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Hello everyone and welcome to budgeting, relationships, and life events. My name is Melanie Ordonez in your moderator today, along with Jeannie Kuehler. Now I would like to turn it over to our guest speaker Andrew Hall. Take it away Andrew

I think you very much. My name is Andrew Hall. I have been working with Magellan for quite a while now as being a community partner from an organization called the Institute for financial education. We are a nonprofit organization as you can see there on the screen. Basically just a really brief, brief background about us is that we are a nonprofit that provides education to people on a wide range of topics, budgeting, relationships and life events, whether it is Social Security planning or estate planning, retirement planning. You name it. Financial topics out there, our organization exists to help provide education and resources to people on those topics. My back went personally, I am a CPA. I specialize in wealth preservation and estate planning for folks 55 or above. That is my area of expertise. I know enough in these areas to be dangerous. I can cofounder and had CPA of the Institute and I've been doing this type of work for over a decade now. So, that is a little bit about my background. As we get into this, we will go through a lot of information and if you have questions or want to reach out to me directly, there is going to be sometime in the Q&A pod. You can go through our website and that will be a resource for you to look and submit questions there and I will be more than happy personally to answer those questions, or at least set up a time where you can talk. That is all well and good. Today, we are going to talk about budgeting, relationships, and life events. Basically, what we are going to do and what we are going to cover is preparing for life event and start figuring out how to basically get our financial house and financial life in order. Now, that whole COVID-19 situation has kind of got everybody in upheaval whether it is financially because you have lost a bunch of money in your investment, whether it's because you lost a job for somebody that you know has lost a job or business has closed or whether you are just getting sick and tired of being sick and tired for being locked in with your significant other all the time, thankfully we have dogs we can spend more time with. The point

is when something like this is happening in the environment where obviously it is an extenuating circumstance, it is important, I think it really reset everybody and gets us to start thinking about the things that has bad my life's work of trying to get people to think about every single day. Two months ago when I was trying to get people to think about these things and these financial events and preparing for life event and etc., it was hard to get people to listen. Life is good, the economy was at an all-time high. The stock market or at all-time highs. The climate was at all-time lows. Now how quickly at the snap of a finger it all changes. That goes to show how quickly life can change and how important this stuff is. I am really excited now that I have more of a captive audience to say oh, everything he's been saying for the last 10 years is true. And so, let's talk about that. These life events happen. They happen in many different phases. It might be a job doing sitting. You might change or lose your job. That has all different things with it. What do I do with my 401(k) or 403B? How do I file for unemployment? What can I do in the meantime? How can I access my money, etc. Can I retire? There are financial market changes. Collections, recessions, bear markets. We are going through this right now. The market economy, a lot of our 401(k) have become 201K over the last two months and a lot of the times, that can break us out on what stage of life you are in. Whether you are just starting out deceiving her many, whether you are midcareer or whether the runway is really running out. It might communal, something like this amplifies your scenario. I am not here to give you the exact

answer. I am not here to predict what the future is going to do but we are going to educate you on the fundamental financial philosophies that can help you get through this and to get through these different things. Also emergency is, right? Health, obviously COVID-19 or anything else but maybe you get cancer and become disabled or something like that. Whether there was major repair, your roof fall through or air conditioner, all that stuff goes out in your home. Right? It is probably going to be helping a lot. Everyone is going to start firing up the air-conditioners in the next month or two and all of a sudden everyone is going to really didn't service it into the need

