Create a budget,

ditch your debt, and start building for the future

Fidelity INVESTMENTS

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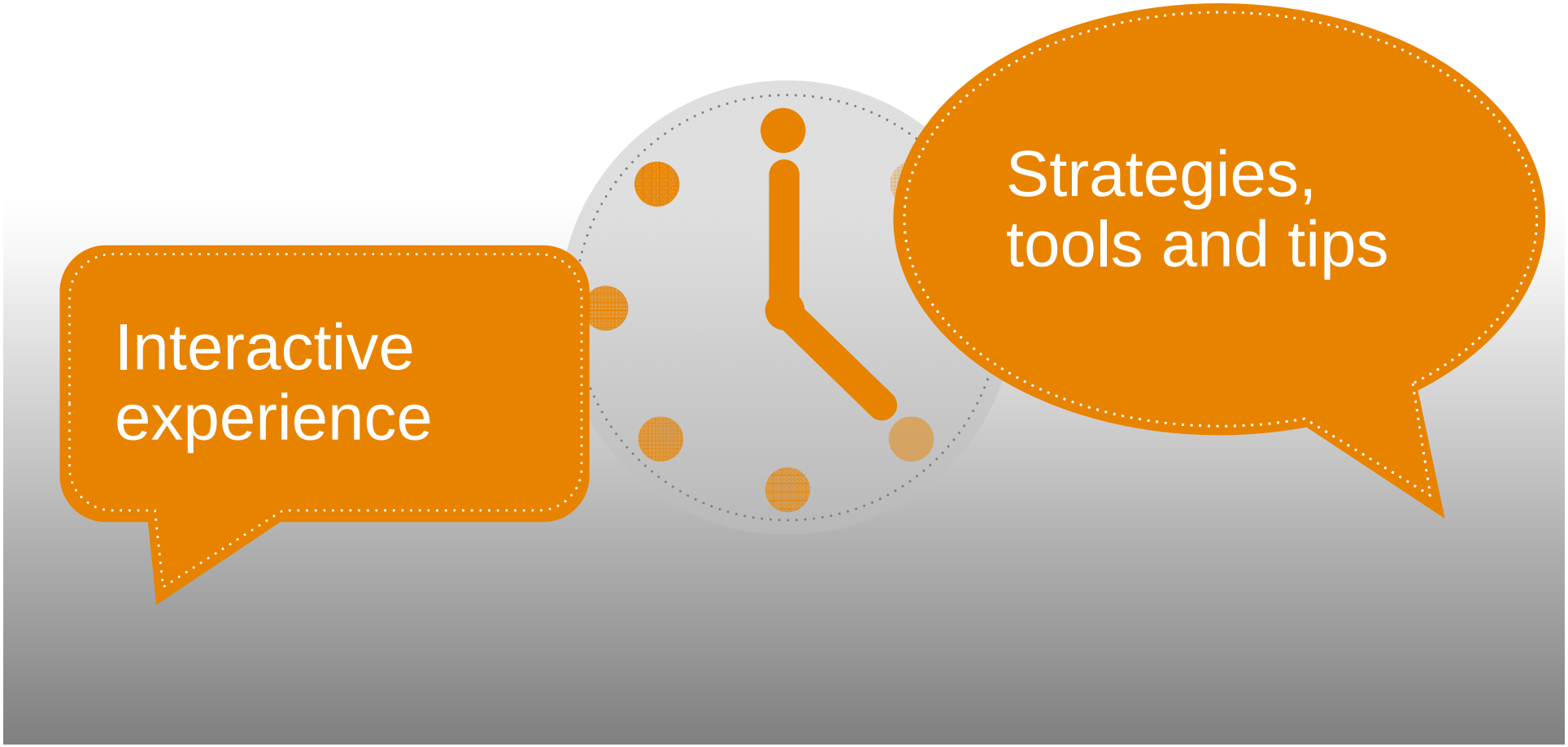

