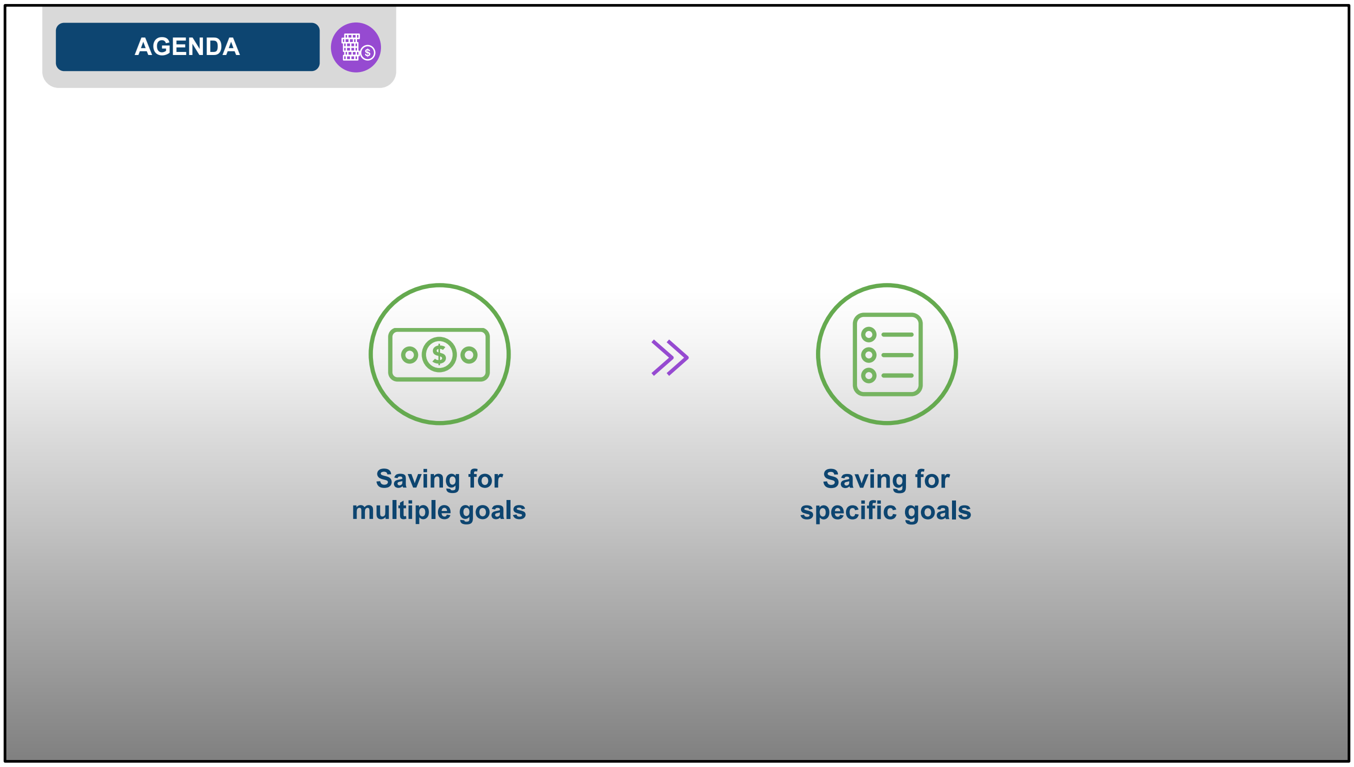
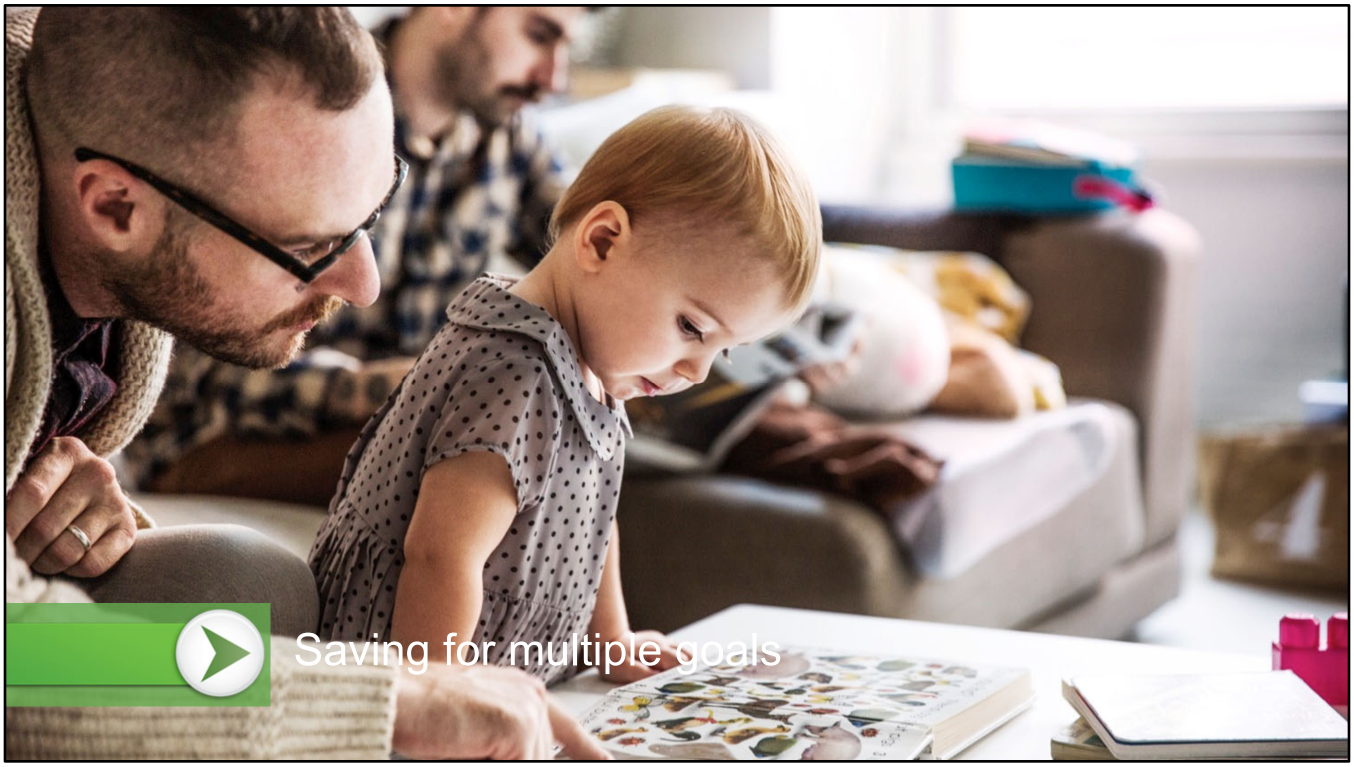
Welcome to our workshop on how to Identify and Prioritize Your Savings Goals. Over the next several minutes or so, we'll help you identify some helpful ways to save for the goals that are important to you. This workshop is going to help you take your next steps so that you'll be better prepared to achieve your savings goals.

