



Important Financial Strategies

TO HELP YOU FIND PROSPERITY
IN YOUR 20s AND 30s

Managing personal finances and investing provide many options for pursuing your wealth management goals by starting to address them in your 20s and 30s. We wrote this guide to help you navigate the vast world of investing and personal finance so that you may successfully build toward your financial future.

FFP

WEALTH
MANAGEMENT

Personal Finance *and* Investing Guidance

TO ADDRESS TODAY

In your 20s and 30s, you probably have quite different personal finance and investing priorities than your parents. Instead of managing Social Security benefits and catch-up IRA contributions, you might be worrying about digging yourself out of student-loan debt, buying a house, or establishing yourself in a new career.

You will also have a different retirement to navigate than that of baby boomers. Today's retirees can look forward to Social Security income, defined-benefit pension plans, and the benefits of decades-long careers. The next generations of retirees may not have those assurances, making personal savings and investing critical.

Early financial strategizing can help you get out of debt faster, save for important life goals, and give you a head start on retirement. Here are 6 powerful moves that can help jump-start your financial future:

01. TAKE CONTROL OF YOUR HEALTH

The quality of your health can directly relate to the quality of your financial standing. Medical debt is the leading cause of bankruptcy in the United States.¹ If you are not currently covered by health insurance, you should make it your first financial priority.

Studies show that young Americans (age 18–34) are the age group most likely to go without health insurance.² According to several Gallup polls in 2017, 16.6% of people aged 18–25 and 20.4% of people aged 26–34 were uninsured. Meanwhile, the national average

for the uninsured is lower, at 11.7%.³ If you do not have employer-sponsored insurance, you may not want to incur the costs of annual checkups and doctors' visits.

Gambling on your health is a mistake. Avoiding medical visits can cause relatively minor medical or dental issues to worsen and become serious health and financial problems. Even if you are generally healthy, a car accident or unexpected illness can bankrupt you. And when looking to your future, the quality of your health can

affect your retirement costs. Today's female retiree can expect to pay \$135,000 on health-care expenses alone, while a male retiree can expect to pay \$125,000.⁴ Costs are only increasing; paying for health care 30 or 40 years from now in retirement could be even more costly, especially if you have poor health.⁵

Fortunately, being young has many advantages, one of which may be lower insurance premiums. Basic health insurance does not have to cost a lot of money. If you are

the age of 26, you may be able to get coverage under your parents' policy. If you are not eligible for employer-sponsored or your parents' insurance, you can shop for health-insurance plans on the Affordable Care Act (ACA) federal or state insurance exchanges. Visit www.healthcare.gov to find a plan that works for you. Depending on factors like age, income, and health status, you can qualify for lower monthly premiums that take the sting out of high health-care costs.

02. NEGOTIATE A BETTER SALARY

If you are like most Americans, you will make the majority of your wealth by working a job and collecting a paycheck. One of the savviest financial plays you can make early in your career is to learn how to negotiate a higher salary. Since your employers will base subsequent raises and job offers on your previous salary, you can drastically improve your lifetime wealth by setting a good standard early on. And doing so is important; today's millennial employees are making 20% less than their parents did at the same age.⁶ Fortunately, according to one study, 70% of employers will negotiate starting salaries with college graduates on entry-level jobs.⁷ So while wages may not be on the same level they were in decades prior, you can still maximize the salary you bring home.

Here are some negotiating tips for boosting your salary:

- Do not be afraid to ask for a raise or salary bump.
- Demonstrate why you are worth more money.
- Do your homework so you understand the market for your skills.
- Ask for written goals, and set a future date for another review if initially declined.
- Consider salary alternatives, like performance bonuses and noncash perks, that can improve your lifestyle.

03. FIGURE OUT YOUR FINANCIAL GOALS

Take a moment to think about what you want out of life. Do you dream about owning a home? Do you want to travel every year? Do you want your children to go to college?

Average Annual Salary BY AGE

16–19: \$21,840

20–24: \$27,456

25–34: \$39,416

Source: "The Average Salary for Americans at Every Age." Business Insider. <http://www.businessinsider.com/the-average-salary-for-americans-at-every-age-2017-4>.

Whatever your personal goals are, you'll need to prepare for them.

Your goals might include the following:

Additional education:

College, graduate school, and advanced certificate programs can open doors and seriously boost your career prospects. However, tuition and fees for public, four-year colleges increase by 3.5% each year.⁸ Living expenses and little-to-no income (depending on your employment status as a student) will also raise the cost of education. Preparing now can help ensure you create a strategy to balance your college savings and loan needs.

