Don't Just Start—Start Strong:

Your Stability Playbook.

AXIAS Wealth Advisors

WHAT TO DO WITH MONEY

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- **Money should have a job description – If you place it (appropriately) somewhere to do something specific, that's likely what it will do**
- **Spend intentionally, save intentionally**
  - Build a budget that works for your needs and stick to it
  - Going out to eat isn't wasteful spending if you've budgeted for it
  - However, a lack of intentions can cause unintended consequences
- **Saving is spending on your future**
- **Split pay raises between more spending and more saving/investing**
  - Or if you're comfortable now, just save all of your raise!

DEBT MANAGEMENT

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- **Don't carry credit card debt**
  - Spend from your emergency fund if it's an emergency
  - If it's not an emergency, and you can't pay it off this statement cycle, then you can't afford it right now
- **If you have credit card debt, prioritize paying it off over all other debts**
  - Pay to the card(s) with the highest interest rates first to achieve the lowest overall cost of repayment
  - For 0% interest promotions – you can make payments on other debts first, but pay the balance off entirely before the promotional rate ends

HOW TO SAVE

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- **Set up a small, automated transfer every month**
  - Build an emergency fund without effort!
  - Target having at least three months' worth of expenses in your emergency fund
  - Once you have a three-to-six-month cushion, begin to invest what you were saving every month – if you have to tap into it, switch back to saving until it is replenished
- **Start with a savings account at the bank you already use**
  - In time, open a high-yield savings account with an accredited institution
- **Don't spend these savings on just anything**
  - Use for emergencies (car repair, broken furnace)
  - Use for a large purchase, but have the three-month cushion leftover
  - Save extra to this account (a "sinking fund") to prepare for large purchases
    - New furniture, a down payment, a new roof, etc.

Start preparing for the future you envision.

HOW TO INVEST

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- **If offered by your employer, obtaining the full 401(k) match from them is generally the most effective way to start investing for retirement**
  - Some employers offer a 100% match up to a certain contribution level, others offer 50%, and some may do a combination of the two
  - If your employer offers a 100% match on the first 3% you contribute, then your 3% contribution yields a total deposit of 6% of your income directly to your retirement account
    - In other words, if you contribute $100, the account grows by $200 – an immediate doubling of your money!
- **Know the difference between pre-tax and Roth contributions**
  - Your current situation as well as your future expectations will determine which is better for you
  - A doctor in residency may choose Roth contributions, whereas an attending physician may be better off contributing pre-tax
  - Tax brackets are a typical guide for determining this, with many people opting to focus on Roth contributions below the 32% bracket, then pre-tax once in or above that bracket
- **Consider other investment accounts, like a Roth IRA, a "back-door" Roth IRA for high earners, or a taxable investment account, after obtaining the full match from your employer**
  - Your specific circumstances and goals will determine the best way(s) to invest
- **You can open a 529 account to save for your children's education, and you can even do this before having children by naming yourself as the beneficiary (and changing it to the child after they are born)**

BASICS OF BENEFITS

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▶ **Know what benefits your employer provides**
- ◆ You may have to enroll or 'opt-in' to some or all of these benefits
- ◆ Benefits are increasingly competitive between employers – consider them along with your salary when evaluating a change in employment

▶ **You should be asking these questions (and more) about your benefits**
- ◆ "Which health plan is right for me?"
- ◆ "What are the advantages and disadvantages of a high-deductible health plan?"
- ◆ "Is my plan eligible for an HSA? How much should I put into it?"
- ◆ "For which services does this health plan provide the most coverage? The least?"
- ◆ "Does my employer provide disability coverage? Is it enough for my needs?"
- ◆ "Do I have life insurance through work? Do I need more?"

INSURANCES

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▶ **Remember, insurance guards against outcomes you can't withstand, so if the unimaginable happens everything isn't completely upended**

▶ **Don't skimp on car insurance**
- ◆ Liability for damages above and beyond your insurance limits may still be your ultimate responsibility

▶ **Understand what your insurance covers and what it doesn't**
- ◆ If you drive an old beater, you probably don't need full coverage (though it may be cheap enough to consider)
- ◆ If you just drove a new car off the lot, you likely want full coverage and maybe even gap coverage

▶ **Homeowner's insurance has even more coverage options than car insurance**
- ◆ Understand your home's condition and the problems that are most likely, along with the problems that are the most costly – these should be your priorities when evaluating homeowner's insurance options

▶ **If you become disabled, you want enough disability insurance to maintain things like your home, your cars, and other assets**
- ◆ Getting hurt and then losing everything around you is a compound problem

▶ **If you die you want enough life insurance to pay off your mortgage and any other essential debts**
- ◆ Don't make a bad situation worse by leaving your family with a mortgage they can't afford without you

MAJOR PURCHASES

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▶ **A home is likely the biggest purchase you will ever make, be sure to prepare accordingly!**
- ◆ Know your budget – remember your mortgage is the minimum you spend on your home every month – there will be other, often unexpected, costs
- ◆ You should budget at least 2% and up to 5% of your home's value for repairs every year

▶ **Rent should generally cost no more than one-third of your gross income**
- ◆ A mortgage should cost less than that!

▶ **It is generally inadvisable to finance a car for more than four years**
- ◆ In circumstances where the interest rate is low or zero, it is still generally inadvisable to hold debt on an automobile for more than 6 years
- ◆ Being "underwater" on a depreciating asset is usually a bad idea

▶ **Leasing a car is generally more expensive than buying a car, even if some websites say otherwise**

▶ **If financing (purchasing) a car, aim to keep payments around 15% or less of your net income, while lease payments should be kept to around 10% or less of net income**

LEGAL

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▶ **State intestate laws will govern how your estate is handled if you pass away without a will**

▶ **It's never too early to consider a will, power of attorney, and more**

▶ **You should review beneficiary designations every few years, and shortly after every addition to the family, to ensure your intentions are reflected correctly**

Before making any major decisions, always consult with your financial, tax, and/or legal professionals to determine the right choices for your specific situation.

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