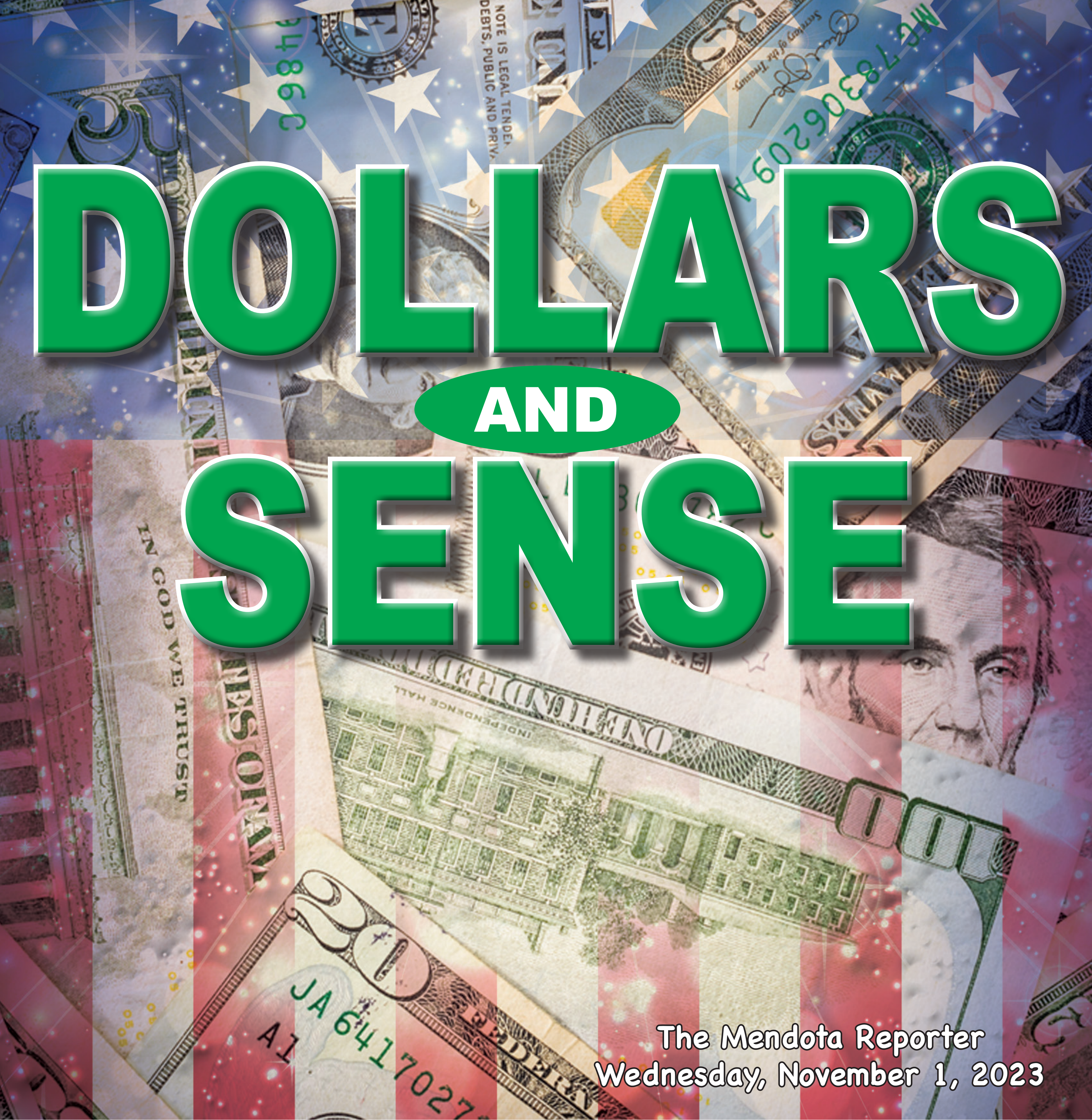

DOLLARS AND SENSE

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Tips to build a nest egg in a time marked by a high cost of living

A rise in the cost of living has presented challenges to millions of households across the globe. As the cost of everything from food to natural gas to fuel for vehicles has risen, many people have struggled to find ways to save money, especially for their long-term goals like retirement.