A house: Owning a house is still the dream for many young Americans and a way to stabilize their financial lives. In fact, for homeowners

between the ages of 18–34, 79% believe that buying their homes positively affected their financial futures; further, 86% believe that owning is more affordable than renting.⁹ For most people, a house will be the largest purchase they ever make. Now's the time to prepare by saving for a down payment, learning about your credit score (and fixing it if necessary), and studying market trends in your area. An investment representative can help you run the numbers on renting versus buying so you understand your options.

A business: Being a business owner is popular among millennials, with 49% planning to start their own business within the next 3 years. And 62% of them have an idea for a dream business they want to start.¹⁰ If you aspire to be an entrepreneur, then preparing financially will help you get ahead. Create the vision for the company you want to build, and identify the overhead you need to get started. From there, you can develop the ongoing financial strategies to help you launch a business with a sound financial standing.

A sabbatical: An increasing number of Americans in their 20s and 30s are taking time off from their careers to travel, pursue passion projects, or make a difference in the world. If a career break is in your future, some advance goal-setting can help ensure that you have enough money set aside and don't have to worry about finances while you are out of the rat race.

Helpful Financial Tools

MINT

Connect to financial accounts so you can budget and track expenses.

CNN MONEY

Learn about investing and other important financial topics.

DOXO

Make household payments hassle-free.

ANNUALCREDITREPORT.COM

Check your credit for free every 12 months.

HEALTHCARE.GOV

Shop for health insurance.

04. PAY DOWN AND ELIMINATE DEBT

When we think about saving and investing, most people's minds immediately turn to retirement. While retirement is an important goal, many other intermediate life objectives also require you to develop financial strategies.

The amount of debt that individuals from 21 to 34 years old hold is staggering: 31% of U.S. consumer debt is in the hands of this demographic.¹¹ And for those who took out school loans to attend college, the average loan was for \$30,000.¹²

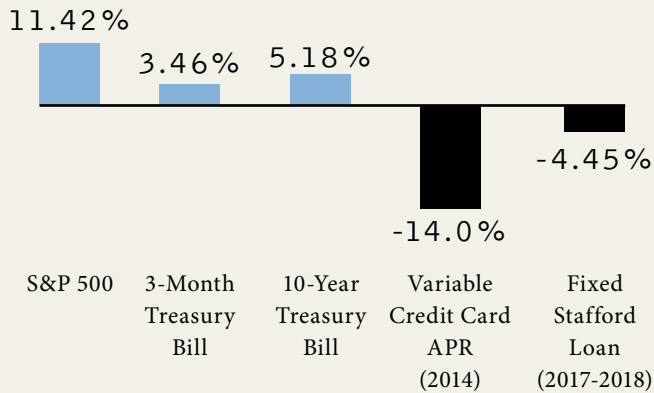
School loans are not the only debt items holding younger Americans back. People born in the 1980s and 1990s hold an average credit card debt of \$3,542—and they use roughly 36% of their available credit. Meanwhile, a report from the Federal Reserve revealed that the average Annual Percentage Rate (APR) for variable-rate credit cards is 14%.¹⁴

If you are living with significant debt, paying it off is one of the smartest financial moves you can make. You are likely paying more in terms of interest than you are likely to earn by investing.

The chart on the next page compares historical returns for investments against interest rates on school loans and credit cards.

You can see that the high APR on most credit cards pales in comparison to the historical performance of the market. For most

Interest Rates on Loans *versus* Historical Asset Returns



Sources:

S&P, 3-Month Treasury and 10-Year Treasury:

http://pages.stern.nyu.edu/~adamodar/New_Home_Page/datafile/histretSP.html

APR: <https://www.federalreserve.gov/releases/g19/current/>

Stafford Loan: <https://studentaid.ed.gov/sa/types/loans/interest-rates>

people, it makes sense to pay off expensive debt instead of investing at lower rates of return. Every dollar that you pay toward your debt reduces the amount of your money that goes to interest. Student-loan interest rates are typically lower than most other forms of unsecured debt—such as credit cards and medical bills—making the decision about whether to pay down debt instead of investing more complex.