a new air conditioner. Lawsuits can happen, accidents can happen. A lot of different things can happen in our financial lives. It is important to be prepared in all those scenarios. We will kind of talk about and that is all considered in the importance of financial fitness. It is being prepared. Being prepared in case of an emergency. Health, accident, major repairs. Maybe it is your pets. They can be expensive. They make bones like us. What most of us don't do like they like to do things like socks and underwear. Maybe you guys like to eat socks and underwear, to each his own. Our dogs like to do that eight little bit more frequently. Then all of a sudden it cost \$2000 to repair the intestines. These emergencies happen. We don't know when they are going to happen. Being able to be prepared for them in such a way that is incredibly important. Job loss, okay. You understand, look at the economic development people that are around you. There are a lot of resources available for you in your community known as academic development. EAP, etc. That is available to you walk into and talk about limited resources. Use the resources around you when you are doing and figuring out financial fitness. Improving your credit, which we will talk about today as well. I have a whole session on that. How important it is, what is credit, how to improve your credit. What does it do for you? It how to get a lower interest rate, helps you have purchasing power. Up to in buying a home. It is important to have those things for when times get tough or when times are really good. Either way. It's really important to have improved credit. You can have improved credit. This is a one in the top right corner. On the right side of interest. Interest is a very, very powerful thing, right? Albert Einstein said it was the eighth wonder of the world was compounding interest. Incredibly powerful. You are either on one side of interest or the other. You are either paying interest on things like that or a loan or something that you have all you are earning interest on the right side of the investment. I say, Mark Cuban the owner of the Dallas Mavericks and philanthropist and shark tank and basically a billionaire said I can give you a guaranteed investment that is going to guarantee you a 10% rate of return year after year. Most people who say that say that is too good to be true. But no, it is not. Pay off your credit card debt. If you are paying 18% interest on your credit card debt, that is the same thing as earning 18% interest on money that would be invested. We will talk about that a little bit more. Then as we kind of, you can see it kind of steps up and you can say okay, now we want to look at long-term planning. What about college for the children. What about retirement but what happens in long term care and how to be pass our money on as efficiently as possible. These things are getting more and more E Vance advanced as we go on. After we personally prepared, handling emergencies, get our credit, power and get ourselves on the right side of interest before we can really start thinking okay, what about college, retirement, long-term care, estate planning. Most importantly, by doing all these things, the communal, financial stability is less stressful and allows us to focus on other things. Okay? I am going to talk about the different in the different phases of wealth and phases of financial planning and we are going to weapon talk about some of these more and more in depth. The most important thing I kind of want to talk about is a goal without a plan is just a wish. We oftentimes say okay, my goal is to make \$1 million. My goal is to be out of that next year. I say what is your plan but I don't know, I just

throw some money here and there and hope it happens. That is just a whispered just hoping it happens. A financial plan is imperative to your overall financial well-being and to scribble for long-term success. Don't read financial plan meeting but stopped, taking. Financial plan is not coming to your local investment advisor and staying how am I going to invest my money to earn more interest, what stocks, bonds, mutual funds should the pick. How should I invest my aura one. That is not a financial plan whatsoever. That is literally just taking a financial products. Plan is now including budgeting, understanding your cash flow needs. Debt reduction. Getting on the right side of interest. Improving your credit. Saving and investing for retirement. Creating an estate plan. Wills, trust, longevity planning. That's a record all these things include what now forms a plan. The product, stocks, bonds, mutual funds, annuities, life insurance, whatever it is, those are just product. Let's focus on the plan. It is wildly important to focus on what your overall plan is. So today, it is a long-winded intro but today, we are going to focus on first steps to creating a long-term plan. We are going to talk a lot about budgeting and protecting and improving credit and starting to get on a savings plan on getting right up there. If you want to learn more about things like estate planning, saving, investing for retirement, etc. not only our foundation directly or agency directly is going to be putting out a series of webinars anyone can join, general public if you want to be included on those. Let us know, we can let you know when those are. There is also a lot of resources with EAP. I know Magellan here does a lot of good stuff for two guys with webinars as well. So, the first thing we want to talk about here with the rubber meeting the road is let's set a financial goal. Remember, a goal without a plan is just a wish. What are the key things when it comes to setting a financial goal is not doing loan. Oftentimes, we internalize a lot of things and we all fall into the same trap. I self included. We fall into the trap that we think individuals think the same way that we do. And a lot of the times would be like finding a coat or finding a financial coach is quietly important. It doesn't have to be a financial advisor as far as like an investment planner or anything like that. You can actually have a neighbor, a friend, a colleague, a spouse, a brother, a sister, anybody like that to help you through this. It is really important to talk your ideas out loud and more importantly like the accountability accountability be. If you want to change your life, okay, we all say no matter what it is, I've got a palatine recently and I want to write about everyday. I need to change my life. I can stand to lose 15 to 20 pounds. You can't see me but I can state lose 15 to 20 pounds but I can say I am going to write about like everyday but if there is nobody there to keep me accountable, am I going to buy that bike? No. What do I do? I joined a challenge that I write every day this month and I am holding myself accountable to that. And I wrote it on a whiteboard and I need my wife asked me every single day when I am writing palatine. Those things are holding me accountable to my weight loss goal. It is the same thing with any other goal you have. We are going to talk about financial. The goal is the way to keep track of how you are doing. You should have different types of goals. Short-term, midterm, and long-term. Long-term five years from now, I want to be out of debt. \$10,000 in my 401(k). I wanted to be a millionaire. I want to own my own business. Doesn't matter what that goal is that is where you want to be. How do you get there? You have to have short-term goals. My short-term goal right now with the palatine? Write every single day for the next 30 days. If I can do that, I have covered my first hump. So forth and so on. Maybe the short-term goal right now is put 50 dollars on XYZ credit card. That is what I wanted to do. Six months from now, I want to have that credit card balance by \$600. I want to have this credit card wiped off. Five years ago, want to have not only that credit card wiped off, I want to buy a house. Whatever that is, we have to build a plan. It is a process. This thing does not happen overnight. You can be busting and scrimping and doing everything you can, putting three dollars a month on credit cards and things