Interactive experience
Strategies, tools and tips

BUDGETING

Why budget

What goes into your budget

Establishing a budget

Building savings

DEBT MANAGEMENT

Why debt management is important

Good vs. bad debt

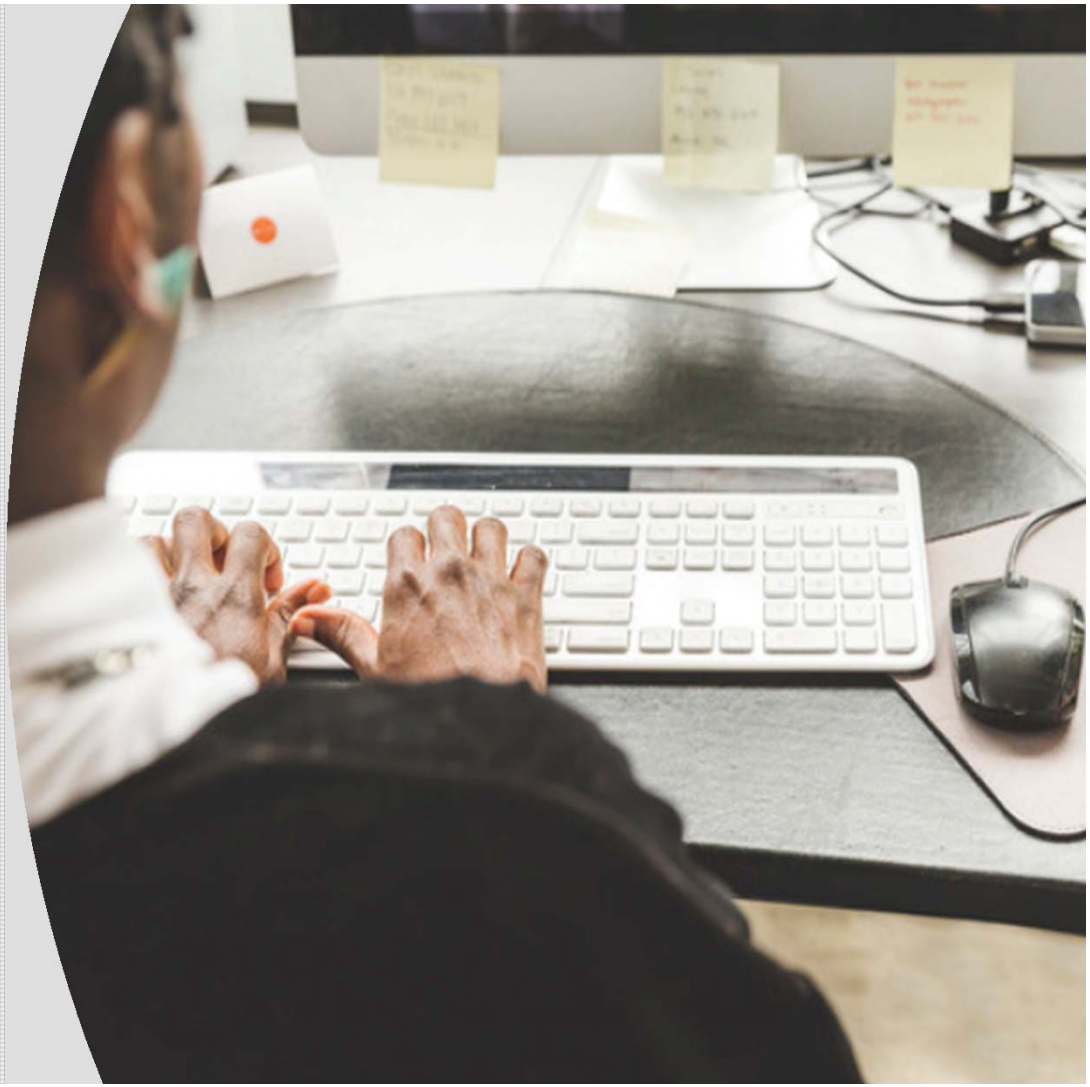
Debt types

Prioritizing debt

Monitoring your credit

What affects your credit score

BUDGETING



BUDGETING

Vacations

Dinner

That gadget

BUDGETING

Prepared for the future

2X the cash

Money for emergencies

SOURCE: http://www.hellowallet.com/employer-blog/hellowallet-infographic-power-budgeting/

BUDGETING

Essential SPENDING

A good target

50%

or less of take-home pay

BUDGETING

Essential SAVINGS

Retirement savings

15%

pretax income

Emergency savings

5%

take-home pay

BUDGETING

Other wants & GOALS

BUDGETING

Scott | **Income:** $30,000 a year* | **Pretax income:** $2,500 a month

*Tax rate: 15%

Take-home pay	**$1,955**
Essential spending	**– $1,105**
Essential savings	**– $278**
Discretionary income	**$772**

Hypothetical examples are for illustrative purposes only.