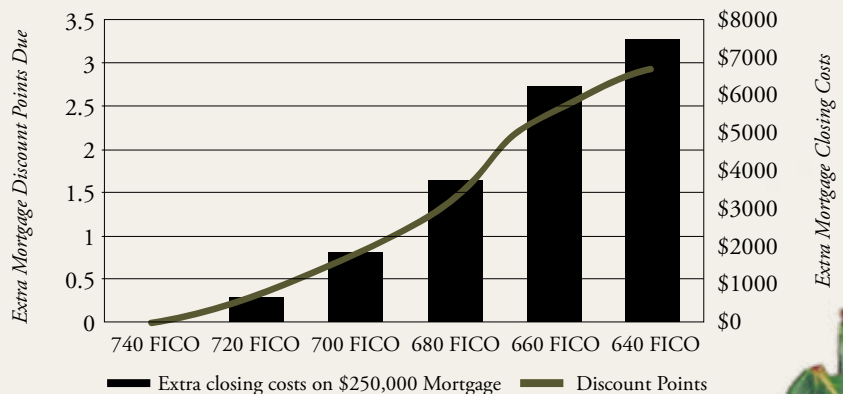
If you are not sure whether to pay down your debt or start investing, a financial representative can help. The professional can explain the advantages and disadvantages of each option and help you make the right decision for your needs.

05. PROTECT YOUR CREDIT

For better or worse, your credit score is one of the most important indicators of your financial health. A variety of people can use your credit

to make decisions about you, such as lenders, employers, and landlords. Among other debt characteristics, your credit score can reveal whether you pay bills on time or have ever defaulted on a loan. Damaged credit can be very costly over time. The chart below shows how credit scores can affect mortgage points.

Lower Credit Scores Add to Mortgage Costs



Source: Trulia, Fannie Mae. Chart assumes conventional purchase mortgage and 20% down payment.

This graph details a \$250,000 mortgage that is assessed 1 loan-discount point, resulting in \$2,500 of closing costs. High credit rating scores—such as 740—show you are a less risky borrower, while lower credit scores reveal higher risk. Mortgage lenders give applicants with lower credit scores a higher risk rating, since lower scores indicate a higher risk of applicants defaulting on their mortgages. Thus, lenders will assign higher borrowing costs when you pose more risk to them as a borrower. This calculation

“It is only the farmer who faithfully plants seeds in the Spring, who reaps a harvest in the Autumn.”

—B. C. Forbes

“Someone is sitting in the shade today because someone planted a tree a long time ago.”

— WARREN BUFFET

translates into higher closing costs, such as shown in the graph on the previous page. For example, a 640 credit score incurs \$7,000 in closing costs, whereas a 740 credit score incurs \$0 in closing costs. Many people can't afford to pay these extra costs at closing and choose to convert the discount points into an increased mortgage rate, raising the overall cost of the loan. Typically, every discount point converts into a 0.25% increase in mortgage interest.¹⁵

In short, the financial consequences of less-than-stellar credit can haunt you for decades. Unfortunately, no secret formulas or easy fixes exist for bad credit. Rehabilitation takes time and discipline, but improving your credit is entirely possible.

Here are some simple steps that you can take now to improve and protect your credit:

- Check your credit report every year for free, and dispute any errors.
- Pay all bills on time by setting up payment reminders or enrolling in autopay when possible.

- Avoid late charges (all collections report to the credit bureaus).
- Pay down any balances on cards (high balances relative to your total available credit ding your credit score).
- Pay off your credit cards in full each month.

06. SAVE AND INVEST FOR THE FUTURE

Saving

Trying to save when you are early in your career and living paycheck to paycheck are tough. A few strategies can help you establish good saving behaviors even when you do not have a lot of extra income.

- **Automate your savings:** The simplest way to save is to automatically direct a portion of each paycheck into your savings and investment accounts. You will quickly become used to your adjusted budget, and your savings will grow automatically.
- **Focus on saving a percentage of your income:** Even if you can only save 5%, as your income grows, your savings will rise to scale.
- **Build saving into your budget:** Including a monthly savings goal in your budget makes sticking to your plan more likely than if you save whatever money remains at month's end.

