Financial Freedom

Building Wealth to Live the Life You Love

You may be taking a different path through life from the generations that came before you.

You grew up with technology and the internet, and may have experienced 9/11 and two economic downturns during your formative or early professional years. In today's sharing economy, you may have chosen not to buy a car, and you may consider renting rather than buying a home, especially because your cost of living is higher than it was for your parents. You may also be dealing with unprecedented amounts of student debt and waiting longer to get married. All of these may contribute to delays in reaching the traditional life milestones.

Instead, you may be focused on achieving financial wellness, however you define it. For some, financial wellness may mean being able to retire when they want to. For others, it may mean not being stressed about their finances.

While your perspective on finances may be different from your parents', the fundamental aspects of mapping out your financial future are the same today as they were a generation ago — planning, creating wealth and establishing good credit.

Planning

Your financial freedom begins with a plan.

DEFINING YOUR GOALS

Ask yourself: What is my vision of a successful life? Defining your life goals—as specifically as possible—helps you begin to establish priorities. Once you have clearly identified your priorities, you can start thinking about what kinds of trade-offs you're willing to make to achieve your version of success on your own terms.

SETTING A BUDGET

While the thought of living on a budget may sound like it limits your options, a budget is a valuable tool for helping you get the things you really want by showing you what it takes to get them:

STEP 1. Calculate your income.
STEP 2. Track your current expenses.
STEP 3. Separate your needs and wants in the context of your overall goals and objectives.
STEP 4. Set your budget.
STEP 5. Stick with it, monitor your results and adjust if necessary.

Creating Wealth

SUCCESSFUL SAVING

Saving early, automatically and often can be considered the cornerstone of an effective wealth creation strategy. Consider these strategies to help you make a habit of saving:

1. PAY YOURSELF FIRST

- Treat saving like any other expense and give it priority over optional expenses
- Make automatic, periodic deposits to your savings, investment or retirement account

2. TRIM SPENDING BY CHANGING YOUR HABITS

- Think about how the cost of common habits (e.g., buying a latte or going out to lunch) add up over time
- Avoid ATM fees
- Unsubscribe from retailer emails to limit the temptation to buy things you don't really need

3. TAKE ADVANTAGE OF TAX BENEFITS

You can potentially save money on taxes with a(n):

- Flexible spending account
- Health savings account
- Commuter account/commuter benefits program
- Employer retirement plan
- Individual retirement account
- Education savings account

4. SAVE NOW VERSUS LATER

Saving early allows you to take advantage of the power of compound interest.

CUSTOMIZING AN INVESTMENT STRATEGY

To formulate an investment strategy that helps you achieve your goals, you'll need to figure out three key inputs:

1. **YOUR TARGET**—How much you'll need
2. **YOUR TIME FRAME**—When you'll need it
3. **YOUR RISK TOLERANCE**—How much risk you can live with

These inputs help to define your asset allocation—the mix of asset classes (stocks, bonds, cash equivalents, etc.) in your investment portfolio. Different asset classes tend to behave differently under different market conditions, and the goal is to find the mix of investments that has the highest probability of helping you achieve your goals.

Establishing Good Credit

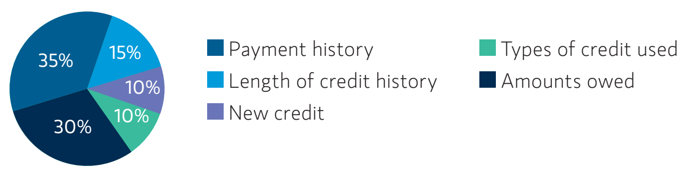
Your credit score is a way for anyone to assess the level of financial risk associated with giving you a loan or conducting any other sort of business with you. When you go to rent an apartment, the landlord will perform a credit check to assess your suitability as a tenant. When you try to get a cell phone, the cell phone company will do the same. Bottom line, your credit score will impact most areas of your financial life.

There are three main suppliers of credit scores—Equifax, Experian and TransUnion—and several scoring systems, but the most commonly referred to is your FICO score.

WHAT YOUR FICO SCORE MEANS

Excellent	760-850
Very Good	700-759
Good	660-699
Below Average	620-659
Poor	580-619
Very Poor	500-579

HOW YOUR FICO SCORE IS CALCULATED



To improve your credit score:[1]

- Pay your bills on time
- Borrow, but don't over-borrow
- Monitor your credit reports

Working With a Financial Advisor

Today's financial advisors are very different from the brokers of the past, with their focus on planning and financial education, and a lens that looks beyond your investment portfolio to capture your full financial picture.

Your Financial Advisor can help you find answers to the questions you have about your finances and your financial future. By looking at your entire financial picture—your investments, cash flow, debts, tax planning, insurance and more—your Financial Advisor can help ensure that all the elements of your financial life work together to help bring you closer to your most important goals.

If you're not sure how to get started on planning for achieving your financial freedom, your Financial Advisor can help you develop a realistic road map. Let's have that conversation.

[1] Investopedia. How to Improve Your Credit Score, January 2, 2022. Available at https://www.investopedia.com/how-to-improve-your-credit-score-4590097.

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