire. The mortgage interest will allow you to itemize and pay less in taxes.
5. **Protect yourself against risks** – You may need insurance to protect against ill health, disability, or death. Protect your assets by maintaining insurance on them (homes and vehicles used to provide transportation to work). Personal liability insurance may be needed, depending on your profession.

Tips to improve your finances

- ✓ Don't spend money you don't have yet, ending up paying interest and fees!
- ✓ Open a bank account that does not charge monthly account maintenance fees
- ✓ Use one credit card that gives you rewards, only charge what you can pay off completely at the end of the month.
- ✓ Avoid using cash with no record of spending.
- ✓ Be wise about building your credit score, this will save you thousands of dollars!
- ✓ Don't get into debt to go on vacation or spend way too much on consumables
- ✓ Avoid using debit cards for advances on your deposits, they cost up to 10%
- ✓ Beware of auto dealers charging high interest rates; compare rates before shopping
- ✓ Avoid extra fees on non-network ATM usage and fees on some credit card purchases
- ✓ Prioritize spending on needs, not wants
- ✓ Be honest with your spouse/partner about your spending; this avoids marital tensions brought about by secret shopping or ballooning debt
- ✓ Put a monthly amount toward debt reduction and savings
- ✓ Sign up for your employer's pension program and contribute at least as much as they match -- this is free money that increases your savings with their funds
- ✓ Set up automatic deductions from your payroll to a savings account
- ✓ Investigate federal programs that help you save to buy your first home; avoid renting
- ✓ If your house is underwater, find out what federal or state programs are available
- ✓ Learn to say no when friends /family ask for loans that have no payment expectations
- ✓ Carefully read your monthly bank and credit card statements, looking for errors, auto pay that should be stopped, or late payments and penalty fees
- ✓ It is OK to say no , if you can't afford an opportunity or event outside your budget
- ✓ Protect your financial information -- Be cautious when using online purchases, never send money via Western Union -- fraud & phishing schemes are on the rise
- ✓ Have sufficient auto insurance coverage, an accident can greatly impact your family
- ✓ Maintain health insurance if you have assets to protect; you can end in bankruptcy
- ✓ Teach your young children to save, learn to say no to kids at the store, stay on budget
- ✓ Have older children build a paper portfolio to learn stocks index funds and finances
- ✓ For college-bound children, look into federal financial aid, grants, and scholarships
- ✓ If self-employed or with employees, send on time tax withholding/estimated payments
- ✓ If you own a business know the 20 steps to determine if you should file payroll reports
- ✓ Have fun looking toward your secure future, you are in control! Money should be fun!

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Investment Advisory Services offered through SCF Investment Advisors, Inc: 155 E Shaw Ave, Suite 102, Fresno CA 93710,
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