of that nature and \$20 extra a month on credit card and it doesn't seem like you might be doing much. However, in addition to, sorry about that. It might not seem like it is doing much but long-term you are actually getting somewhere and that is really important. Here's a tip, here is a trick I have learned. It is important to write down your goals and put them with you can read them everyday. The mother again what this is but whether it is financial, exercise, whether it is a dietary goal. Whether it is anything of that nature. It is wildly important to have those goals written down. I put them, I write them everyday where I see them every day. Where I have my goals. So whether it is a financial goal, exercise goal, etc., I write them down where I see them everyday so I feel guilty if I don't do it. Right? It is kind of the out of sight, out of mind. Oftentimes we have the out of sight out of mind situation. And that becomes a problem. So if you see that every single day and I work out five days this weekend is Wednesday and I haven't worked out and I see that goal on the mirror where I get ready everyday, I feel guilty, I feel bad, I've got to get up. Write down your goal. It is according to exercise, do that, go over them with a financial coach or financial mentor and if you are really dead serious about getting on track financially, do the things you need to do. It is not fun, it is not glamorous. That is how successful people do these things. Next after that, short, medium long-term goals, we have to figure out how much money do we have. You can't just create money out of nowhere. We all have fixed income. Now, if you are working at young and healthy, you might have other options to get income. If you are older or unhealthy or you toward retirement, you might have less options to create and generate income. We are not a bunch of geniuses but can't go start twittering to make \$1 billion. But, what we can do is figure out what we have and make the best of that situation. Understand gross income and net income are two different things. Okay, so gross income is like I am getting a job and I signed a contract that says I'm going to make \$50,000 a year. That is great. I am not going to make \$50,000 a year., Let's do \$60,000 a year because the methods easy. Let's say I got a job making \$60,000 a year. I am making \$60,000 a year, I should be bringing \$5000 a month. But I am not bringing home \$5000 a month because I have expenses such as taxes, payroll taxes, Social Security taxes, etc. I have potentially insurances that I have to pay. I have Medicare tax that I have to pay. I have all these different things that I have to pay. That is actually what I am going to take home. After I got that take-home money, I have my expenses home. Cable bill, water bill, food, electricity, color, kids, dogs, whatever it is. All these different expenses. After all those different expenses that I have, that is the process. That is the money that you can decide what you want to do with it and how it becomes financially fixed. You have to create look at yourself like a corporation. Like a business. You are, I am and who Paul incorporated. I do not have enough money left at the end of the month, I am not turning a profit. I am not a viable business. I have to find a way in order to do that. It can be done. There are, I, I have been fortunate or unfortunate, however you look at it to see every single realm of the financial spectrum in this country, pretty much. I, you know, through my life as being a nonprofit and CPA and financial planner and all these different things, I of the people who do not have a dollar to their name and have helped people with multimillions of dollars in the recount and everywhere in between. We all tend to have the same processes and the same skills when it comes to money, okay? And I can see and compare somebody who's making \$35,000 a year who is saving money and getting by and I can see somebody who is making \$300,000 a year and can't even make ends meet. Lifestyle changes, understanding the very basic principles of net income, expenses, profits. Where can we actually make the profit. Sometimes there has to be sacrifices. Right now in this economy, companies, organizations, businesses are making sacrifices. Expenses are being cut I don't necessarily want to cut. Sometimes you have to do that as well as your own business. Once you understand what your profit is, create a budget. This is a very,