BUDGETING

Savings and spending check-up

Important Additonal Information

Savings and spending check-up

50/15/5. It's a simple rule of thumb:

- **50%** or less of your income should go to essential expenses,
- **15%** to retirement savings, and
- **5%** to short-term savings.

As long as you stay within those guidelines, the remainder is yours to save or spend as you see fit.

See how your actual savings and spending compares to our guidelines.

Get Started

Screenshots are for illustrative purposes only.

BUDGETING

Emergency

The rainy day fund

Open a separate savings or money market account

Put whatever you can into it

Treat it like a monthly bill

Allow it to earn interest for you

BUDGETING

Retirement

The power of compounded growth

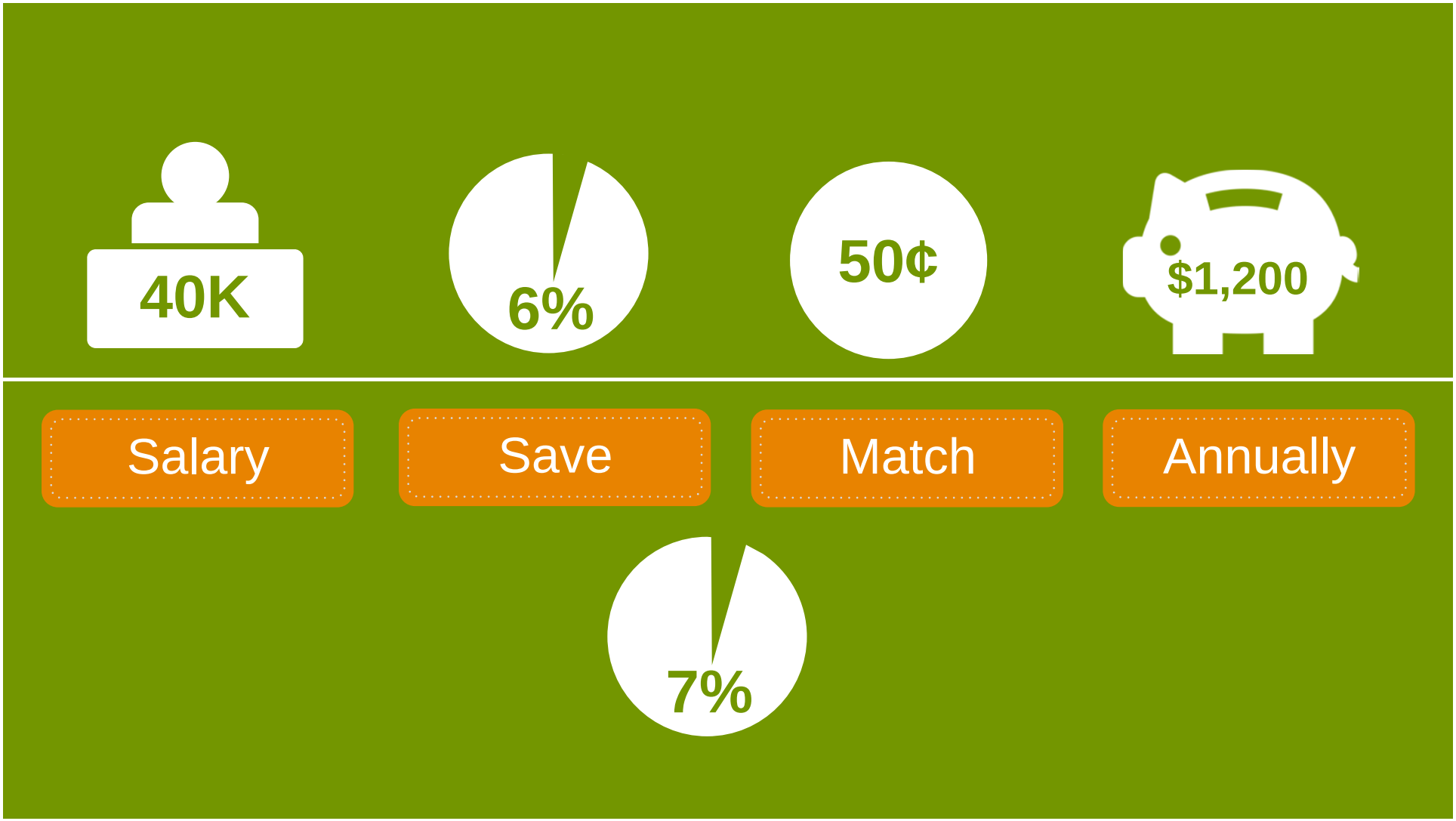
The hypothetical example on the following slides is based on monthly contributions to a tax-deferred retirement plan and a 7% annual rate of return compounded monthly. Your own Plan account may earn more or less than this example, and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against loss in declining markets.

