

Winter 2019

# CAMBRIDGE QUARTERLY NEWSLETTER

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New Year's  
Financial Resolutions  
Edition

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# CHALLENGE YOURSELF IN 2019



DOCTOR OR DENTIST: SAVE MONEY ON MEDICAL BILLS BY GOING FOR YOUR REGULAR CHECK-UPS AND CLEANINGS. IT'S CALLED "PREVENTATIVE CARE" FOR A REASON!

## FINANCIAL RESOLUTIONS

Every New Year, a lot of people become focused on getting into better physical shape, but did you know that almost one-third of Americans will make a resolution about their personal finances? Fidelity Investments conducts an annual survey of 2,000 adult consumers. For ten years in a row, the top three financial resolutions have remained the same: Save more, pay down debt, and spend less. Sounds simple, right? According to the survey results, most of those who planned to save more intended to try and put away at least \$200 each month. They're trying to save for financial goals such as retirement, health care, and college. Half of them plan on contributing more to their 401(k) or their IRA. Let's talk about some of the ways you can start working toward these goals in 2019.

**For the tenth consecutive year, the top 3 financial resolutions among Americans considering one are:**



**SAVE MORE**

↓ from 51% in 2017



**PAY DOWN DEBT**

↑ from 21% in 2017



**SPEND LESS**

↓ from 30% in 2017

Source: Fidelity Investments® tenth annual New Year Financial Resolutions Study  
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## SAVE MORE

It's important to be honest and realistic about your goals. Let's assume you have \$200 left over after all of your monthly bills and expenses are paid. Does that mean your savings goal should equal \$200 every month? No. It would be unlikely for anyone to be able to save the entire remainder each month. Sudden expenses come up (both emergency and discretionary), and see what you have left over, and commit 50% - 75% of that number to your savings.

If you're having a hard time committing to saving without any specific goal in mind, try setting a savings goal. Would you like to have a \$1,500 emergency fund? A maintenance goal for repairs around your home?



WE CALL ON OLAN NEWMAN WHEN OUR COMPUTERS AND PHONES ARE PREVENTING US FROM DOING WHAT WE DO BEST.

"I LIKE WHAT I DO, AND I LIKE THE COMPANY THAT I WORK FOR. MY JOB IS HELPING OUR STAFF, TO HELP OUR CUSTOMERS GET TO THE FINANCIAL FUTURE THAT THEY WOULD LIKE. I DO MY BEST TO ASSIST MY FELLOW EMPLOYEES TO HELP THEM STAY EQUIPPED WITH THE TOOLS THAT THEY NEED SO THAT THEY CAN SERVE OUR CLIENTS AND CONSUMERS TO THE BEST OF THEIR ABILITIES."

CHECK ALL THREE CREDIT REPORTS AT LEAST ONCE A YEAR. WHEN'S THE LAST TIME YOU DID IT? IT'S FREE, AND IT'S CRUCIAL FOR DISCOVERING IDENTITY THEFT.

USE A NEW TOOL: THERE ARE A LOT OF NEW FINANCIAL TECH TOOLS, INCLUDING APPS THAT HELP YOU BUDGET OR INVEST YOUR MONEY.

REFLECT: WHAT HAPPENED TO YOUR FINANCES LAST YEAR? DID YOU SAVE AS MUCH AS YOU WANTED TO, OR DID EMERGENCY EXPENSES COME UP? HOW CAN YOU PREPARE BETTER?

Or, perhaps, you could consider something more fun like saving for a vacation. Do your research and estimate roughly how much you might need, and set that figure as your savings goal. Now that you know how much you want to put into savings every month, you can figure out a more accurate timeframe for your goal. If you're saving \$200, it would take you one year to be able to go on a \$2,000 vacation, and you'll have some breathing room with your extra \$400 to cover souvenirs, excursions, or nice restaurants. Or you could simply use that extra money to help pay bills during the time that you're taking off. No matter your objective, you might find that saving money will become even easier once you've set a goal that you're looking forward to. You might even find yourself holding back on discretionary spending throughout the month because you'd like to reach your goals even sooner.