The term "nest egg" has long been associated with long-term financial goals like retirement savings or college tuition. But what are individuals to do if short-term costs get in the way of their long-term goals? There's no magic formula for building a nest egg, but these tips can help anyone grow their savings despite the high cost of living.

• Identify a specific, achievable goal. Simply resolving to save "more" without attaching a figure that defines what "more" is can make it hard to build a substantial nest egg. Examine your finances, including what's coming in each month (i.e., take-home wages) and what has to go out each month (i.e, housing and automotive costs, etc.). Document these expenses and then identify an achievable goal to build your nest egg. If necessary, trim some fat related to monthly expenses that are not necessities so you can redirect funds to your nest egg. Cancel streaming services or cut back on dining out so those funds can be redirected to building a nest egg.

• Take advantage of pre-tax opportunities to save. Pre-tax opportunities to build a nest include retirement vehicles like a 401(k). With these plans, money is deducted from a paycheck before taxes, thus lowering workers' immediate tax burdens (taxes are paid when funds are withdrawn) and enabling them to save more now. Some employers even match contributions up to a predetermined percentage, so enrolling in plans that offer employer match contributions can be an especially effective way to build a nest egg.

• Begin living on a budget, and stick to it. The idea of living on a budget may seem simple, but it's less common than some may recognize. A 2023 survey from the online financial resource NerdWallet found that 83 percent of the more than 2,000 adults 18 and over who participated acknowledged they overspend. Perhaps more telling is that 84 percent of respondents indicate they have a monthly budget but exceed it anyway. Individuals who want to build a sizable nest egg are urged to work with a financial advisor to devise a monthly budget and then stick to it.

• Save for emergencies. A lack of emergency funds can quickly jeopardize a nest egg. Without a somewhat sizable savings account, individuals could be forced to borrow from their retirement accounts in emergency situations. That strategy hurts in more ways than one, as it both reduces the amount in the nest egg and also affects how much the nest egg can grow, as gains are greater when balances are higher. The NerdWallet survey found that 48 percent of respondents want to prioritize emergency savings, and that strategy can be vital to building a nest egg.

A sizable nest egg can help anyone live comfortably in retirement, and various strategies can help people grow their nest egg even as the cost of living remains high.