Salary

Save

Annually


10 years
20 years
30 years
$34,404
$102,081
$235,213


40K
6%
50¢
$1,200
Salary
Save
Match
Annually
7%

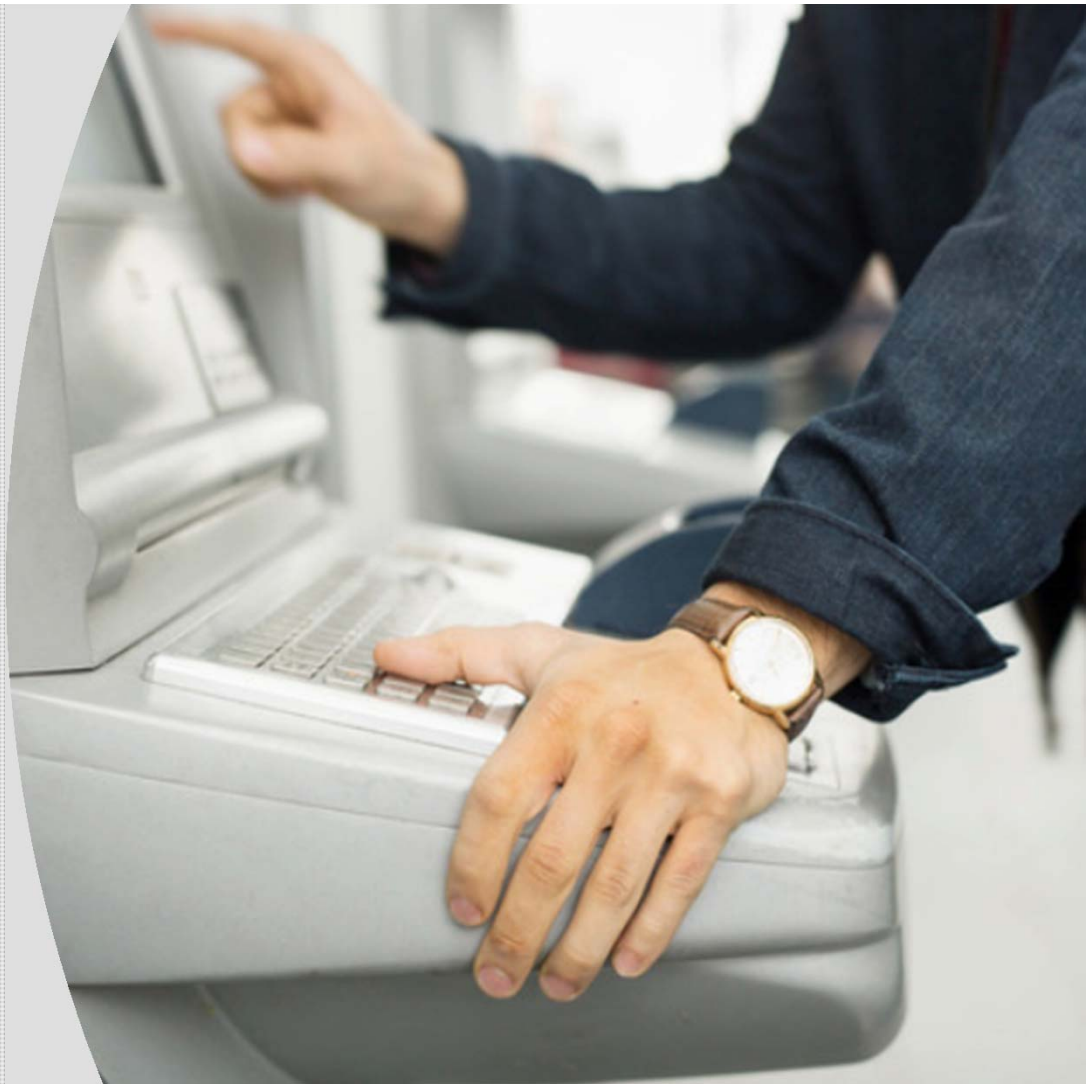

10 years
20 years
30 years
$51,606
$153,122
$352,819

BUDGETING

Other Goals

Once priorities are set

DEBT MANAGEMENT



DEBT MANAGEMENT

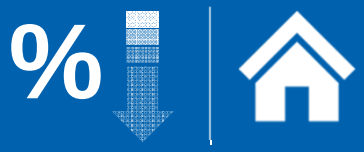
Difficulty saving for future

Leads to future debt

Affects your credit score

DEBT MANAGEMENT

Good debt



Low interest rates and pays for things that grow in value…

Bad debt

High interest rates and pays for things that decrease in value

DEBT MANAGEMENT

Student loans

Mortgage

Credit cards

Auto loans

Debt types

DEBT MANAGEMENT

Student loans

Government loan rates are generally lower than private loans

Prioritize paying down loans over 8%

SOURCE: "How to pay off debt—and save too," Fidelity Viewpoints, Fidelity.com, 2/26/15.

DEBT MANAGEMENT

Mortgage

Tax advantages

Deduct taxes, interest, and points

Unexpected costs

No more than 28%
of your gross pretax income

SOURCE: "How to pay off debt—and save too," Fidelity Viewpoints, Fidelity.com, 2/26/15.