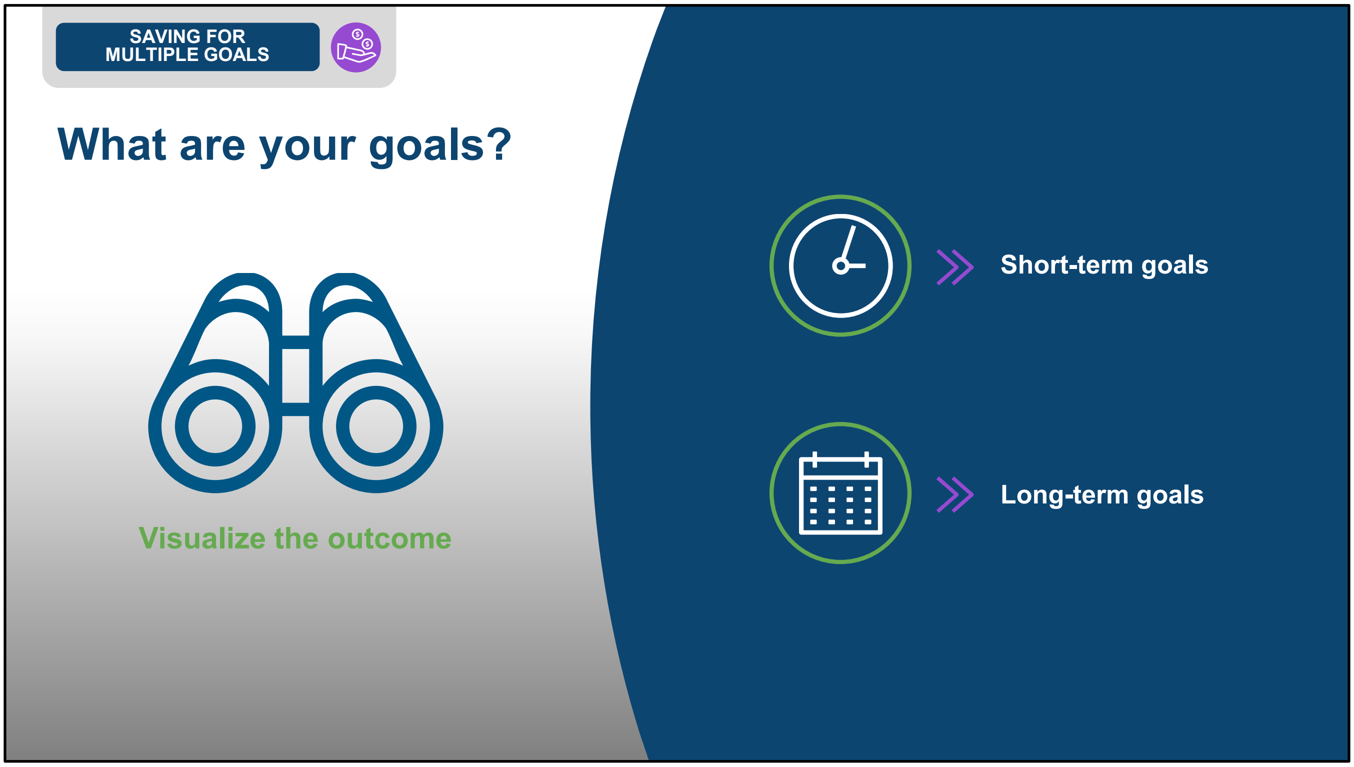


There are two main parts to this workshop. The first section focuses on saving for multiple goals and includes an activity to help you start thinking about the goals that are important to you and how you can achieve them. In the next section, saving for specific goals, there are some key tips and potential next steps you can take to start saving for more specific savings goals — like saving for college, buying a new car, saving for retirement, and more.

By covering this material today, we hope you'll be able to take your next step toward saving for the things that are important to you.



In this section, we'll help you visualize and commit to your goals. Then, we’ll review some helpful ways to prioritize and start saving for those goals.



An important step in saving for your goals is to visualize the outcome. Whether it's a more immediate goal (like buying a car in the near future) or longer term goal, such as enjoying a lasting retirement, once you can picture a more specific image of your goals, you'll be more determined to make your goals a reality and stick with a savings approach for however long it takes to reach your goals.

