10 Tips for Your $ Future

However much you make or save now doesn't promise you a bright financial future. Life is unpredictable.

Follow these 10 tips to prevent you and your family from money troubles.

1. **See a lawyer and make a will.** If you have a will, make sure it is current and valid in your home state. You and your spouse should review each other's will – ensuring that both of your wishes can be carried out. If you are divorced and remarried, update your beneficiary designations. Provide for guardianship of minor children, and establish education and maintenance trusts.

2. **Pay off your credit cards.** Almost 40% of Americans carry credit card debt. This is not good for your financial future. Create a systematic plan to pay down your balances. Don't fall into the "0% balance transfer game" - moving debt from a higher-interest credit card to a lower-interest one. It hurts your credit score, making it harder to get loans and insurance at a good rate. You can avoid an unpleasant increase in your insurance rates by managing your credit wisely.

3. **Buy term life insurance equal to six to eight times your annual income.** Also consider purchasing disability insurance think of it as "paycheck insurance." This is primarily true for younger folks who have financial obligations to cover with future income. Stay-at-home spouses need life insurance, too.

   Most people don't need a permanent policy, such as whole life or universal life, but each family's needs are different. You should review your situation carefully with an insurance professional (preferably two or more) before making decisions.

4. **Build a 3-to-6-month emergency fund.** This keeps you from having to charge up your credit cards when life's emergencies strike. In the interim, before you build up your fund, you can establish a home equity line of credit, which allows you to borrow money against your house – this can take the place of part of your emergency fund.

5. **Don't count on Social Security too much.** Since projections show that Social Security is only able to pay 77% of promised benefits after 2033, you should adjust what you expect to receive, especially if you are younger than 50. Make up for this by funding your individual retirement account every year. If you don't fund these accounts annually, you lose the opportunity to increase your tax-deferred savings. Fund an after-tax Roth IRA over a traditional IRA if you qualify.

6. **If offered, contribute to your 401(k), 403(b) or other employer-sponsored saving plan.** Just the same as with your IRA, these are opportunities you should take advantage of to defer funds. In addition, if you don't participate, you lose the chance to receive any matching funds from your employer.

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7. **Use your company's flexible spending plan to leverage tax advantages.** A flexible spending account allows you to pay for health-care and dependent care expenses with tax-free dollars. You lose the tax advantages for that year if you don't use your flex plan annually.

8. **Buy a home if you can afford it and maintain it properly.** With every mortgage payment, the equity in your property grows. You'll have much more to show for your money spent than a box full of rental receipts. The benefits are more than financial – studies show that home ownership adds to peace of mind and improves quality of life.

9. **Use broad market stock index funds to reduce risk and minimize costs.** Indexes are a simple way to diversify. Most importantly, they're cheap. If you have limited options, for example in your 401(k) plan, make sure that you diversify across a broad spectrum of investments by getting a low-cost index.

10. **Don't be over-weight in any one security, especially your employer's stock.** As a rule of thumb, keep exposure to any single stock to less than 5% of your overall portfolio. If you over-expose to a single stock and that company goes bankrupt, you lose a significant portion of your portfolio. It can happen easily. History is littered with good companies that went bad.

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