DEBT MANAGEMENT

Credit cards

Example

$2,000

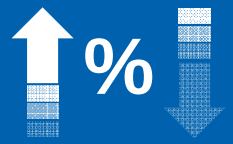
15% Interest & **$40** Minimum

17 Years = **$2,500** In interest

SOURCE: "How to pay off debt—and save too," Fidelity Viewpoints, Fidelity.com, 2/26/15.

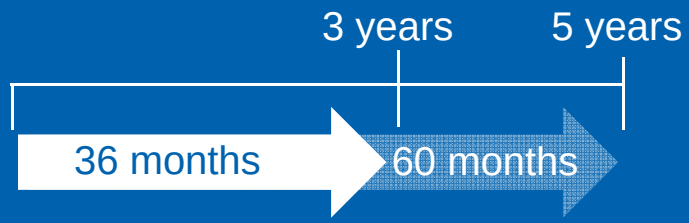
DEBT MANAGEMENT

Auto loans



Rates can vary greatly

Most cars depreciate in value



SOURCE: "How to pay off debt—and save too," Fidelity Viewpoints, Fidelity.com, 2/26/15.

DEBT MANAGEMENT

Prioritize

Don’t scrimp on essential savings

Pay down high interest credit cards

Pay private student loans

8%

Pay off low-interest debt

DEBT MANAGEMENT

Better rates

30-year fixed rate mortgage

Loan amount: $300k

FICO Score	APR	Monthly payment
760-850	**3.514%**	**$1349**
700-759	3.736%	$1387
680-699	3.913%	$1417
660-679	4.127%	$1454
640-659	4.557%	$1530
620-639	5.103%	$1629

This chart is for illustrative purposes only. Interest rates and associated monthly loan payments may fluctuate based on current market conditions.

SOURCE: "What is a Good Credit Score?" Bargaineering.com. Reflects rates as of May 10, 2012.