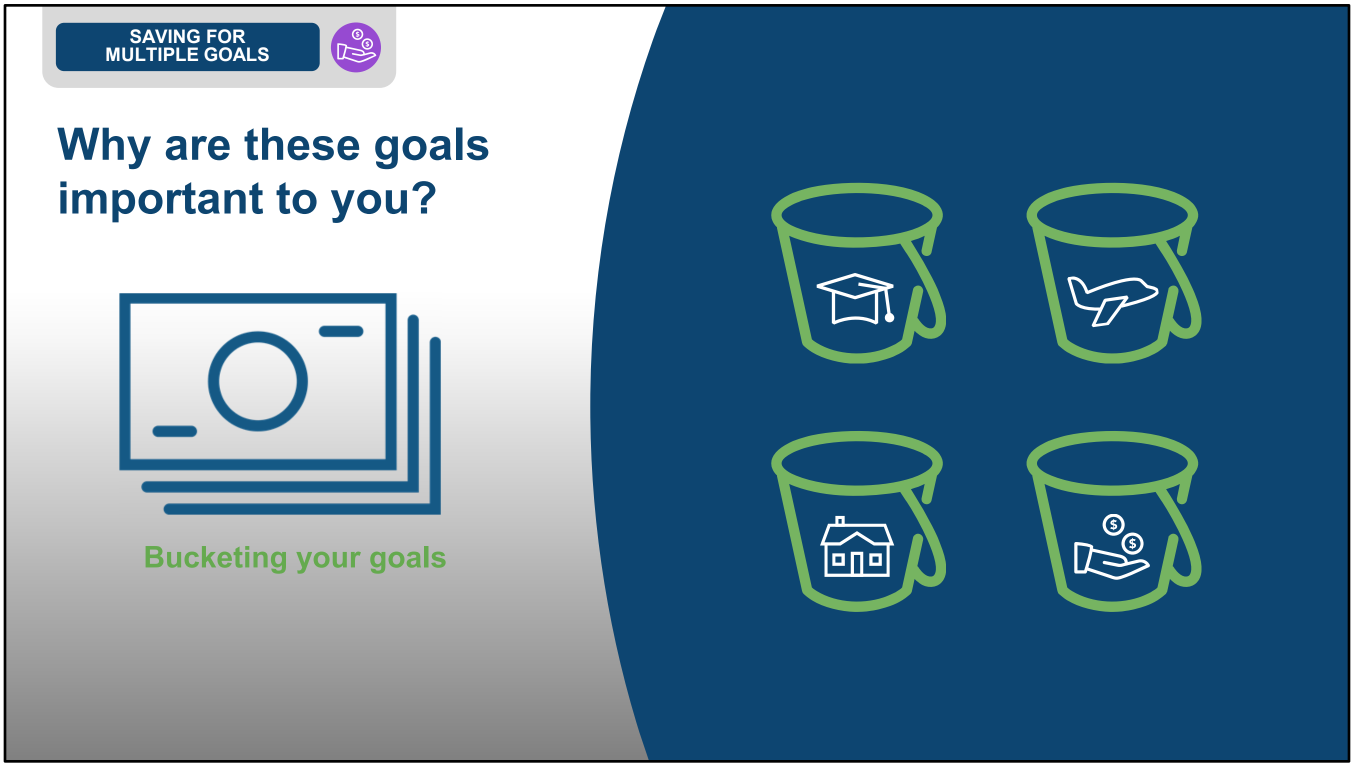
Many people find that writing down their financial goals helps them more clearly visualize the goals and develop a plan for accomplishing them.

SAVING FOR MULTIPLE GOALS

Which goal is most important to you?

- Paying off debt
- Building an emergency fund
- Buying a car
- Saving for a vacation
- Buying a home
- Saving for college
- Saving for retirement

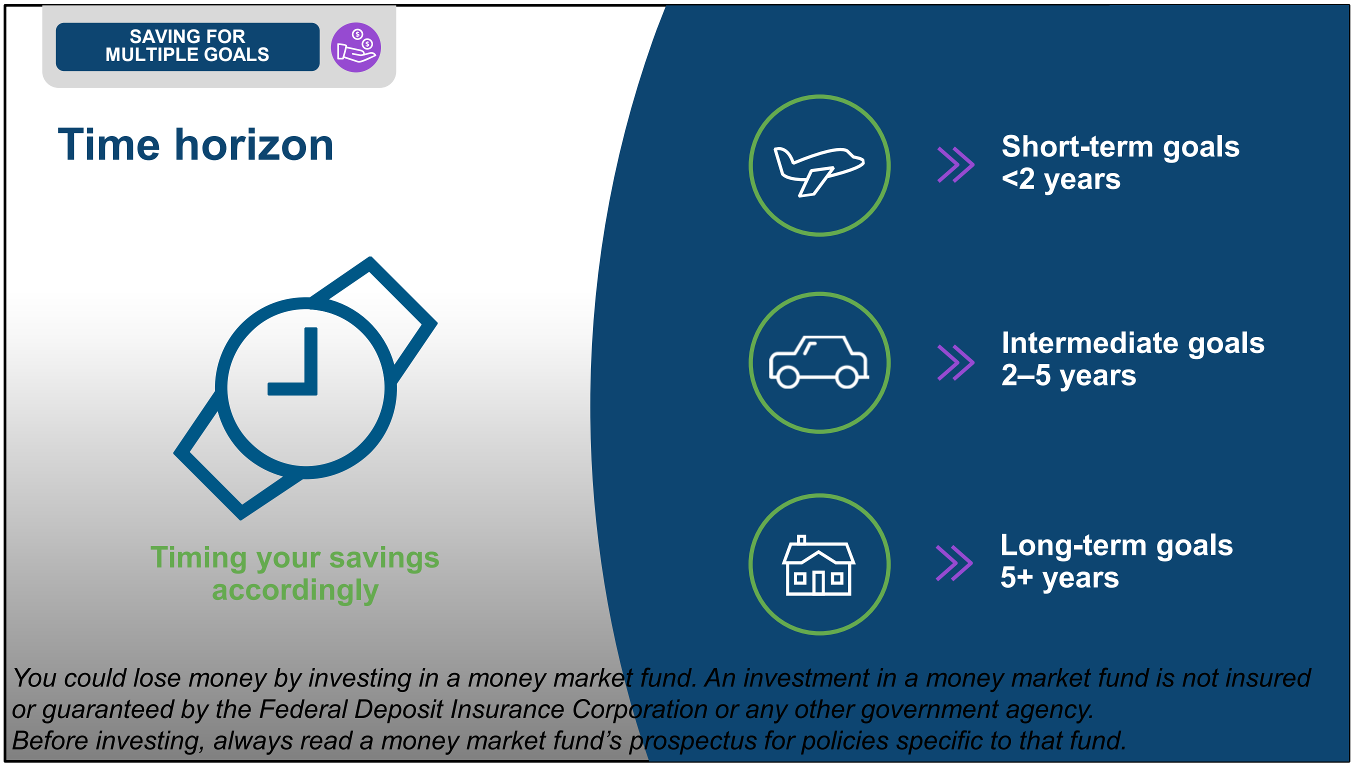
Let's take a quick poll to see which goal is most important to you and how that compares to others who have taken this workshop.



