$ecuring your

Financial FUTURE

Minding your money in uncertain times

A special publication of The Livingston Enterprise

Teaching financial literacy at an early age

By Bank of the Rockies

Financial literacy can be defined as possessing the skills to manage financial resources effectively. Bank of the Rockies believes in starting to teach financial literacy at a very young age.

"Our commitment to ethical and social responsibilities is a large part of the reason we take our participation in the American Bankers Association's Teach Children to Save and Get Smart About Credit programs seriously," said Teresa Dorvall, Livingston Office Manager. "We bring these and other financial literacy programs to our local schools from preschool on up."

Bank of the Rockies has participated in ABA's youth financial literacy programs for over 20 years and is proud to hold the distinction of being one of the first banks in Montana to do so. Teaching safe and sound spending and savings habits at an early age, with continued reinforcement of those concepts and guidance on the fast-paced changes to banking products and technology, helps to ensure future successful banking practices as our youth move toward adulthood. Students who participate in such programs are more equipped to consider options prior to making important financial decisions and to plan intelligently for the future to achieve financial security.

"There is nothing more rewarding than when we hear from a student that they remembered learning about savings or credit from Bank of the Rockies," said Ms. Dorvall.

More women becoming primary financial providers

Women are increasingly becoming the primary breadwinners in their homes.

In 2018, Prudential surveyed more than 3,000 Americans between the ages of 25 and 70 for its "Financial Wellness Census."

The survey indicated that 54 percent of women are the primary breadwinners in their family, while 30 percent are married breadwinners who are producing more than half of their household income.

This marks an increase from 2015, when the Center for American Progress found 42 percent of women were sole or primary breadwinners - bringing in at least half of their families' earnings. This represents a long-running trend that indicates women's earnings and economic contributions to their families are of growing importance.

Studies show how much more likely it is for today's mothers and working females to provide essential financial support to their families compared to earlier generations.

It can be empowering to be a sole or primary earner. However, this role also may place extra pressure on women who also want to be ideal mothers. While gender roles have become much more egalitarian, the traditional household dynamic, in which women take on more responsibilities around the house, remains predominant in many families. That can contribute to stress for women who work.

A 2015 University of Chicago study found that opposite-sex couples in which women were the top earners reported greater relationship strife and were more likely not to endure as couples.

The study also found that some women who earned more did a greater amount of housework in order to make their husbands feel better about the situation.

There are several ways to address and cope with feelings that arise from an increase in female breadwinners.

• Stay open-minded. Couples need not fall into dated ways of thinking regarding gender roles. If they adjust their roles accordingly and continue to adapt, things can work out just fine.

• Divide tasks evenly. Evenly divvy up tasks around the house so that neither partner feels as if they are doing more than the other.

• Share financial goals. Even if one person is bringing in more money, the overall household should be the main priority. That means that all adults have an equal say in financial goals, regardless of who earns the most money.

Many women are now the primary breadwinners in their households. That has, in many cases, led to shifting gender roles and couples and families may have to adjust accordingly.

Explaining wills and trusts

Understanding distinction between wills, trusts can help people as they begin estate planning

It's never too early for adults to think about estate planning. Estate planning is an important part of money management. While it's easy to think of estate planning as just a way to dictate how your assets are allocated after your death, estate planning also can protect people and their money should accidents or injury make them incapable of managing their finances on their own.

Some familiar terms may come up when people begin planning how they hope to transfer their assets. Two more common terms are wills and trusts. Understanding the distinctions between the two can help people as they begin estate planning.

What is a will?

The online financial resource Investopedia notes that wills are legally enforceable documents that dictate how people want their affairs handled and assets allocated in the wake of their deaths.

Wills should include a host of information, including who a person wants to assume guardianship of their minor-aged children should they pass away. This is especially important information to include in a will, as surviving relatives may have to go to court to contest guardianship if parents do not dictate who they want to serve as guardians in their wills.

What is a trust?

A trust is a relationship in which another party is given authority to handle a person's assets for the benefit of that person's beneficiaries. When making a trust, a person will need to designate someone as a trustee, who will be tasked with distributing assets in accordance to the terms dictated in the trust.