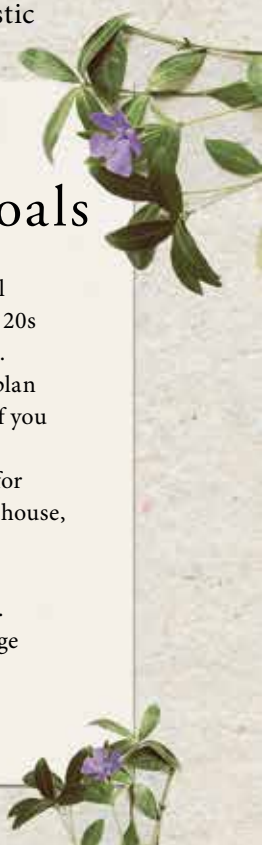
Investing


Along with saving, investing is one of the best ways to grow and protect your hard-earned wealth over the long term. When you are in your 20s and 30s, retirement can seem a long way off, but it is important to start saving for retirement as soon as you can. Why? You may seize the benefits of compound interest, which may continue to help grow your money by building interest on the starting amount you invest.

Let's say Joe is a 25-year-old investor who makes a single \$5,500 contribution to a Roth IRA. If his portfolio earns an average rate of 8% per year, that single contribution could grow to \$119,485 by the time Joe's 65, even if he doesn't add another dime to his IRA. However, if Joe waits until age 35 to start investing, that same \$5,500 investment would only grow to \$55,345. While a simplistic

Intermediate Financial Goals

- Build on the good financial habits you have set in your 20s or recommit to better ones.
- Max out your retirement plan contributions, especially if you have an employer match.
- Set 5-year financial goals for major life expenses, like a house, a wedding, a car, or a milestone vacation.
- Pay off your student loans.
- Start thinking about college savings for your children.





example that discounts the effects of fees, inflation, and is not representative of any specific investment, the basic principle is evident: Time is one of the most important ingredients to long-term investment success.

Putting your money to work through investing gives you a greater potential for return than saving alone. It is important to know that all investments involve some degree of risk. Understanding and managing risk is one of the most essential pieces of a long-term financial strategy. Though it is impossible to remove all risk from investing, professional investors use tools like diversification* and asset-allocation strategies to help mitigate some risks.

The reward for taking on risk is the potential for greater investment return. If you have financial goals with long-term horizons (generally 5–10 years away), you may be able to accept additional risk by prudently investing in assets like stocks and bonds. Savings that you earmark for short-term financial goals should generally be in cash or cash-equivalent securities. Keep in mind that it is a good idea to speak to a qualified investment professional before making any investment decisions.

Markets can be volatile and many investors may worry that stocks are too risky. However, a portfolio that contains too little risk can reduce your potential for long-term growth and leave you vulnerable to

inflation, which slowly eats away at returns each year. While stocks generally have a greater potential for loss than most bonds and fixed-income investments, they also have a greater potential for gain over the long term.

As a long-term investor, it is important to develop a clear understanding of your goals, risk appetite, and timeline. Financial representatives can work with you to develop a clear-eyed evaluation. A professional can help you identify your risk comfort and an investment strategy that helps you mitigate risk while pursuing your long-term financial goals.

Take Your Investing to the Next Level

Financial representatives are not just for older, wealthier investors. They work with a variety of investors at all stages of life and can help you build a strategy for the future. New investors often start out investing on their own and then turn to a financial professional when they want access to sophisticated tools, experienced advice, and help developing targeted financial goals. A good investment representative can help you find the answers to important questions, like the following:

- Should I pay off my debt first, invest first, or both?
- How much should I be contributing to my company's retirement plan?

- Do I need a Roth IRA?
- Which investments are right for me?

IN CONCLUSION

We hope that you have found this guide interesting and informative. While tackling all of these financial moves at once may seem overwhelming, you can start today by focusing on small steps and establishing good habits. Remember, there's no better time than now to start taking control of your finances.

We also want to offer ourselves as a resource to you, your friends, and your family. We are happy to answer questions about your current financial situation and future goals. If you have any questions about the information presented in this report, please contact us. We would be delighted to speak with you.

Sincerely,

FFP Wealth Management

*Diversification cannot guarantee a profit or protect against loss in a declining market.

FOOTNOTES, DISCLOSURES, AND SOURCES:

Securities Offered Through TFS Securities Inc., Member FINRA/SIPC a full service broker dealer located at 437 Newman Springs Road Lincroft, NJ 07738 732-758-9300.

Investment Advisory Services offered through TFS Advisory Services, a Division of TFS Securities, Inc.

Information current as of August 16, 2017.

Opinions, estimates, forecasts, and statements of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice.

This material is for information purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security.

Investing involves risk, including the potential loss of principal. No investment strategy can guarantee a profit or protect against loss in periods of declining values.

Fixed income investments are subject to various risks including changes in interest rates, credit quality, inflation risk, market valuations, prepayments, corporate events, tax ramifications, and other factors.