First, ask yourself this important question: Why are these goals important to you?

Understanding why each goal is important can help you begin to think about which goals you will start saving for first.

Another way you can do this is to think of your goals as buckets — how many buckets would you have, and which buckets would you fill first? Consider which are must-haves, like transportation to work, versus nice-to-haves, like a vacation. Then consider which goals might build wealth, such as real estate, for the long term. Remember you can borrow for many things but not retirement, so be sure to save what you can toward this, even if it seems far away.



Now that you've thought about why each goal is important to you and have started to think about which ones you want to save for first, let's discuss the amount of time you want to save for each in more detail. This will help you think about matching your goals and time horizon with account and investment types to help you achieve your goals.

Goals you'd like to achieve in 2 years or less are generally considered short-term. These types of goals could include:

- Meeting day-to-day expenses
- Reducing debt
- Building an emergency fund
- Buying a car
- Renovating your home
- And saving for a vacation

For short-term goals, consider utilizing a savings account or investing in short-term investments like money market* funds.

Intermediate goals are typically **2 to 5 years away**. Goals within this category typically include:

- Buying a home
- And paying off debt

For these goals, consider savings accounts or investment accounts investing in mutual funds or other investments that could help you grow some of your savings

Long-term goals are those that are five or more years from now. These goals may include:

- Saving for college for a child or family member.
- Paying off a mortgage
- And retirement

If you're saving for college, you could consider saving in a tax advantaged 529 Savings Plan. For retirement, consider first saving in **the Duke Faculty and Staff Retirement Plan** You could also consider saving in an individual retirement account, also known as an IRA, if you have additional money to save beyond what's allowed in **the Duke Faculty and Staff Retirement Plan**. Another great way to prepare for retirement is to save for healthcare expenses in a health savings account or HSA.

Whether you’re saving for college, retirement, vacation, or a new home, putting money away regularly — even a little at a time — can open up opportunities for the things you want. In this section, we will review some helpful ways you can begin to look at your current finances and figure out how much of your paycheck can go toward your savings goals. We'll first start with talking about the importance of creating a budget or spending plan.

When putting a budget together, you have to factor in essential expenses. They include "must haves" such as groceries, utilities, transportation, health care and housing.