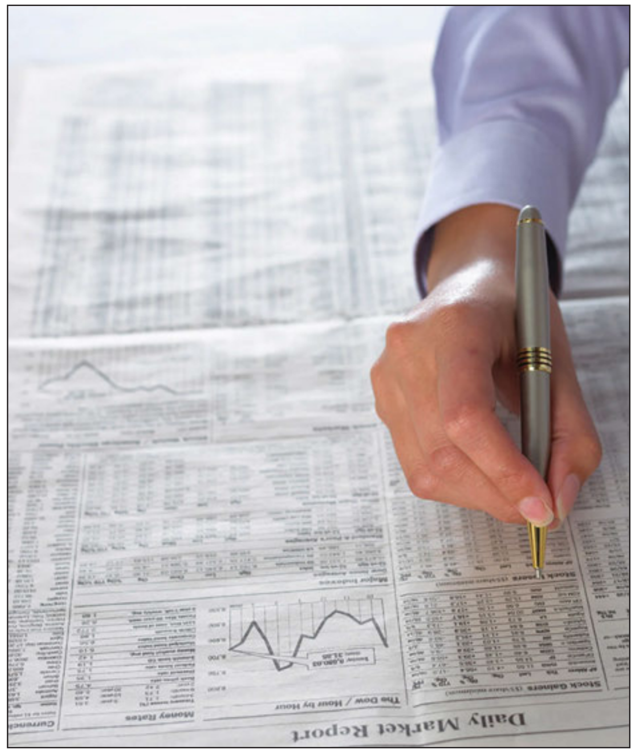
There are many types of trusts, and working with an attorney who specializes in estate planning can help men and women determine which type of trust, if any, is best for them.

Is it better to have a will or a trust?

Both wills and trusts can be useful when estate planning. In fact, wills are often used to establish trusts, and many people have both a will and a trust.

Estate planning is an important part of managing one's finances. A qualified attorney who specializes in estate planning can help people write their wills and, if necessary, establish trusts that can help surviving loved ones in the wake of their death.

Here are three investing tips for beginners



Investing is a key component of long-term financial planning. By choosing the right investments, investors can ensure their money outgrows inflation, making it possible for them to realize their retirement goals and live comfortably long after they have stopped working.

Risk is a part of investing, and many veteran investors recognize that. However, the fear or losing their hard-earned money might compel would-be beginners to avoid the markets altogether. That can be a costly mistake, and it's one research suggests millennials are making, choosing to keep their money in savings accounts, which provide very little return in terms of interest, rather than invest in the markets.

According to a recent analysis from the online financial resource NerdWallet, a 25-year-old millennial who is not investing today and does not invest until he or she retires at 65 could lose out on more than $3.3 million in retirement savings.

It can be nerve-wracking for novices to begin investing their money, but these three investment strategies can help calm those nerves and pave the way for a bright financial future.

1. Identify your risk tolerance

Young investors may be told that they're in prime position to choose risky investments because they have less responsibilities than older investors and more time in the workforce to make up for losses. While that's true, young investors should only be as risky as they're comfortable being.

The financial experts at Principal® advise beginners to identify their risk tolerance before investing. Investments with a high potential for return, which might include emerging markets and limited partnerships, also generally have a higher potential risk for loss, and vice versa. Investors should only accept a level of risk they're comfortable with.

2. Diversify your investments

Principal® notes that one way to manage risk is choose a mix of investments from various asset classes. For example, stocks and bonds traditionally move in different directions. So when stocks are up, bonds may be down, and vice versa. Investing in different types of assets is known as diversification, which can help investors protect themselves against risk.

3. Make changes as you age

As investors age, their aversion to risk should grow. The closer you get to retirement the closer you are to needing all the money you have invested and earned over the years. Speak with a financial planner about how to reallocate your investments as retirement draws near.

Investing requires risk, but novice investors should not allow that to keep them on the sidelines.

Retirement saving tips for late starters

Despite countless television ads touting the virtues of retirement planning, it seems many people are not getting the message. According to a survey from GOBBankingRates.com, one-third of Americans have nothing saved for retirement. The picture is not any rosier in Canada, where Statistics Canada reports that just 65.2 percent of the country's 14 million households contributed to a retirement plan in 2015.

Financial advisors recommend men and women begin saving for retirement as early as possible. The longer people delay opening a retirement account, the less time their money will have to grow. Those who never open such accounts may not be able to meet their cost of living in the future.

While it pays to start saving for retirement early, late bloomers who need to catch up should know that it's never too late to start.

• Sign up for an employer-sponsored retirement account. Many employers arrange for retirement savings accounts like a 401(k) for their employees. Such accounts are typically tax-deferred. As a result, men and women likely won't even notice the money missing from their paychecks each month. Take advantage of such offerings if they exist. Such opportunities can be even more beneficial to late bloomers whose employers match contributions up to a predetermined percentage.