very important situation to figure out what you are actually spending. The budget is a step-by-step plan to reach your goal. Here is the key thing. Track all your expenses. When I say all your expenses, get a piece of paper and write down everything you spend in a week, month, year, whatever it is. Write down everything you spend. I'm talking everything. Talking if you are checking out at a grocery store and you buy a pack of gum and it is a dollar 25, write it down. You know, if it is some Amazon subscription, if it is your orange three class you never go to and spent money on androgen membership you been spending for the last year and I have, write that down. Oftentimes, those things are out of sight, out of mind. Money we are just hemorrhaging. Create yourself like a business. I told you to write down everything you spend while you are going through this process. Most importantly, there is a ton of budget worksheets out there through Excel documents or whether it is through a company like mint.com is a very good one that links all of your credit cards and debit cards and all those other things. That are going to be going on there. But it is a way to categorize and track your expenses into spending and figure out where you can reduce spending. Work with your financial coach to do that. Go through your budget. Here is my take-home pay, all right, here, here is my take-home pay and here is the amount of money that I have. Here is where it is all going. Here is what I have left over at the end of the month and start cutting if you need to, okay? Or not necessarily cutting but as we will talk about in a minute crediting and things like that or building credit and getting rid of debt. It is really important to analyze how to be more efficient with your money. So, I've gotten a couple questions in about what apps or tools do you recommend for budget tracking. Honestly, the one that I use when I was first starting out was mint.com. It is a reorganization. It is run by Intuit, which is the same people that make TurboTax and all that. They are a big reputable firm, reputable company. The app and all that stuff is free. Links to all of your cards and your spending. If you go in there and use those tools the way they are meant to be used, they will help. They will help you. A lot of us want a quick fix. That is with everything. What we don't, what we oftentimes don't like is work. Like it is with anything, your life has to be work. Finances are work. It is a process. There is a bunch of tools, resources out there for it but you have to be able to utilize it and do it. The most successful people I find when it comes to finances are people that are organized into people that stick to a process. But that being said, finance is a marathon, not a sprint. That being said, you can also always get into a bind. I see this with engineers a lot of times you get analysis paralysis when they over analyze everything to the point with the kids make financial decisions. That is not good either. What we want to do is build our self with very simple steps that we have in order to create a plan and that plan, like we said, from the very beginning, that plan is going to be budgeting that production, improving credit and estate planning and the first thing after we set our goals is figure out how much we make. Create a budget, figure out where all the money is going and start building a plan from there in order to start saving and investing more money. Okay? Understanding interest is mildly important. This is going to be important when it comes to how important this can be for you in your financial life. All right? So compound interest is the eighth wonder of the world. He who understands it earns it. Who doesn't, pays it. That was Albert Einstein. Incredibly important. Interest is money paid regularly at a particular rate for money lent or delinquent repayment of a debt. Those who oh,. And those who own and earn it. Right? So if you owe money to a bank, credit card, student loans, house, whatever it is, you are paying interest. Somebody gave you \$10,000 on credit and you now have to pay them that \$10,000 back plus an interest rate on that money. Now on the other hand, if you own that that, if you have \$100,000, somebody is paying you interest to hold that money. So it is really important to get on the right side of it. The average rate of return in the stock market from 1999 to 2019 was approximately

6.25%. All that is to be is averaging the S&P 500 and the returns for the last 20 years. That is where that source comes from. You can guarantee yourself a 15% rate of return. That is way higher than the stock market. How can you do that? The average credit card interest rate in America for 2019 with 15.09%. That is from credit, 15% the average credit interest rate in America. Remember, those who owe it pay it. Those who own it, if you owe that credit card, you are paying 15% on whatever outstanding balance that is every single year in interest. If you didn't have that credit card, that same money that was out would be earning that same 15% interest, right? Not

knowing it would be the same as earning it. Where is your money best spent? Important question to ask or tell. A lot of the time when it starts coming to financial freedom, the number one most important thing you can do is pay your debt. Increase your cash flow. I am a huge proponent, there are different philosophies of different people but our Institute, our nonprofit and on the education that we have done shows us that paying down debt and increasing cash flow is so, so important because the more cash flow you have, the better you are prepared for emergencies, the more money you have to put elsewhere, the higher your cash flow, the more money you have to pay down high interest debt, whatever it is. It is really important to utilize. I'm seeing questions on student debt. I will address that here. Rolling down debt is really, really important. We have a budget and we have to figure out how are we going to make ends meet. Most of us that are struggling making ends meet one of the big reasons for that is because our debt. Getting down in debt is infinitely important. What a lot of us do where we get down that kind of randomly haphazardly pay money. Sit down, say what payments do you have? What is your minimum payment question mark what is your interest rate