Let's take eating habits as an example. Did you know that restaurants typically mark up their food items by about 300%? That means if you spend \$20 on food, you're actually only buying \$6 worth of ingredients. That doesn't include drinks, either. If you made the decision to stay home and cook instead of going out to eat, you could put that extra \$15 in your savings account. It's about making small, thoughtful choices. If the average American eats out around three to four times a week, and they choose to eat one of those meals at home instead, they could save \$75 a month or \$900 a year.

## PAY DOWN DEBT

We're going to briefly talk about how you can impact different types of debt in 2019. Student loans, credit cards, and mortgages are among the largest types of personal consumer debt, and you might be wondering what you can do to make these more manageable. Let's look at some of your options:

**Student Loans** - It doesn't matter if you just received your first student loan payment invoice or if you've been paying them off for quite some time, you should review and research your repayment plan to make sure that it's the right fit for your situation. Oftentimes, borrowers don't realize that they might have options that allow them to pay less than they do through the Standard Plan, or perhaps to have their balance forgiven based on their employment and repayment history. Not everyone has a "get out of jail free" card when it comes to student loans, but you could find a repayment plan that allows you to make lower monthly payments based on your income. This could result in a more affordable payment, while still allowing you to pay more than you owe during months when you have additional income.

To learn more, visit: <https://www.cambridge-credit.org/student-loan-counseling.html>

## PRODUCE IN SEASON FOR WINTER



- 1.) BEETS
- 2.) BROCCOLI
- 3.) BRUSSELS SPROUTS
- 4.) CABBAGE
- 5.) CARROTS

- 6.) CLEMENTINES
- 7.) KALE
- 8.) ONIONS
- 9.) TURNIPS
- 10.) WINTER SQUASH



**Credit Cards** - There are two well-known strategies for paying down credit card debt. The first is the “debt snowball” method. This strategy involves using any extra funds to pay down your smallest debt first. When your smallest debt is paid off, you pay off the second smallest, and so on. This method allows for immediate gratification, and you might feel more motivated when you see one account after another become marked “paid in full.” If you’re paying off collection accounts, this can also help your credit score, since paid-in-full (not settled) collection accounts will no longer factor into your score.

The “debt avalanche” method involves contributing any additional funds toward the debt with the highest interest rate. Once that debt is paid off, you would pay off the debt with the next highest interest rate, and so on. The rationale behind this method is that you’ll pay less over time, because you’ll accrue less interest.

No matter which method you prefer or how much extra you can contribute each month, you’ll be fulfilling your resolution to pare down your debt, and you can be proud of that!

**Mortgage** - First, take your mortgage payment and divide it by 12. The remaining number will be 1/12th of your payment. Add this to your current payment each month. For instance, if your mortgage payment is \$1,000, \$1,000 divided by 12 months is \$84. Add that \$84 back into your regular monthly mortgage of \$1,000. You would pay \$1,084 per month to make an extra payment a year.

You could also have your mortgage payment automatically deducted from your bank account bi-weekly. Again, let’s say your mortgage payment is \$1,000. Instead of paying it all at once, you would pay \$500 every other week. Because of our calendar year, you would eventually have made one extra payment throughout the year, and you can still plan for that bi-weekly deduction.

## SPEND LESS

Revisiting our earlier restaurant scenario, even choosing to cook one meal a week versus going out to a restaurant can save almost \$1000 a year. Or if you really want to make it simple, how about a “No Spend” month? It’s almost exactly like it sounds. Before your month begins, you compile a budget that dictates the only money that you’re allowed to spend. You will have to estimate your grocery costs and possibly your utility bills, so allow for some breathing room in these categories. The basic rule is: If you didn’t plan for it, you can’t spend money on it, unless it’s an emergency, of course. Believe it or not, this can be a fun way to spend less, and you might be able to identify where you tend to miscalculate when you’re making projections (not to mention clean out your cupboards and pantry). Build meals around foods you already have that might expire soon. Get your whole family involved! Have your partner join in and see how much of your income you can save together. If you have children, you can let them help you plan meals, or pick just one day where you can go out as a family to the movies or a restaurant. If you do, make sure you include that cost in your original estimate.



**STUDENT LOAN COUNSELING**

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