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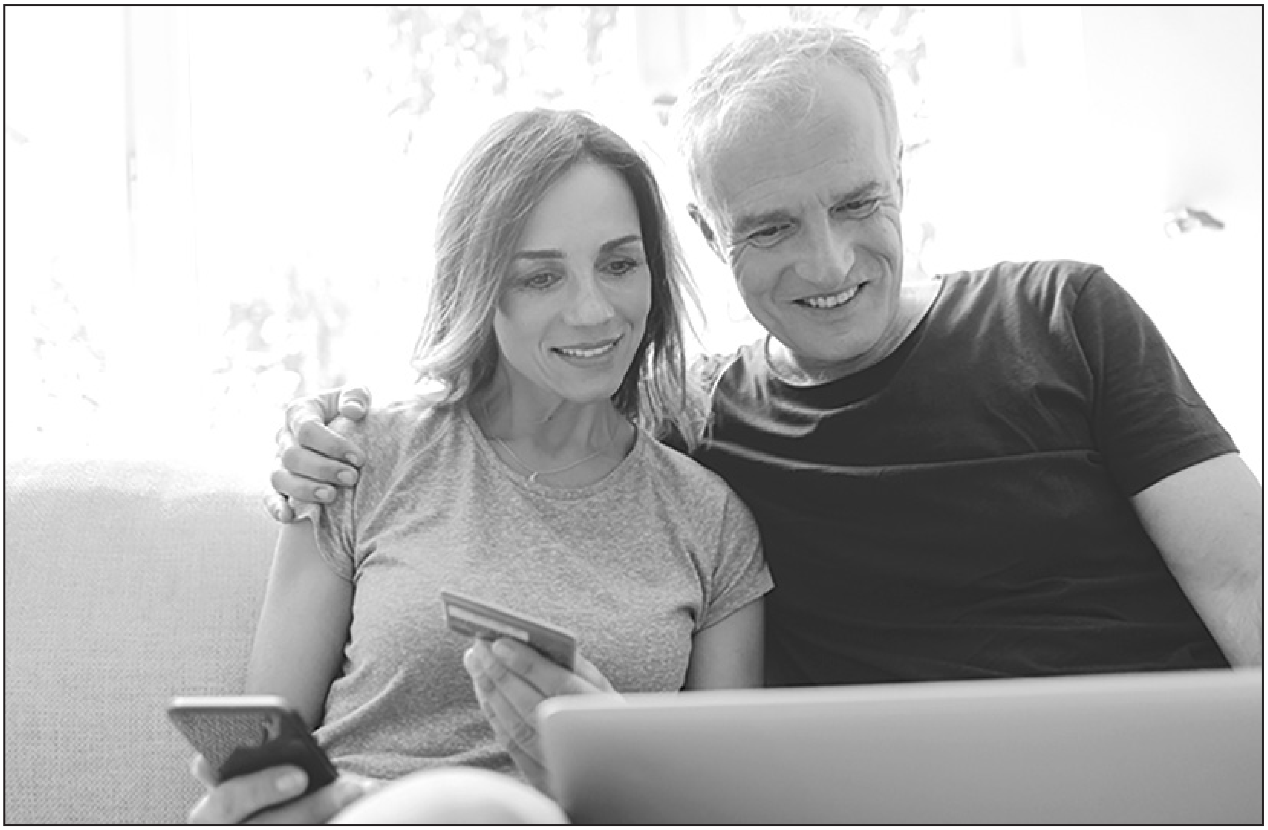


Figuring out how to pay for a home improvement project is as essential to the planning process as picking out materials and contractors.

Options to finance home improvements

Renovating a home is a great way to impart personality indoors and out. Improvements can make spaces more livable and address safety issues. Home renovations often take residents' lifestyles into account, and changes can be customized to accommodate a growing family or an empty nest.

No matter the job, home improvements tend to be costly. According to the financial resource SoFi, on average, the cost to renovate or remodel a whole house runs between $10 and $60 per square foot. Certain rooms demand a higher cost, with a kitchen or bathroom remodel costing around $100 to $250 per square foot due to electrical and plumbing needs. Figuring out how to pay for the improvement project is as essential to the planning process as picking out materials and contractors.

The following are some financial considerations and financing options for homeowners looking to renovate their properties.

• Consider if the investment is worth it. Remodeling magazine routinely assesses common improvements and how much homeowners can expect to recoup on the investment in its annual "Cost v. Value" report. In 2022, a homeowner spending $4,000 on a garage door replacement recouped 93.3 percent of the investment, whereas adding a midrange bathroom at $63,000 would only offer a 51.8 percent return. Homeowners must decide if they want to go forward with the project if they're likely to get just a $33,000 return when they choose to sell the home later on.

• Refinance the home mortgage. Homeowners can use a cash-out mortgage refinance as a way to access thousands of dollars for a remodel. This taps into a home's equity. Keep in mind that the mortgage will then be a new mortgage at the current interest rate and an outstanding balance higher than what was the current one. Typically 20 percent equity in the home is needed to refinance.

• Take out a personal loan. For those who do not want to refinance, a personal loan or home improvement loan can be good for midsized projects, according to American Express. Personal loans for home renovations typically require no collateral and one's credit score determines the interest rate.

• Utilize a home equity line of credit. A HELOC is a form of revolving credit, like a credit card. Homeowners borrow against the credit line granted with the home being the collateral. As a person pays down what is owed, he or she can borrow more. This is a good idea for recurring or long-term home improvements.