they come in for help and I ask what is your interest rate and they don't know. Ask what your minimum payment is the answer is I don't know. I venture to say a lot of folks on the line if I asked the same question of the top of your head, what is your minimum payment on your credit card, what is your interest, the answer might be I don't know. It is really important. Make a list of your debts and figure out what is actually going on in your life. It is widely important to keep those things down and figure out what is going on in your life. You can't help yourself and let you know exactly what is going on in your life. That is first and foremost most important. I see a lot of haphazard is. The minimum payment I think is 50, I pay \$100 month rent on this debt, usually from an extra 25. The other debts, I see this haphazard situation going. The thing is, when you are starting to pay down credit card debt or whatever that is, it is important to do it in the most efficient way possible. In general, what this means is targeting a specific balance. What that means is there is a question about it here. Why not pay off debt with the highest interest rate first and make minimum payments on others. That is what you want to do. You want to target and put on your extra money that you have on a certain date. There is an economic and emotional cost for everything. Finance is more emotional than it is economical. 80% of finance is basically emotional. Sometimes, even though it might make economic sense to put all of your excess money on the highest interest rate first, sometimes it makes sense to put it on the smallest that first to get that small that out there. If you can knock off 1. balance for the next three months but putting all your extra monthly on it even though it might be a lower interest rate that is okay to do because you think long-term emotionally, you are going to feel a lot better and be a lot less stressed out. That is worth a lot of money in and out of itself. Secondly, it frees up the minimum payment, which again is key. Radio, cash flow. All about the cash flow. The more cuts you had. You want to focus all of your excess money on one single debt and hammer, humor, humor. The second that that is gone, you want to roll that money into the next debt and next debt. Typically you want to pay the minimum

on everything you possibly can input all excess money on one. It's called snowballed. Limiting payment moving on to the next dump. Different things are going to work differently remove it through, review it with a mentor and stay on track. This whole rolling down debt reduction, there are things like 401(k) loans and cash back refinancing of houses when rates are at all-time lows, which are right now. That is taking a little bit in the mortgage see what the economy. You can use and mortgage cash and other areas of your life you may already have saved up that you otherwise think are a lot of folks will say a 401(k) loan, and not mortgaging my future ADOT. Not if it is part of the plan. Not if you did \$10,000 out of their 401(k) a tax-free loan to yourself, pay that back over five years but is going to yourself. It allows you to eliminate \$10,000 and 15% interest rate. You will save thousands and thousands of dollars over the course of doing that. If you are lucky and you have that will not market crashes like it did, you will be by at a much lower rate. Pretty good deal. Again, if you are taking the money without any intention of paying it back, you know, if there's a job offer, extending winning circumstances that happen around that, and thing is understand fundamentally what is happening with the money. Be very cognizant and very careful about the neighbors and. I can't tell you, I was sitting with the client. We were going over the retirement plan and she was getting everything set up. This is the perfect plan and we have his vehicles were going to put more money in and it is never going to lose any money Ernst X amount of dollars. It's exactly how it is going to work. She was awesome. Yes, I'm going to do all of this. She came back for an appointment and does my coworker says it's not a good idea to do that. I'm not going to do it. So, all right. What does your coworker really know what? Are they an expert? Have they been? What works for them might not work for you. I challenge you to do the education and understand what is going on in your life. Be careful. I see this question about management plan with a third-party company. Be careful with these third-party companies that have debt management plans. What times is they don't pay any of your., they go over to collection. They will set up with them, destroy your credit, which we will talk about here in a minute. Sometimes it is not always the most financially fit. Usually I only recommend that companies as a last ditch effort, last end of the line type thing, all right? So there are credit questions coming in. Hold your horses there, I promise I will get to that in a minute. But I have some questions, and for student loans to and that is important. There are different types of student loans. Private loans and public loans. When it publicly, it is a federally backed by the federal government. The Department of Education. That is something different than a private one. One is through a private institution. At the end of the day, it comes down to managing. With federal loans, there are things you can do. Most important thing to know is when you put it into deferment or piston paying it, interest is still backing up on that loan. You are doing more and more and more and more debt. The only way to discharge that that is desperate you cannot distract not debt in bankruptcy whatsoever. There are a few programs such as public service loan forgiveness programs but also understanding the different payments that are available on the. Student.has basically everything you need to know about student loans. Everything I've talked to client and to promote on, webinars and stuff where I talk about student in general, all my information comes from there. A lot of the times with a student loan what happens is maybe we can stretch that out into some sort of extended payment plan or something like that to help the payments come down lower. That might extended over a longer period of time but if we can do the payment, we can increase cash flow and we can get aggressive on other debts that will ultimately increase more cash flow as well. So through time, student loans are really, really important to take care of. Where it all comes down debt it is building a plan that is efficient. That is always going to be there. It is not going to go somewhere. It is always going to be there. And