FUND YOUR GOALS

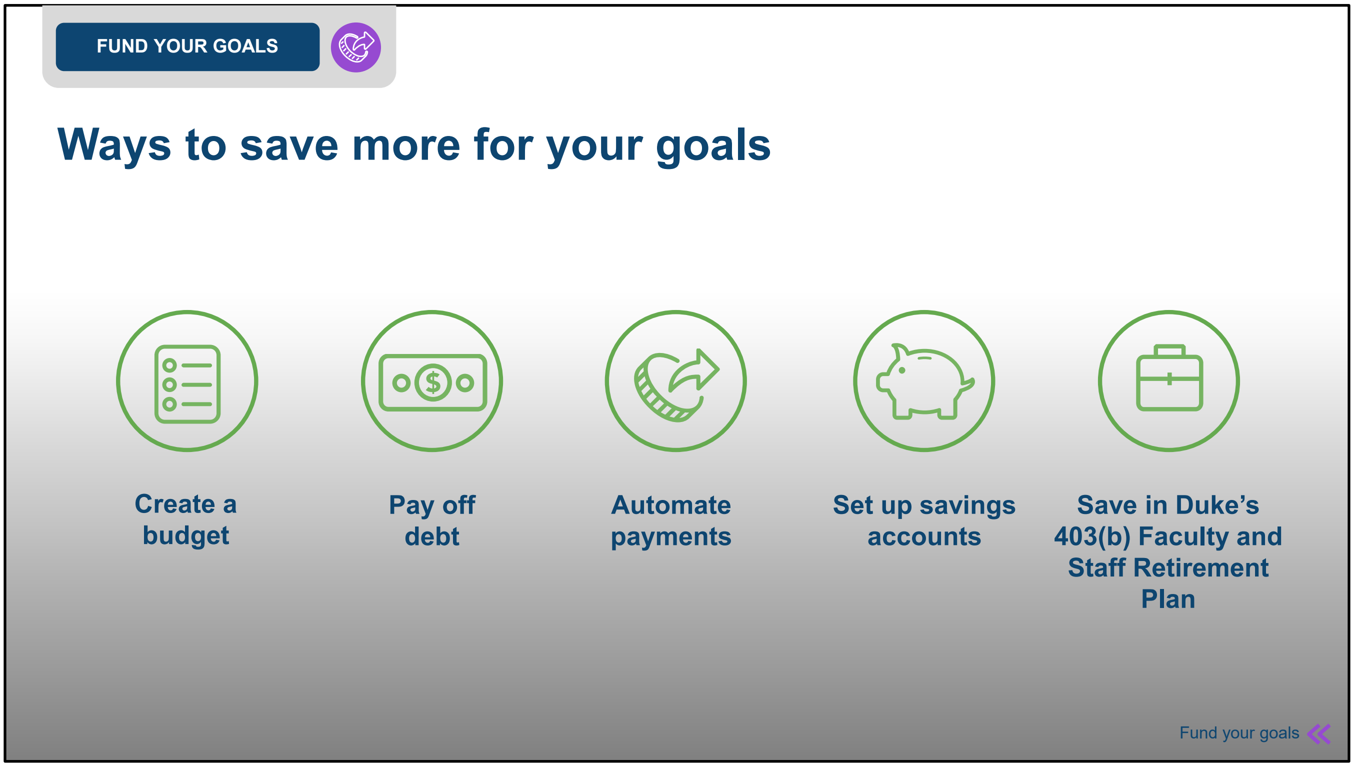
Saving and spending rule of thumb

50%
Essential expenses

15%
Retirement savings

5%
Short-term savings

It is recommended that you spend less than 50% of your paycheck on the essentials like housing, food and health care. Next, target 15% of your salary to save for retirement. This number includes the contributions you and your employer make to **the Duke Faculty and Staff Retirement Plan** before taxes are taken from your paycheck. Lastly, it's a good idea to allocate 5% of your paycheck to short-term savings like an emergency fund.



Next, let's look at some helpful tips as you start saving more for your goals:

First, consider creating a budget to track your spending and look for ways to save more for your goals. To help free up some additional money toward your goals, focus on paying off your current debt, like high interest credit cards. It's always a good idea to evaluate your expenses and ask yourself, "Is this expense worth it?"

Next, make saving easy. Consider treating each of your savings goals like a bill and automate your savings so money gets put aside without having to think about it. You can also set up savings accounts designated for each of your savings goals and use direct deposit from your paycheck into each of your accounts.

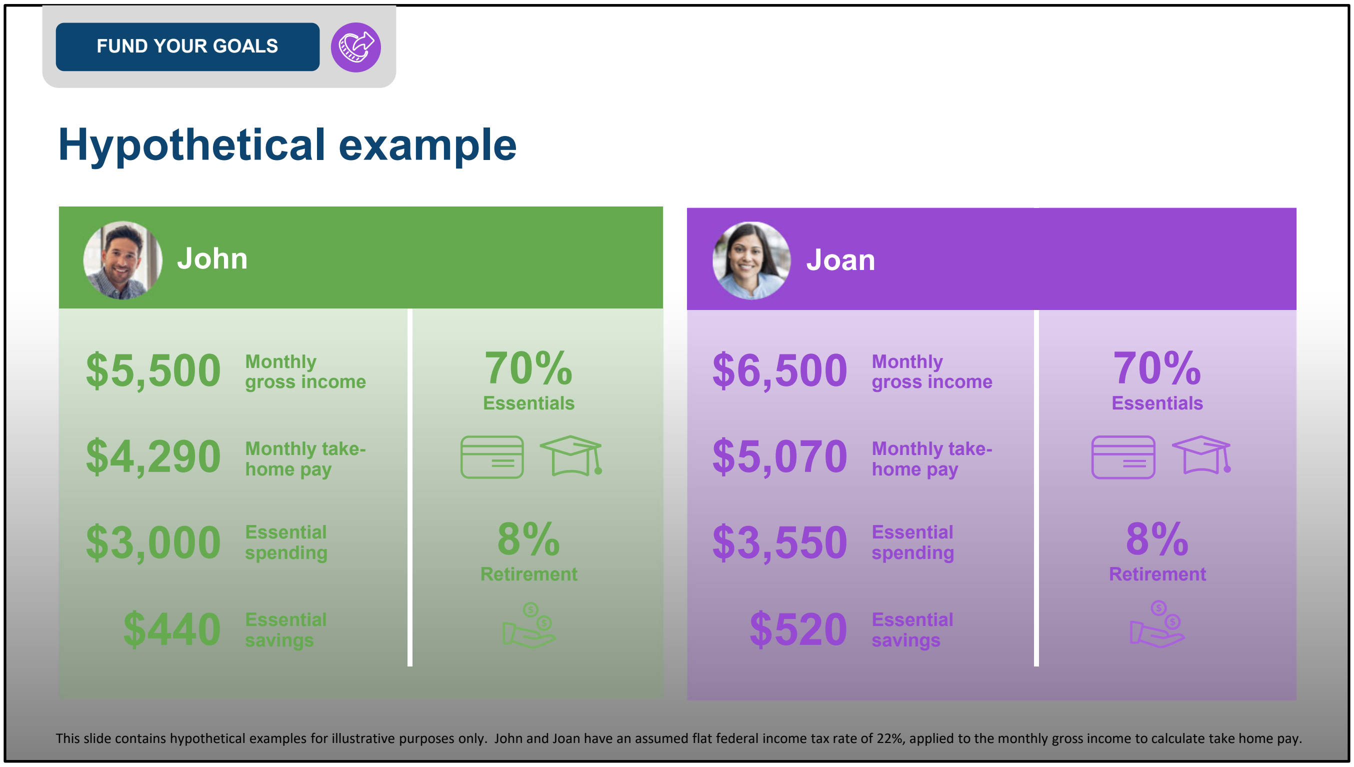
Identifying and establishing your goals is an important step to take. Once you've done this, it's also important to track your progress.