• Try a home equity loan. Home equity loans use the home as collateral like a HELOC. The home equity loan is an installment loan for a fixed amount on a fixed monthly schedule for a set term. These are sometimes called second mortgages.

• No- or low-interest credit card. Smaller projects can be financed using credit cards. Many will offer introductory rates with no interest for a few months. This is generally only preferable if a person can pay off the balance before interest is charged.

These are the primary ways to finance home improvement projects when costs exceed available cash on hand.

3 tips to catch up on retirement savings

One need not look long or far to be reminded of the importance of saving for retirement. Indeed, it's hard to go a single day without encountering roadside billboards, television and streaming service advertisements, and/or promotional emails touting the retirement planning services offered by an assortment of investment firms. If those adds seem ubiquitous, it's for good reason, as saving for retirement is among the most important steps individuals can take as they look to ensure their long-term financial security.

Despite the widely accepted significance of retirement planning, studies indicate that many people are behind on saving and aware that they're behind. According to a recent survey from the online financial resource Bankrate, 55 percent of respondents indicated they are behind on their retirement saving. In addition, a Gallup poll released in May 2023 indicated that just 43 percent of non-retirees think they will have enough money to live comfortably in retirement. The good news for individuals who are behind or concerned about their financial wellness in retirement is that three strategies can help them catch up on their savings.

1. Take advantage of catch-up rules if you qualify. Laws governing retirement accounts in the United States allow individuals 50 and older to contribute more to their retirement accounts than they're eligible to contribute prior to turning 50. Bankrate notes that current laws allow individuals over 50 to contribute an extra $1,000 per year to a traditional or Roth IRA and an extra $7,500 annually to a 401(k), 403(b) or 457(b) account.

2. Itemize your tax deductions. The online financial resource Investopedia notes that taking the standard deduction is not for everyone. Individuals with significant amounts of mortgage interest, business-related expenses that are not reimbursed by an employer, and/or charitable donations may lower their tax obligation by itemizing their deductions. That reduction in tax obligation allows individuals to redirect those funds to their retirement accounts.

3. Cut back on discretionary spending. Perhaps the simplest, though not necessarily the easiest, way to catch up on retirement savings is to redirect funds typically spent on discretionary expenses like dining out or travel into retirement accounts. One way to feel better about this approach is to remind yourself that the less money spent on dining out and travel now means more money will be available to spend on such luxuries in retirement.

Three simple strategies make it easier to catch up on retirement savings.

A few simple strategies can help shoppers stay the financial course this holiday season.

What shoppers can do to avoid breaking the bank during holidays

Millions of individuals enjoy holiday shopping for their loved ones each year. Come the holiday season, thoughts of what to get friends and family is foremost on the minds of those who embrace the spirit of giving that is synonymous with this special time of year.

It's easy to overspend come the holiday shopping season. That could be even easier in an era marked by high inflation, which has affected consumers since 2022. Lingering inflation could require shoppers to be especially vigilant with their shopping budgets this holiday season. Thankfully, a few simple strategies can help shoppers stay the financial course this holiday season.

• Track spending with a banking app on your smartphone. Consumers can now track their spending in real time by downloading their bank and/or credit card app on their smartphones. A quick login can help shoppers monitor account balances to determine how much they have spent. If the budget is about to be busted, pull back the reins and cut the shopping trip short.

• Establish gift value limits. No one has been immune to the effects of inflation over the last year-plus. So family members likely won't have a problem establishing spending limits this year. Work together with relatives to determine a reasonable limit to spend on each gift. For example, a $50 per gift limit can ensure everyone gets a quality gift without going into debt.

• Shop on retail holidays. Black Friday was once the only game in town regarding retail holidays. But consumers can take advantage of additional discount-heavy shopping days like Small Business Saturday and Cyber Monday to find great deals on a wide range of items. Take retail holiday savings one step further by penciling in time to comparison shop on these popular days when retailers compete for customers.