we have to figure out a way to plan for it. That is what is important when it comes to rolling down debt reduction and prioritizing that, etc. Be efficient with this. Look up the snowball method of debt. Google that. You will find information about how to handle all that stuff. So, all right, so tips on paying off debt and increasing cash flow, I guess I went over all of these. Consider leveraging assets. Be careful with these. Don't tell everyone to take a 401(k) loan because when you took . I can you leverage your future for your current or use your future for your current well-being. That's not what I'm saying. Saying make sure it is part of the plan. You want to free up faster, which will allow you to get to a place. Has back refinancing , a lot of times we are sitting in a home with a lot of money and we have equity in their to say let's get a home equity line of credit or something like that. Don't sleep on the cashback refinances. I have seen a 30 year loan instead of a 15 year mortgage. Let people, again, this comes to financial product sales. At the end of the day, a 15 year loan is better than a 30 year loan 100% of the time, no it is not. It depends on what is going on in your situation. Will you pay off a 15 year faster than a 30 year loan? Of course. What if you made the exact same payment you are making on your 15 year loan on a 30 year loan? You are going to be done and roughly -15. Might be a small interest rate adjustment but what you won't do is have a mandatory higher payment every year for 15 years. You can have a flexible payment that you cannot not pay off in 15 years. You can overturn a 30 year mortgage with 15. You can never go vice versa. Maybe that extra two, three, \$400 a month, start going to make yourself financially fit whether it is building an emergency fund, whether it is and of high interest rate that. Maybe it is more on your 401(k), getting life insurance. Whatever it is that become financially fit, paying for an emergency. If it is all of a sudden you can't make it 400 all emergency because you are paying a high home payment, negative debt. Swipe a credit card, your pig 15% interest on \$400 when the \$400 could just as well be at your home at 3% of stress. It is not a one-size-fits-all answer for everybody. I think at the end of the day, what you need to consider and ask yourself is what is important to you and how does all this stuff work. I am a proponent of a longer mortgage on your house is. It is economic and emotional. Some people can't sleep at night if they have a mortgage. It operating will be stress free and happier in the long run. Right now with that as long as they possibly are, interest rates as low as they possibly are, you need to figure out a way to get stuff done. Utilize roll down.production. We talked about that over the last slide. Look at zero transfer credit cards. Sometimes if you have a decent amount of money were decent amount credit, you can get zero transfer credit cards, which allow you to move two, three, four, \$5000 over to a credit card that has a zero balance or 0% interest 12 to 15 month predicament costume 3% interest to do that but a lot of the time, it is worth the money. You get 100% of your payment every month going to a debt. Look up a credit card interest calculator online. Google credit card interest, later online and type in your number and you will be blown away at what you are actually paying. We can get that to a zero transfer card, that would be good. Look at places like the nerd while at.com, a really good website that is an unbiased review of different credit cards and things like that. Reduce the 401(k) contributions to the match. Obviously first and foremost, financial planning 101, take the match you have at your job but if you're putting in extra 1 or 2%, maybe that could be spent elsewhere or more efficiently to pay off debt six months faster , therefore, you can make that contribution after that that is gone and moving forward that way. You have to get some traction. You have to get traction. If you are paid the minimum payment on everything you think you have every single month, you are never going to go anywhere, unfortunately. Some way, shape, or form you have to figure out how to get some traction. That means if you have to dip into an emergency fund, if you have to dip into your cash just to get onto something so that when you are paying your debt by paying these things off, you are making

