WEOKIE
FEDERAL CREDIT UNION

A WEOKIE GUIDE TO SAVING, INVESTING AND BEYOND

While money doesn't grow on trees, it can grow when you save and invest it wisely. Knowing how to secure your financial well being is one of the most important things you'll need in life. The best part? You don't need to be an experienced financial advisor to do so.

You just need to know a few basics, form a game plan and be prepared to stick to it. In this ebook, we'll discuss key financial strategies for getting the most out of your savings accounts and investing wisely for the year ahead.

Defining Your Goals

Before we dive into savings and investments, it's important to assess how far you have ahead of you. Think about it for a moment. What are some of the things you want to save for right now? Also, what are your motivations for investing?

Identifying these goals will give you a little extra firepower as you move through your financial journey. This will also assist you in determining key mile markers for success.

FINANCIAL GOALS

Short-Term Goals (i.e. emergency, unemployment, travel)		Long-Term Goals (i.e. kids, health management, retirement)	
WHAT DO YOU WANT TO SAVE FOR?	BY WHEN?	WHAT DO YOU WANT TO INVEST FOR?	BY WHEN?
1.		1.	
2.		2.	
3.		3.	
4.		4.	
5.		5.	

Figuring Out Your Finances

Now, let's dig into your current financial situation. You can't identify your progress without first establishing the starting line. You'll need to document your current standing on paper – what you have and what you owe. In other words, you'll need to create a net worth statement.

Using the table below, list what you own (your assets) as well as what you owe (your liabilities or debts). Subtract your liabilities from your assets. If your assets are larger than your liabilities, you have a positive net worth. If your liabilities are greater than your assets, you have a negative net worth. You'll want to update this document every year to successfully keep track of how you're doing.

NET WORTH STATEMENT

ASSETS	CURRENT VALUE	LIABILITES	AMOUNT
Cash		Mortgage Balance	
Checking Account(s)		Credit Card(s)	
Savings Account(s)		Bank Loan(s)	
Cash Value of Life Insurance		Car Loan(s)	
Retirement Accounts		Student Loan(s)	
Home		Other Debts	
Real Estate			
Personal Property			
Other Investments			
Total		**Total**	

SECTION 2: SMALL SAVINGS CAN REALLY ADD UP

Saving for a Rainy Day

The next step in figuring out your finances is keeping track of your monthly income and expenses. Remember to include a category for savings and investing. In other words, "pay yourself or your family first." Many banks and credit unions allow you to automatically transfer funds from paychecks and deposit them directly into a savings or investment account.

Tracking Your Expenses

If you're spending all your income and find it hard to direct money towards a savings or investment account, you'll need to look for ways to minimize your expenses. From there, start directing the extra money into an emergency fund. As a rule of thumb, the account should contain 3-6 months of living expenses to cover any unexpected emergencies or periods of unemployment.

Challenge yourself this month to track all your expenses (even those sleepy-eyed trips to the coffee shop). You'll be surprised how small everyday expenses can add up over the course of a week, month or even year.

Paying Off High-Interest Debts

Now that you've cut some expenses and have started building your emergency fund, it's time to direct your attention towards those liabilities you listed in the net worth statement. One of the biggest financial setbacks is high-interest credit card debt.

Most credit cards charge interest anywhere from 18 to 24 percent. If you owe money on (or have maxed out) your credit cards, the wisest thing to do is pay off the balance in full as quickly as possible. If you're unable to do so, list out your credit cards as well as their interest rates and balances owed.

You have the option of paying off the higher-interest cards first or using the "snowball" method and pay off the smaller cards quickly to gain momentum. Once you've created an emergency fund and paid down your debts, it's time to dive into savings and investment strategies.

SECTION 3: MAKING YOUR MONEY GROW

Navigating Investments

Savings products like checking accounts, savings accounts and certificates of deposits are insured by the FDIC or the NCUA. All safe places to store your money, you can access these funds at any time. However, it comes at a tradeoff with interest rates of 1 percent or lower.

The money you invest in products like securities, mutual funds and stocks aren't federally insured. Because of this, you could lose your principal (the amount you've invested). However, you have the opportunity to earn much higher money. All investments involve taking on risk so it's important you go into any investment with a full understanding you could lose money.

Diversifying Your Portfolio

Investors protect themselves against risk by distributing their money among various investments. If one loses money, the others will make up for the losses. This strategy is known as "portfolio diversification."

While this strategy can't guarantee your investments won't suffer if the market drops, it can improve the chances you won't lose money (or lose less than you would if you had all eggs in one basket). Once you've saved money for investment, consider all your options and reach out to one of our financial experts to explore a plan that makes sense for you.

Gauging Your Risk Tolerance

When weighing the risks of investments, it all depends on when you'll need the money as well as your particular goals. For example, if you're saving for retirement and have 30 years until then, you may want to consider riskier investments for a higher return. On the other hand, if you're saving for a short-term goal, timing is key – you'll want to wait and sell at the best possible time.

There's never a silly question when it comes to investing. And to be frank, it's better to ask and avoid issues down the road. When choosing a financial planner to manage your investments, we recommend asking the following questions:

- What training and experience do you have? How long have you or institution been in business?
- What's your investment philosophy? Do you take a lot of risks or are you more comfortable with long-term, low-return investments?
- Who's your typical client? Can you provide references of those you've invested with for a long time?
- How do you get paid? By commission or based on a percentage of assets you own?
- How much will it cost to do business with you?
- How will the investment make money?
- Is it consistent with my financial goals?
- What must happen for it to increase in value?
- What are the risks associated with this kind of investment?
- How will you be monitoring my investments?
- How will you communicate the performance of my investments?

In Summary

Minimized risk is one of many reasons to build and develop a diverse portfolio. We've only covered the basics and there's a lot to learn. But, keep in mind that WEOKIE Federal Credit Union is here to guide you along the way.

We hope this ebook walks you through the many areas of saving and investing. If you have any questions or would like to discuss your financial goals with a member of our team, reach out to us at **(405) 235-3030** or **1(800) 678-5363**.

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