• Look for almost-new gifts. Mobile providers may market the latest model smartphone as upping the ante with new bells and whistles, but chances are last year's model is just as user-friendly at a fraction of the cost. The same can be said for other gadgets like wireless headphones and smart TVs. Last year's models may be heavily discounted, particularly online, but just as impressive as their more expensive successors.

• Keep shipping costs in mind. The sticker price of certain items, particularly large ones, is likely not the whole story regarding how much the item will cost. Certain items, like trampolines for kids or a new armchair for Dad, will likely cost considerably more than the sticker price alone. Shipping on small items may be free at various online retailers, but that likely won't be the case with larger items. The cost of shipping some heavy items might be as much as one-third the cost of the item itself. Shoppers should keep that in mind and build potential shipping costs into their holiday budgets.

It's easy to overspend come the holiday season. However, various strategies make it easy to stay within budget when shopping for gifts for family and friends.

Learn how to budget and save for big-ticket items

When faced with making a significant purchase, or even financing an unexpected emergency expense, consumers are tempted turn to credit to pay for the goods or services. While credit utilization maintains an important place in building a strong financial reputation, it can quickly put a person underwater financially, and interest fees can increase the price of big-ticket items by a significant amount.

The financial resource The Motley Fool says American households carried a total of $17.1 trillion in debt as of the second quarter of 2023. A report from Equifax Canada indicated Canadian consumer debt rose to $2.32 trillion in 2023. Substantial consumer debt can limit financial flexibility, so individuals who are looking ahead to new vehicles or vacations or even home renovations can first try to save for such expenses in lieu of borrowing. Budgeting and saving may not lead to immediate gratification, but it can help consumers avoid debt and ultimately create more financial flexibility down the road.

• Know exactly what you have. Too often people take a casual approach to their finances. At any given time they may not know whether the money they're making is actually covering all of the bills, and how much money, if any, is left over. Spend a few months cataloguing all credits and debits to your accounts. Pay attention to times of year when income is higher or when spending increases.

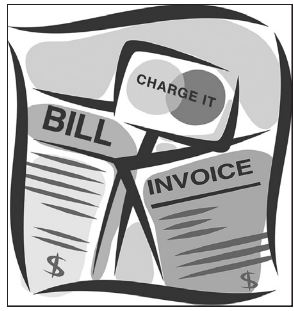
• Know your goal and price. A leading financial services company suggests identifying exactly how much you'll need for a purchase. Estimate on the high side of expenses so as not to go over budget. Treat a big-ticket item just like a utility bill.

• Create a separate expense account. When all of your funds are together in one bank account, it is easier to spend the money on other purchases rather than the larger one in mind. Open a separate account and move your "extra" earnings into that account to save for your large expense. Automating the savings by setting up an automatic deduction deposited into this account on payday can make savings even easier.

• Review your budget periodically. Figure out if there are areas where you can cut back and allocate more money to your overall savings or the special savings for the big-ticket item. For example, you may be able to downgrade to a more manageable mobile phone plan or dine out less frequently.

• Time the purchase right. In addition to only buying when you have the money saved, you can look at the calendar to figure out the best time to make that purchase. Does your state or province offer a sales tax holiday? Some times of year you may get a bonus, tax refund or birthday gifts that can be earmarked for big-ticket items. Avoid purchasing big items during times when you must pay for other significant expenses, such as tuition, summer camp fees and insurance payments.

Some simple financial planning can help people save and budget for big-ticket items more readily.



High credit card balances are prevalent

Credit card balances are high in both the United States and Canada. In the United States, where the Federal Reserve Bank of New York reported total credit card balances exceeded $1 trillion in the second quarter of 2023, the average cardholder had an outstanding debt of $7,279 as of the final month of 2022. Those figures, courtesy of LendingTree, are significantly higher than the average debt in Canada, where the credit monitoring agency TransUnion reports the average Canadian cardholder had an outstanding credit card balance of $3,909 in the first quarter of 2023. Interest rates on credit card balances tend to be very high compared to rates on mortgages and automotive loans, and that reality could be one reason why so many consumers are struggling to pay off their credit cards without accruing sizable interest charges. In fact, a report from Bankrate released in August 2023 indicated that 60 percent of cardholders who were carrying a balance on their credit cards had been in debt for at least a year, a development one Bankrate analyst described as "noticeably worse" than the situation involving credit card debt just a few years prior to the report's release.