By regularly reviewing your savings goals, you can see how much you've saved with them and look for opportunities to save more.

When reviewing your progress, it's helpful to ask, how am I doing with saving for my goals?

If you find you are behind on a goal that's important to you, consider putting less money toward another goal and focus on ones that are more important. If you find you have multiple goals you'd like to achieve but can't find a way to save for them all, you may want to consider making adjustments.

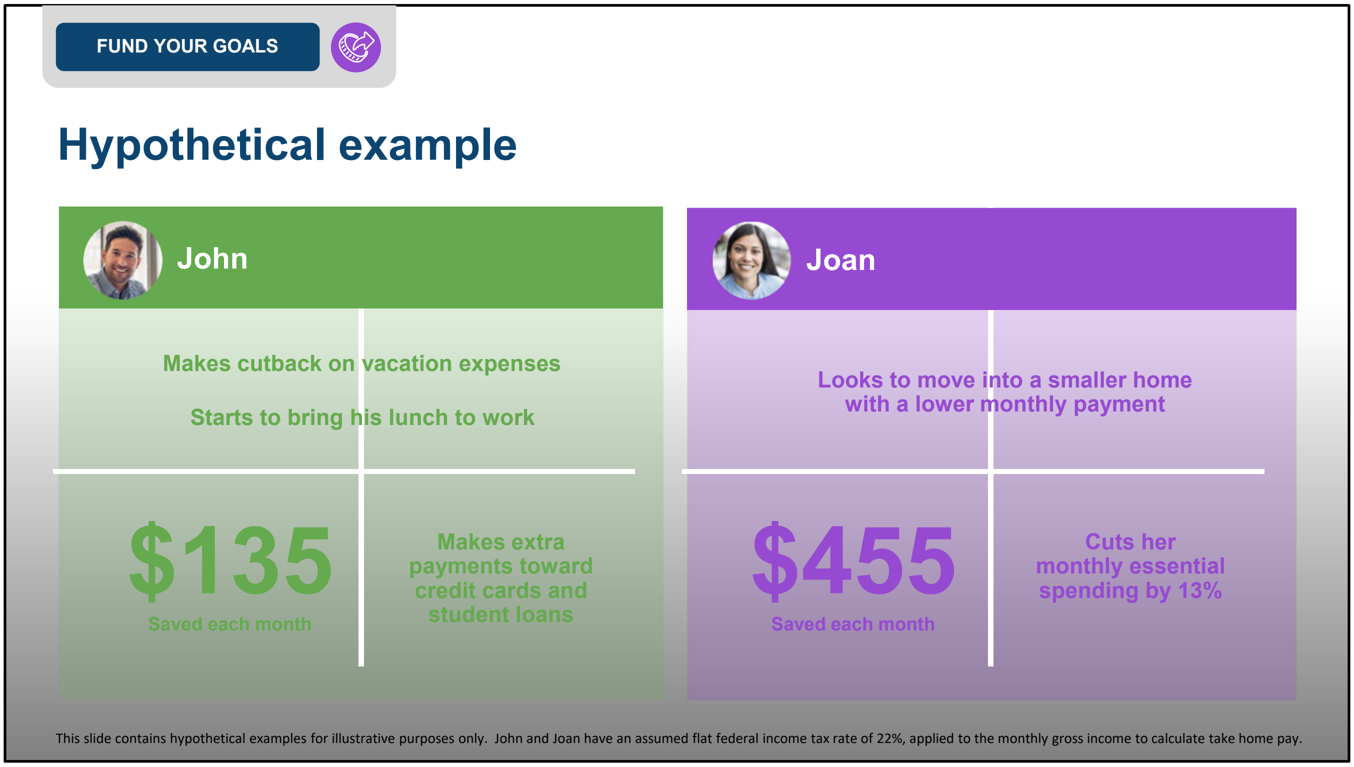
We'll review some examples of two savers who've decided to make adjustments to their savings plan based on what's most important to them.



Let's compare two savers and how they plan to make decisions about their savings goals based on what's most important to them:

John is in his early 30s, with a monthly gross income of $5,500, and take-home pay of $4,290 a month. His essential monthly spending is $3,000, and his essential savings amounts to $440 a month. He is off-track because 70% of his pay goes toward essential spending like minimum payments on each of his credit cards and student loans, which exceeds his 50% target by 20%, or $858 a month. He is further off-track because he only saves 8% for retirement each paycheck and has no emergency fund. Any additional credit card payments he makes also affects his discretionary income, which is $947 a month.

Joan is in her mid-50s with a monthly gross income of $6,500 and take-home pay of $5,070 a month. Her essential monthly spending is $3550, and her essential savings amount to $520 a month. She is off track because 70% of her pay goes toward essentials like credit card debt and saving for her daughter’s college. While she is off-track, she does have an emergency fund and contributes 8% of her monthly gross income to retirement savings. Her discretionary income is $1,114 a month.