Opinions expressed are not intended as investment advice or to predict future performance.

Past performance does not guarantee future results.

Consult your financial professional before making any investment decision.

These are the views of Platinum Advisor Marketing Strategies, LLC, and not necessarily those of the named representative, broker/dealer or investment advisor and should not be construed as investment advice. Neither the named representative nor the named Broker dealer or investment advisor gives tax or legal advice. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. Please consult your financial advisor for further information.

By clicking on these links, you will leave our server, as they are located on another server. We have not independently verified the information available through this link. The

link is provided to you as a matter of interest. Please click on the links below to leave and proceed to the selected site.

¹“This Is the No. 1 Reason Americans File for Bankruptcy.” *The Motley Fool*. <https://www.fool.com/retirement/2017/05/01/this-is-the-no-1-reason-americans-file-for-bankrup.aspx> (Accessed August 12, 2017)

²“Latinos, Millennials among Groups Least Likely to Have Health Insurance.” *U.S. News*. <https://www.usnews.com/news/best-states/articles/2017-05-04/latinos-millennials-among-groups-least-likely-to-have-health-insurance> (Accessed August 14, 2017)

³“U.S. Uninsured Rate Rises to 11.7%.” Gallup. <http://www.gallup.com/poll/213665/uninsured-rate-rises.aspx> (Accessed August 13, 2017)

⁴“Retirees Need \$130,000 to Cover Health Care Alone, Study Finds.” *Chicago Tribune*. <http://www.chicagotribune.com/business/ct-retirees-health-care-costs-20160816-story.html> (Accessed August 12, 2017)

⁵“\$500,000 Surprise: Health Care Sticker Shock Awaits You in Retirement.” Bloomberg. <https://www.bloomberg.com/news/articles/2017-06-22/here-s-what-you-need-to-save-for-health-care-in-retirement> (Accessed August 13, 2017)

⁶“The Average Salary of a Millennial.” AOL Finance. <https://www.aol.com/article/finance/2017/03/08/the-average-salary-of-a-millennial/21876456/> (Accessed August 14, 2017)

⁷“How to Boost That Salary Offer without Annoying Your New Boss.” CNBC. <https://www.cnbc.com/2017/04/27/dont-grab-that-first-salary-offer-how-to-win-at-getting-more-pay.html> (Accessed August 12, 2017)

⁸“Trends in College Pricing, 2016.”

CollegeBoard. https://trends.collegeboard.org/sites/default/files/2016-trends-college-pricing-web_1.pdf (Accessed August 14, 2017)

⁹“Homebuyer Insights Report.” Bank of America. https://info.bankofamerica.com/assets/pdfs/2017%20Homebuyer%20Insights%20Report_FINAL_4_7_17%20ARTTXQD.pdf (Accessed August 15, 2017)

¹⁰“America’s Voice on Small Business. Generational Views on Entrepreneurship and Small Business.” America’s Small Business Development Center and the Center for Generational Kinetics. <http://americassbdc.org/wp-content/uploads/2017/05/White-Paper-GenStudy-6-1-2017.pdf> (Accessed August 13, 2017)

¹¹“Millennials Hold a Record Amount of Debt, and It Could Become a Huge Drag on the Economy.” Business Insider. <http://www.businessinsider.com/record-millennial-debt-a-drag-on-the-economy-2017-4> (Accessed August 13, 2017)

¹²“Study: Millennials Still Struggling with Student Debt and Underemployment.” Marketplace. <https://www.marketplace.org/2017/07/04/economy/study-millennials-still-struggling-student-debt-and-underemployment> (Accessed August 14, 2017)

¹³“Here’s the Average American’s Credit Card Debt—and How to Get Yours in Control.” The Motley Fool. <https://www.fool.com/credit-cards/2017/01/15/heres-the-average-americans-credit-card-debt-and-h.aspx> (Accessed August 16, 2017)

¹⁴“Consumer Credit.” The Federal Reserve. <https://www.federalreserve.gov/releases/g19/current/> (Accessed August 15, 2017)

¹⁵“Mortgage Points: What’s the Point?” Investopedia. <http://www.investopedia.com/articles/pf/06/payingforpoints.asp> (Accessed August 16, 2017)



Bayonne Location
847 Broadway
Bayonne, NJ 07002
Phone: (201) 823-1030

Hazlet Location
871 Poole Ave
Hazlet, NJ 07730
Phone: (732) 888-5554

www.ffpinc.com