headway in that. You have to start making headway. If you are paying minimum payment on everything, you are never going to get anywhere. We have to start somewhere. An emergency fund is an important thing to have it is completely different for everybody. They say six month expense. You get all your six month expense, we are talking your mortgage, your electricity, heating, food bill. Is good. You need to have six-month expenses. Sometimes, a lot of times just hitting a couple thousand bucks but important. Getting out of that is so important I can't stress how huge it is. It is so important to get rid of the debt and get some traction. I seeing the kind of information and a ton of questions about credit. Hopefully I can clear this up on the next slide. Improving your credit is really important. I have even seen a lot of the questions come across, there are some things that are just misinformation that people have been told over the course of the years that is very common. Understanding credit is important. All credit is its creditworthiness. How likely is someone to lend you money if you ask for it. Joe blow off the street, I'm not going to lend money to Joe blow off the street, to my office and say I'm a nice guy. I'm going to say let's look at the history of everyone you've borrowed money from if you pay them back. Done a good job putting people back, I'm going to pay you back. That's all credit is. That's all it is. Look at your credit report. Your personal information, any inquiries that anybody has asked

that is really important when it comes to increase on credit report. There are two types of inquiries. A soft increased heart degree. A hard, I am in the process of refinancing my house. Two hours ago I took a freeze of my credit report so my mortgage broker good but my credit to refinance my house. That is a hard entry. That is someone inquiring credit to see if I am going to be extended credit. Soft increased like when you get that information in the mail, things like that. Or you are looking up your own credit

or a creditor is looking up your credit. There's are soft increased. Those don't affect your score. Soft increased to not affect your score whatsoever. Heart increase do affect your score a little bit. My credit is going to take a hit because I had my mortgage broker look it up. It's not going to be a huge hit and I'm going to make up for it in the next month or two and I will tell you how as we go on but be wary of heart increase, they will show up on your report as book collections, public public record information, etc. You are entitled to one free credit report is your from each one of these bureaus. A lot of the times, I think the facts are giving away six-figure because the government breached a couple years ago. I was in there today, looked at my freeze and I realized they said you still have five credit reports until July 1st 2020. In general, each of these bureaus has to give you my credit report once a year. For free. You can get them annual credit report.com or go directly to the bureau itself and credit,, those are pay for companies that are trying to sell stuff. Get a credit report once a year. I recommend getting one every 3 to 4 months from each one of the situations. But when you can monitor credit for free. All they are doing is reviewing your credit and making sure nothing is wonky is happening. You can do that yourself. Got that done. It is important. That is understanding your credit report. How is credit measured is right here. This is the chart. You can see, I guess you can see my mouse. 35% is payment history. 30% is credit utilization, 15% is length of credit history, the other 20% is your credit into types of credit used. There is nothing more important for you, nothing ever anything more important than payment history. On-time payment. Doesn't matter how much you pay, it has to be an on-time payment in full. If you pay the minimum balance, if you have a ton of credit cards and only pay minimum balance on all of them for your whole life, you probably have an 800 credit score. That is widely important. Missed payments are devastating to do for credit scores. Second thing, the