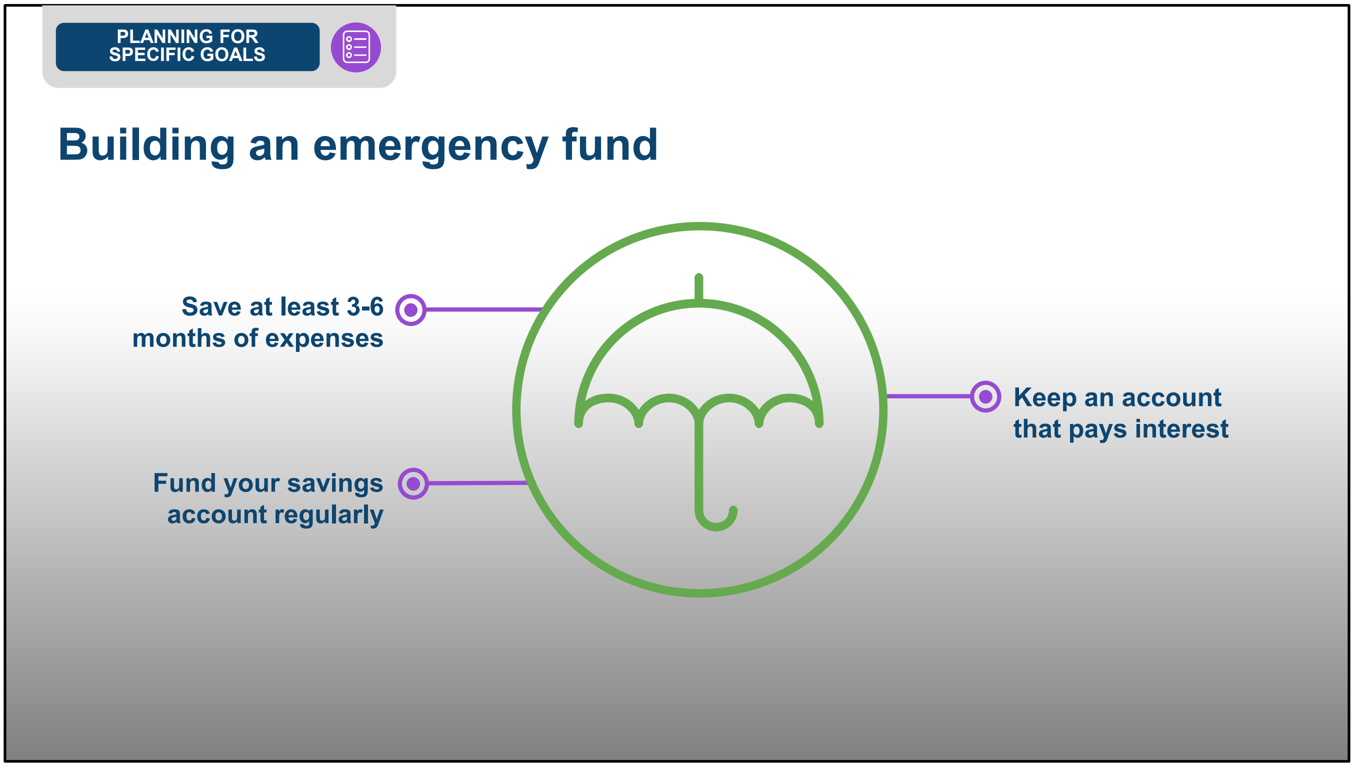


Let's review John's plan of action to prioritize the goals that are most important to him. To achieve his goal of saving for a down payment, John evaluates his spending and decides to cut back on some unnecessary expenses. While taking an annual vacation is important to him, he decides on a nearby beach instead of flying to the Caribbean. He also decides it's more economical to bring his lunch to work instead of going out to eat every day. By making these adjustments, John feels he can save around $135 each month and make extra payments toward his credit cards and student loans to help pay them down faster, while also saving some money for a down payment.

To work toward her goal of helping her daughter pay for college and save more for retirement, Joan decides to meet with a realtor to discuss her options to sell her current home and buy a smaller one with a lower monthly payment. Joan's downsizing equates to her saving $455 each month, or 7% of her monthly gross income. She decides to put the additional $455 toward her retirement savings, resulting in her contributing a total of 15% for retirement (when added to her previous 8% contribution), which is on track with our retirement savings rule of thumb. If Joan had an employer contribution, the amount she received from her employer would also count toward the 15% retirement savings target.

As Joan and John's examples indicate, it's important to consider making short-term adjustments for long-term goals. You should review your monthly spending to determine what's worth reallocating. Usually, you'll discover that you'll have some extra money you can set aside or use toward saving for your goals.

In this section, we'll share some key tips and potential next steps you can take to start saving for your specific savings goals.



It’s important to have an emergency fund — no matter your age or income level. Unforeseen expenses, like an unexpected car repair, the furnace breaking down in your home, or expenses after a trip to the ER, can really impact your financial situation if you're unprepared. Covering unexpected expenses with credit cards can negatively impact your financial situation by adding more debt. If you don’t currently have an emergency fund, or you’re looking to put away more for emergencies, here are some helpful tips to be prepared and save for the unexpected:

- Set aside at least three to six months’ worth of living expenses. If you can't get to the 3-6 months worth of savings right away, try to save $500 first, and then $1000. Then see what else you can do to reach your goal. Saving 3 months of expenses may be fine if you live with a partner who is also earning money.
- Fund your emergency savings account regularly, as you would a bill. Keep in mind the 50/15/5 rule and allocate 5% of your paycheck to short-term savings like an emergency fund.
- Keep savings in an account that pays some interest and is also easy for you to access but not so easy that you're tempted to dip into it for non-emergencies.
- Consider the role of heath and disability insurance in your overall plan.
- When the "rainy day" occurs and you do find the need to tap into your emergency fund, it's important to regularly build it up again.

