Financial freedom: Strategies for reducing debt and saving more

Duke University
Don’t eat the marshmallow.
30% saved the marshmallow.
30% saved the marshmallow.
70% ate the marshmallow.
30\% higher income.
30% higher income.
greater career satisfaction.
30% higher income. greater career satisfaction. better health.
Pay cash
12%–18% more spending by credit card.
A lesson in old school budgets.
1. hotdog.................. $1.50
2. coffee.................... $2.75
3. candy bar................. $1.20
4. birthday cards........... $6.50
5. sneakers................... $84.99
6. gas for mower............ $15.63
### My Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCOUNTS</td>
<td>$1,847</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>$1,453</td>
</tr>
</tbody>
</table>

### My Expenses

#### My Expenses Chart

- **FOOD**
- **CAR**
- **HOME**
- **SHOPPING**
- **GAS**
Knowing how much to save.
12%–15% including employer match.

Vanguard’s recommended savings rate
$20 a week in savings
$20 a week in savings  
$  
30 years
$20 a week in savings x 30 years

$82,221

Note: Example assumes a 6% annual rate of return and a beginning balance of $0. This hypothetical illustration does not represent the return on any particular investment and the rate is not guaranteed.
Everyone needs an emergency fund someday.
Emergency fund
3 months of living expenses.
3 months of living expenses.

$3,000
3 months of living expenses.

$3,000 \times 3 = $9,000
When you’re up to your neck in debt.
Net worth
Debt
33% or less paying debts.
33% or less paying debts.

28% or less on mortgage, taxes and escrow.
Stop digging.
SECRET
Spend less money than you earn.
All lessons
Log on to save your progress.

Am I on track for retirement?
How can I afford to retire?
How much should I be saving?

MOST POPULAR
What are the key dates to my retirement?
How much should I be saving?
How do I get more Social Security?
Pay cash
Pay cash

Budget
Pay cash
Budget
Save 12%–15%
Pay cash
Budget
Save 12%–15%
Emergency fund
Pay cash

Budget

Save 12%–15%

Emergency fund

Pay off debt
If you're in deep, stop digging

If you're stuck under a pile of old debt, the last thing you need is new debt.

So if you're looking to attack an oversize debt load, start with an easy step. Get the credit cards out of your wallet or purse and stash them in a safe place.

Using cash or a debit card may be a bit inconvenient, but you'll know right away what you can afford and what you can't. That can help you save money to pay down your existing debt.
Pre-tax

• Tax break today.
• Taxes due later.

Roth

• Pay taxes now.
• No federal taxes later.

Withdrawals made before age 59½ may be subject to a 10% federal penalty tax. With Roth contributions, earnings withdrawn before age 59½ or before the five-year holding period may be subject to ordinary income tax and a 10% federal penalty tax. State taxes may apply.
Start now.

vanguard.com/retirementplans

800-523-1188

Quick-start guide
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Quick-start guide
All investing is subject to risk, including the possible loss of the money you invest.