amount owed. Utilization. Much credit is available to you for your , like if I have a credit card with \$10,000 and I only owe \$1000 on the credit card, that is good. My utilization is really low. I am not utilizing all the credit extended. That is really, really good. If I have \$10,000 of credit extended to me and I am using \$10,000 of it, that is bad and that holds my score down. When utilization is not good. And then it is a length of credit history. If I pay off a credit card , moving from a high interest rate credit card low interest rate credit card how does that impact your credit score when losing the history of the first card? You are not. To close the old card. I have a credit card I opened 12 years ago but I haven't, I barely use. I never use it. Every once in a while I use it but not very often. The most important thing is if you want to , holding a balance every month on your credit card doesn't do anything for your credit whatsoever. It's all about payment history utilization did not have them amount is way better for you than holding a balance on your credit. Most important thing is you are actually paying it off. If you swipe that card once a month for a dollar and pay that dollar off, that will look every bit as good as if you swiped it for \$20,000, and pay that \$20,000 off. That amount doesn't matter. That is how credit is measured. Those are the most important things. Focus on those. Don't get caught up in wives tales about credit. Some tips on credit building. It is not bad to have a 0% utilization. I had a 0% utilization until I got my husband and I have a mortgage. So what this balances. You want 30% utilization or below. That is going to give you a good score. Limited credit card balances, consolidate spending. Leave all that on your part. Oldie but a goodie. If you pay off debt, it's going to be on your report for seven years. Why do you want that removed from your credit report? You don't get that is saying I was in good standing. I paid this credit card off. And I did and paid in full and it is in good standing. That is good. Usual calendar. If you are doing refinancing of a house, remember a hard inquiry will affect your credit report a little bit? It is not that big of a deal. If you get a hard inquiry to get a discount the offer you that credit card, which gives you more credit that you don't use, the effective impact of the hard inquiry on the credit report would be nearly as much as the positive of the credit utilization going on. If you are rate shopping different mortgage bankers to better rates, do it at a consolidated time. If a mortgage banker blasts your credit and do it all within a few days, the company realizes, realizes it is all happening in one day. I saw this question popped up, what is 30% optimum? The optimum is 30% or less. You don't want to have more than 30% of your credit card utilize because that is when you were going to start getting your effects with your scores. Of course, pay bills on time. That is really, really important. Lastly, I want to finish the situation. This is how you start the path to wealth accumulation. You have to start somewhere. You have to start with a base. That is how we see these bubbles that go up and go on through there. Our debt consolidation, our emergency fund, that is the base, that is the most important thing that we can have. Then you can start talking what about my college savings, tax savings, life insurance, those are the stuff when it starts to get going. That's when you start to build the strategy to limit taxes , and sure our life and invest in the future. In order to do that, we have to have a sound basis. We have to have emergency funds. Understand how to roll down our debt and establish a good credit. Most important we follow a budget as well. I thought it couple quick questions and I will headed back to Melanie so she can finish us up. I saw a thing with I heard that if you check or credit option it will affect your score. Not true, it does not affect her score. That will be a soft inquiry. Hard increase affect your job. Soft inquiries will not. So that is good. Let me read this other question. I see that I have been told that low utilization on a high limit credit card can work against you because it is considered by other lenders as a risk due to potential higher debt, is that true? I have never found that to be true in my personal life or any of our client lives. I don't think that is true at all. More utilization, the better. The more utilization, the better

at the end of the day. What it comes down to, pay your bills on time. That is the most important thing. Nothing more important than that. You pay your bills on time, you were going to do pretty well in the end. He is a bunch of resources. I think I am going to hit this over to Melanie but a good book that we have that has a fundamental concept in here. Be careful, be educated. Some of these folks are going to tell you to their product and things like that. Good podcast and things out there with people like Dave Ramsey Robert from Rich dad, poor dad. Be aware a lot of the times they have an agenda. They do have an agenda and they are trying to scare you toward buying the product. Mobile apps, things like acorns, and power are options that are reputable options. Saving and investing money. Mint is a thing I told you about earlier. People are worried about credit cards and things like that. I have had no problem. It is from a reputable Intuit company that owns TurboTax is head of TurboTax. At some point, you have to trust somebody. In my opinion, it is perfectly fine. There are a couple of other organizations. It's our website, it is not great because we are going through some big rebranding and about to roll out some maps and resources and all that stuff with the COVID-19 stone stay tuned . You will be able to get to us and email us or reach out to us if you have questions.

We are a resource for you to help you with all of your financial planning needs. We are free. You also have your EAP and I guess Melanie, you got it I will let you let it rip.

Absolute. Thank you so much Andrew for that great presentation. So, want to remind everybody your EAP is here for you. You may have financial benefits through your EAP. I do encourage you to check that out. You can call your company toll-free number. Or, you can go onto the website to see if he. Please contact your HR department. Andrew, his organization is also to help. Please download that off the handout please. I'm going to go ahead and pull up our closing poll question here. For all of you, if you would please just read your satisfaction we want to know how satisfied are you with today's webinar. Very satisfied, satisfied, dissatisfied or very dissatisfied. If you can again, click the button next to your response. That will broadcast your answer to us. We are not showing them to you. Again, just click that radio button next to your response. It looks like we have run out of time. Andrew, I want to thank you so much for your words of wisdom. We cannot tell you how much we appreciate having you here today and appreciate all the audience members who have participated. This will now end our webinar.

>> [Event concluded]