Securing financial security

Safeguarding personal financial data has never been more important, as an increasingly digital world has made online banking that much more prevalent. Cyber crimes are a significant concern. According to the Federal Bureau of Investigation, no less than 422 million individuals were impacted by cyber crime in 2022, and nearly 33 billion accounts are anticipated to be breached by the end of 2023. Cyber crimes are happening every day, even if the public only hears about the largest data breaches.

Financial institutions as well as retailers and other businesses that require the use of personal financial information are obligated to safeguard customer data. According to the Federal Trade Commission, financial institutions protect the privacy of consumers' finances under a federal law called the Financial Modernization Act of 1999, also known as the Gramm-Leach-Bliley Act. That law governs banks, securities firms, insurance companies, and companies providing many other types of products and services. The law dictates how financial institutions can collect and disclose customer's personal financial information.

Individuals also have key roles to play in protecting themselves. Though even the best precautions cannot completely secure your financial privacy, every little effort is worth it to reduce your risk of being victimized by data theft. These tips from the Financial Industry Regulatory Authority can help individuals safeguard their privacy.

• You have the right to opt out of the sharing of some of your personal information with affiliates and non-affiliates of a financial institution. For example, you can opt out of receiving prescreened credit offers by way of credit bureaus selling information about you to lenders or insurance.

• Increase awareness of phishing scams. These often are emails that appear to come from legitimate firms or financial regulators asking for personal information. These entities would never ask for account numbers, passwords, credit card information, or Social Security numbers through email. Verify all communication with the financial institution by contacting that institution directly at the number listed on your account statement or bill.

• Be aware of where you click online. Never click on a questionable link or download a suspicious email attachment.

• Strong passwords can keep accounts more secure. Resist the urge to use the same password across many accounts. Once that password is compromised, the cyber criminal may be able to try it on your other accounts. Consider using a password manager to suggest and save strong and unique passwords for each account.

• Utilize multifactor authentication whenever it is available. MFA adds an extra layer of protection by using a password as well as a unique code or biometric to unlock the account.

• Conduct all financial business on a personal device on a secure network. Delete the cache and history frequently to avoid leaving a digital trace.

Financial mistakes anyone can avoid

Overspending when buying a home is a financial mistake that can prove costly over the long haul.

Earnings go a long way toward determining an individual's financial security. However, high wages do not guarantee long-term financial security any more than lower wages ensure a future marked by a lack of financial flexibility. Individuals are a unique variable in any financial equation, and those who can exercise and maintain some fiscal discipline are more likely to secure long-term security than those who cannot.

One way anyone can improve their chances at a secure and flexible financial future is to identify and avoid some common mistakes. Avoiding the following mistakes can increase the chances individuals at various income levels enjoy a secure financial future.

• Delay saving for retirement: Conventional wisdom says it's never too early to begin saving for retirement. Despite that, surveys indicate many adults are behind on saving. A 2022 survey from Bankrate found that 55 percent of respondents indicated they were behind on their retirement savings, while 35 percent reported being "significantly behind." Though laws governing retirement contributions have made it easier for people to catch up, it's still better to begin saving once you enter the professional arena, which for most people is some time in their early to mid-twenties. The longer you delay saving for retirement, the more precarious your financial future becomes.