DEBT MANAGEMENT

Get a credit report

Get your free credit score

Equifax:	TransUnion:	Experian:
Feb	Jun	Oct

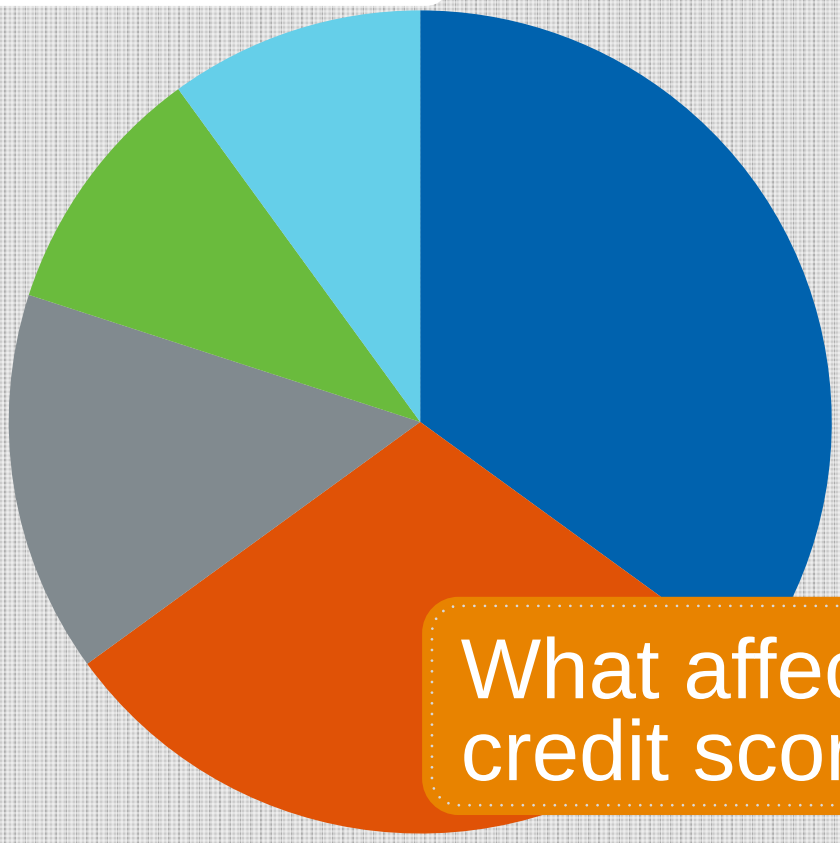
CreditKarma.com or credit.com*

(Or, see if it's on your credit card statement)

*Equifax, TransUnion, Experian, creditkarma.com, credit.com are not affiliated with Fidelity Investments.

DEBT MANAGEMENT

What affects your credit score?



Payment history	35%
Debt utilization	30%
Credit age	15%
Credit inquiries	10%
Account mix	10%

SOURCE: "What does FICO stand for? What is a FICO Score?" Credit.com, Sept. 19, 2013.

Debt management steps

Understand good vs. bad debt

1-2

Prioritize your payments

650

Monitor your credit report and score

Balancing savings & debt

1. Save for unplanned expenses
2. Save for retirement
3. Pay off high-interest credit cards, then lower interest ones
4. Pay off private student loans
5. Save more for retirement
6. Make your payments on lower-interest-rate debt

Source: “How to Pay Off Debt–and save too,” Fidelity Viewpoints, Fidelity.com 4/3/14.

Put your plan into action

Create a budget

Create a debt management plan

Take advantage of additional resources and tools on NetBenefits®

We're here to help.

Call 800-642-7131
www.fidelity.com/duke

Alan Collins, CRPC®
Retirement Planner

Christopher Mann, CFP®
Director, Retirement Planner

OPENING

Do you currently have a budget in place?

A

No, but hope to get one started

B

Yes but finding it difficult to maintain or follow

C

Yes and it was well worth it

OPENING

How many years do you have until retirement?

0-5	6-10	10-20	20+
A	B	C	D

WHY BUDGET?

What are you saving for?

A

Vacation

B

A new car

C

A new home

D

Kid's college

E

Retirement

ESSENTIAL SPENDING

What do you consider essential spending?

A

Housing

B

Food

C

Child care

D

Dining out

E

Entertainment

ESSENTIAL SPENDING

What do you consider essential items to save for?

A

Retirement

B

Emergencies

C

Kid's college

D

A new home

E

A new car

ESSENTIAL SPENDING

KIM

25

$ 35,000

TRAVELING

*Approximation based on a 1%, 3%, or 5% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars.

Increase your contribution by 1% and you could

have an additional **$104,738*** to enjoy **TRAVELING.**

1% 3% 5%

Less than $7 per week.*

Approximation based on a 1%, 3%, or 5% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars. Your own plan account may earn more or less than this example and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets.

OTHER GOALS

What are you saving for?

A

Vacation

B

A new car

C

A new home

D

Kid's college

E

Retirement

PRIORITIZING DEBT

Pay off low-interest debt

Pay private student loans

Set aside money for emergency and retirement

Pay down high-interest credit cards

Investing involves risk, including risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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