• Start saving as much as possible. Many people contribute 6 percent of their pay to a retirement savings account such as a 401(k). That rule of thumb may be enough for young workers, but late bloomers may need to contribute a higher percentage of their incomes if they hope to catch up. If 10 percent is doable, then contribute 10 percent, being sure to diversify how that 10 percent is invested. Workers who can afford to contribute more might want to explore other retirement account options so they avoid putting all of their eggs into one basket.

• Avoid high-risk investments. Investors trying to catch up on retirement savings may be tempted to invest their money in high-risk funds with the hope of making up ground quickly. But investors typically want to reduce risk as they get older. That approach should still govern late bloomers' investing decisions, as high-risk funds that don't perform well could leave aging investors with little to nothing come retirement. Prospective investors who need help choosing the right funds for themselves should contact a financial advisor.

• Cut spending. Men and women getting a late start on retirement saving should examine their monthly expenses, looking for places to cut costs so they can reallocate those funds for retirement savings. Some ways to considerably reduce monthly expenses include cutting the cord with a cable provider, driving a preowned vehicle instead of a new model and downsizing to a smaller home.

Men and women who have delayed saving for retirement should not panic. While it's always best to begin saving for retirement as early as possible, there are ways for late bloomers to catch up and/or create a decent-sized nest egg for their golden years.

Avoiding financial peril after a job loss

These strategies can help professionals who recently found themselves out of work avoid financial difficulties

Losing a job can be devastating. Even in a strong market, companies can go out of business or reduce payroll. Being let go can initially tug at one's pride, and after a layoff sets in, it may cause individuals to start worrying for their financial futures.

While many people can survive and may even enjoy a few weeks of rest and relaxation after a job loss, financial concerns may surface soon thereafter. A 2017 GOBankingRates survey found that more than half of American adults have less than $1,000 in their savings accounts. Financial planners typically advise people to have at least three month's worth of earnings socked away for emergency situations, like a medical issue or a job loss. Even though the survey also found more than a quarter (27 percent) of respondents have $10,000 or more saved, that might not be enough to survive a job loss for six months or more.

These strategies can help professionals who recently found themselves out of work avoid financial difficulties.

• Get references. Leave on amicable terms and ask your former employer for a reference. You should not burn any bridges, as a good reference can be invaluable as you look for your next opportunity.

• Live off of cash reserves first. Before cashing in investments or retirement accounts, tap your emergency fund first. If you have any tangible assets, like an unused car or a boat sitting idle, sell these items for cash to tide you over.

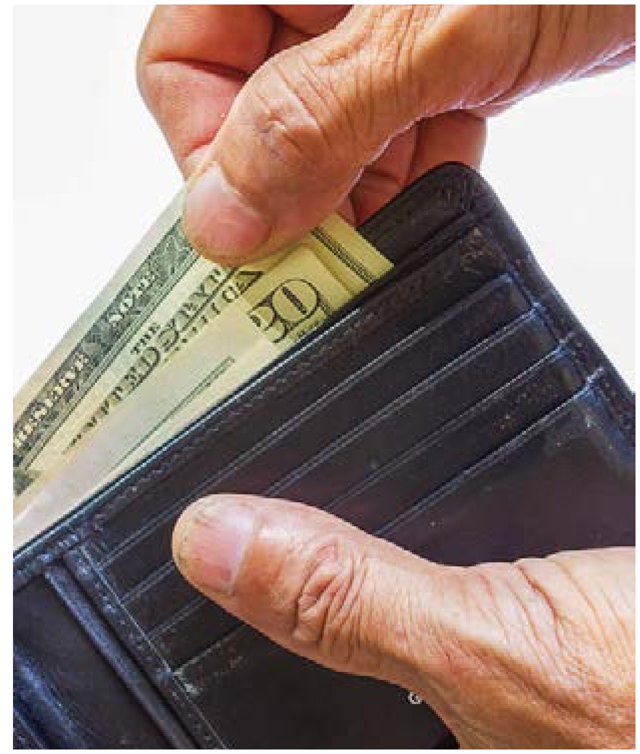
• Contact your credit card company. Many companies have programs designed to help customers facing financial hardships. Reach out promptly to let them know you may be anticipating missed payments. It is better if you initiate contact rather than going into default. The same tactic can be used for mortgage or rent payments.

• Assess your budget carefully. You naturally will have to make concessions that impact finances, particularly as it pertains to spending. Cut back on non-necessities like dining out, gym memberships, streaming subscriptions, and other luxuries. Avoid adding other new debt.

• Apply for aid benefits. There may be government benefits, such as low-cost healthcare or food subsidies, that can help you get through financial difficulties until you get back on your feet.