• Spending beyond your means: The post-pandemic increase in cost-of-living has garnered considerable attention in recent years, when inflation has driven up the cost of just about everything. There's little consumers can do about the rising cost of living, but making a concerted effort to curtail spending is one way to combat the spike. However, surveys indicate many people earning significant salaries are living paycheck-to-paycheck. For example, a 2021 report from LendingClub Corporation found that nearly 40 percent of individuals with annual incomes greater than $100,000 live paycheck to paycheck, with 12 percent reporting they are struggling to pay their bills. An assortment of variables undoubtedly contribute to that stark reality, and one might be a tendency for consumers to spend beyond their means. Individuals who are struggling to curtail their spending are urged to seek the help of a certified financial planner who can help them devise a budget and alleviate some of the stress and pressure associated with overspending or living paycheck to paycheck.

• Poor use of credit: Credit cards can be a financial safety blanket, but that blanket can soon smother consumers who don't know how and when to utilize credit. Reserve credit cards for emergency situations and resist the temptation to use them for daily expenses, such as groceries and gas. Credit card interest rates tend to be in the double digits, so unless card holders can pay their balances in full each month, they're only exacerbating the already high cost of living by using credit for daily expenses.

• Buying too much house: Overspending on housing is another financial mistake, and arguably the one that's the most difficult to avoid. It can be hard to walk away from a dream home, but such a decision could secure your financial future. Unfortunately, data indicates far too many individuals are spending more on housing than conventional financial wisdom recommends. The most recent Consumer Expenditure Survey from the U.S. Bureau of Labor Statistics found that spending on housing accounted for 33 percent of the average household's monthly expenses and that the average household spent 88 percent of its after-tax income each month. That latter figure is especially troubling, as conventional financial wisdom recommends a saving rate of 20 percent. Overspending on housing greatly affects a person's ability to save and invest, so resisting the temptation to buy that expensive dream home could be the difference between a secure or scary financial future.

Avoiding some common mistakes can help individuals be more financially flexible and secure over the long haul.

Teaching young adults about the aspects of credit

A young person's eighteenth birthday marks something of a turning point in his or her life. In addition to acquiring various rights, such as being able to vote or serve on a jury, this is the age at which teenagers may be introduced to credit cards and loans.

According to Forbes, prior to age 18 it is possible to have a credit card if the minor individual is added as an authorized user on another account, namely a parent's or guardian's. However, a person must be 18 in both the United States and Canada to be an account holder on his or her own credit card.

Around the same time, teenagers also may be exploring schooling options. According to data from U.S. News about the class of 2021, students who took out loans to pursue a bachelor's degree borrowed $30,000 on average. Although loan information training is included in U.S. federal loan applications, many young adults do not fully understand this type of debt.

It's important that young adults learn about financial planning and smart credit usage. Here are a few ways to get started.

Define credit and interest

Young adults should recognize that credit is not free money, and it comes with an expense in some instances. When money is borrowed from a lender, it is understood it will be paid back later. Interest is the money the lender will charge for borrowing money. It is based on a certain interest rate. Credit card companies will charge interest on money spent only if the full amount is not paid off by the bill due date.

Credit limits

Quite often young adults who have not yet established credit will have a lower credit limit than someone else. Credit limit is the maximum amount that can be borrowed. This limit may be raised as the lender has greater confidence in the borrower who is paying the bill each month.

Minimum payment

Many teenagers new to credit (and even adults) quickly get themselves in debt by only paying the minimum payment. It should be explained that while the minimum payment is advertised on a billing statement, it is in the account holder's best interest to pay the entire balance to avoid paying interest, which can make it challenging to pay down the credit card bill. In fact, if a credit card is treated like cash, it is less likely that a borrower will get into financial trouble.

Makeup of a credit score

Explain that a credit score is determined by payment history, how much money is owed, length of credit history, the types of credit, and the number of recently opened accounts. According to Monica Eaton, a certified financial education instructor and author, payment history makes up 35 to 40 percent of the total credit score, and paying bills on time (even if only the minimum balance) is essential. Credit scores can range from 300 to 850, and the higher score the better.

Young adults are trusted with managing their own finances as they get older. Learning the right way to utilize credit is among the most important lessons a young adult can learn.