• Involve the entire family. It can be embarrassing to lose a job, but look to family for support. Children may not need to know every detail, but they can have a cursory awareness of family finances and understand they may have to cut back until Mom or Dad is working again.

• Prioritize saving. Lightning may not strike twice, but plan ahead for another job loss by prioritizing savings in the future.



A job loss can come as a shock. However, with level-headedness and smart planning, many people can avoid dire financial situations in the wake of a layoff.

How to get out of debt ... and stay that way

Debt can quickly sneak up on a person. However, it can take much longer — sometimes decades — to get out of debt. And that's a big concern when considering just how much debt the average person has incurred.

Northwestern Mutual's 2018 Planning & Progress Study says the average American has about $38,000 in personal debt, excluding home mortgages. A survey from the insolvency firm MNP Ltd. found that 31 percent of Canadians do not make enough to cover their bills and 46 percent are a mere $200 or less away from failing to pay debts at month's end.

Researchers in the United Kingdom analyzed data from 1.4 million credit card holders and found that people typically choose ineffective methods to paying off debt. These tips can make it easier to get rid of debt.

Stop the flood

Avoid new debt at all costs. Stop using credit cards, cease taking loans, do not buy any big-ticket items, and scale back on general purchases.

Learn about avalanches and snowballs

The avalanche method is a way to pay off debt. According to NerdWallet, a popular online financial resource, the debt avalanche approach encourages debtors to pay off debts with the highest interest rates first. That seems like an effective way to get out of debt quickly. However, in a 2016 investigation for the Harvard Business Review, researchers found that the snowball method, which prioritizes paying off the smallest debt balance first and then moving on as debt amounts increase, is the most effective strategy. It tends to have the most powerful effect on people's sense of progress because they gain momentum by watching debts disappear.

Cut back temporarily

Cut back nonessential spending, such as cable subscriptions or gym memberships for the time being. Repurpose that extra money to pay off existing debt.

Get a lower interest rate

Customers can call customer service centers to see if they can lower debt by negotiating a better interest rate, says Credit.com. Since much of a credit card payment goes toward monthly interest charges and not toward the actual balance, this can be a way to get a handle on debt. Some people prefer to use a balance transfer to get a lower rate on another card and try to pay off the balance before the promotional rate expires.

Consolidate or settle

When debt is so substantial that debtors cannot see the light at the end of the tunnel, they might ask a creditor to accept a one-time, lump sum payment to satisfy the debt. Debt consolidation companies also can help by negotiating with creditors and streamlining debt into one payment per month instead of many.

With an effective plan in place, people in debt often can dig themselves out of financial peril.

How credit scores can affect your finances for years to come

Various factors, including a person's age and track record in regard to paying bills, combine to produce a credit score

Monthly budgets help people make the most of their money. While a person's income will affect how much they can spend on housing, food and clothing each month, another, more abstract factor can have a big impact on monthly budgets as well.

Nearly every adult has a credit score, which can fluctuate daily. Various factors, including a person's age and track record in regard to paying bills, combine to produce a credit score. According to the credit reporting agency ExperianTM, credit scores range from 300 to 850, though most consumers' scores fall somewhere between 600 and 750. The Fair Isaac Corporation create what's known as a FICO® Score, which is used by many lenders to determine prospective borrowers' credit worthiness. FICO® scores are often characterized using five terms:

- Very poor: Scores between 300 and 579
- Fair: Scores between 580 and 669
- Good: Scores between 670 and 739
- Very good: Scores between 740 and 799
- Exceptional: Score between 800 and 850

Some consumers may feel that these are just numbers on a page. But in certain instances, such as when consumers attempt to buy a home, a credit score can have a dramatic effect on a person's monthly budget. When borrowing to buy a home, borrowers with desirable credit scores may be eligible for considerably lower interest rates than borrowers whose scores fall into the "Very poor" or "Fair" range. Over the length of a standard, 30-year, fixed-rate mortgage, a low interest rate can save borrowers tens of thousands of dollars in interest fees.

In addition to paying more in interest fees, ExperianTM notes that borrowers with subpar credit scores may have to do even more to earn the trust of lenders. Borrowers whose scores fall into the "Very poor" range may be required to pay a fee or make a deposit when opening a new credit account, and some might not be approved for credit at all. Borrowers whose scores fall into the "Fair" may be classified by lenders as subprime borrowers, making it hard for them to open new credit accounts or secure loans without a cosigner.

Consumers can benefit from knowing their credit scores and how to improve them. Taking measures to improve low or subpar credit scores can put more money in consumers' pockets, both in the immediate and distant future.