PLANNING FOR SPECIFIC GOALS

Saving for retirement

Making retirement a savings priority can help you experience retirement the way you imagine. Start with what you can afford, then consider increasing your contribution a little each year. In order to have enough money saved by the time you reach retirement, keep in mind the 50/15/5 rule where it's suggested you keep your essential expenses to 50% or less of your paycheck, save at least 15% of your salary for retirement and set aside 5% for short-term savings like an emergency fund. When it comes to the 15% suggestion for retirement, this amount includes your contributions and any employer contributions you may receive. By starting early and saving at least 15% of your salary, you will have a better chance to reach another retirement suggestion, which is to have at least 10 times your salary saved by age 67 to have a better chance of experiencing retirement the way you want to. Here's a look at some of the savings milestones that align with these suggestions. If you're not on track with this suggestion, here are some tips to help you get there:

- Make room for retirement — The most important thing is to get started as soon as possible, so you have the chance to benefit from growth over time. Sign up for the Duke Faculty and Staff Retirement Plan and contribute to it.
- Increase your contributions slowly — Try making a point every six months or any time you get a raise, to increase your contributions by 1% or 2%.
- Find extra savings — Track your spending for a month to see if you can find ways to save more toward retirement.
- Grow your savings — There are many ways you can grow your retirement savings. Consider investing based on your age, goals, and risk tolerance. If you need help with this, a Fidelity representative can provide advice on a mix of investments that may be right for you.
- And if you're age 50 or over, you may have the ability to make additional contributions known as catch-up contributions. This means you can contribute up to the maximum contribution limits set by the IRS each year, plus make additional contributions to catch-up

your retirement savings. **ADD: For 2022, the limit is $27K ($20,500 basic limit and an additional $6,500 if you are over age 50)**

- Another important tip is to avoid taking a loan from **the Duke Faculty and Staff Retirement Plan** to pay for other expenses. It may be tempting to dip into your retirement savings, but keep in mind the money you take out doesn't have the opportunity to grow as quickly because you're slowly paying it back. And, if you don't pay back the loan according to the loan terms, you may be subject to taxes and a 10% penalty if you are under age 59 1/2.

PLANNING FOR SPECIFIC GOALS

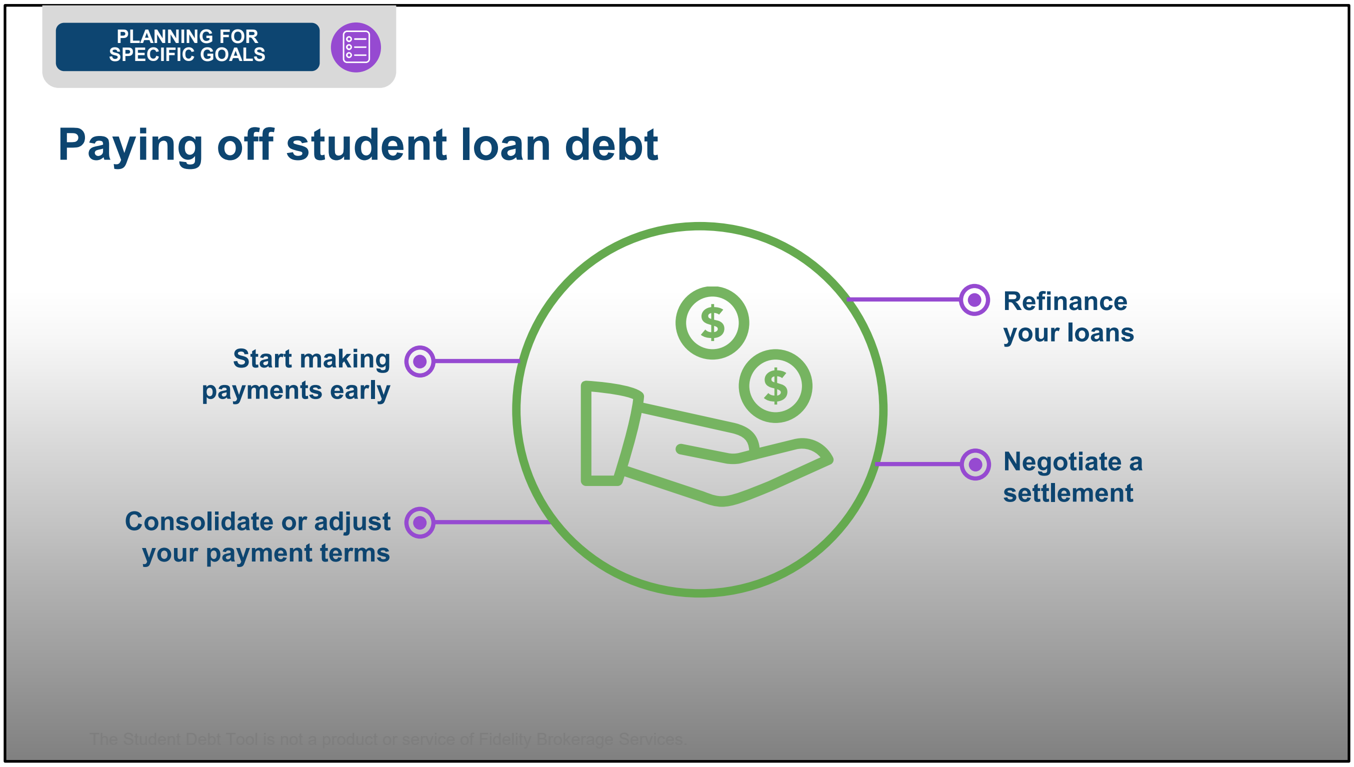
Saving for college

When it comes to paying for higher education, how early you start saving and how much you save makes a difference. Before you get started, think about your financial priorities and what's most important to you. It's important to ensure you're on the right track for retirement as there are plenty of loan and financial aid options for college, but that's not necessarily the case for retirement.

Try to save at least 15% of your salary for retirement, and if you're not ready to contribute up to that much, start with what you can **comfortably** afford. Revisit your contribution percentage and consider increasing it annually. Even increasing by 1 or 2% can make a big difference.

Once you've considered your financial priorities and are ready to start saving for college, consider these helpful tips:

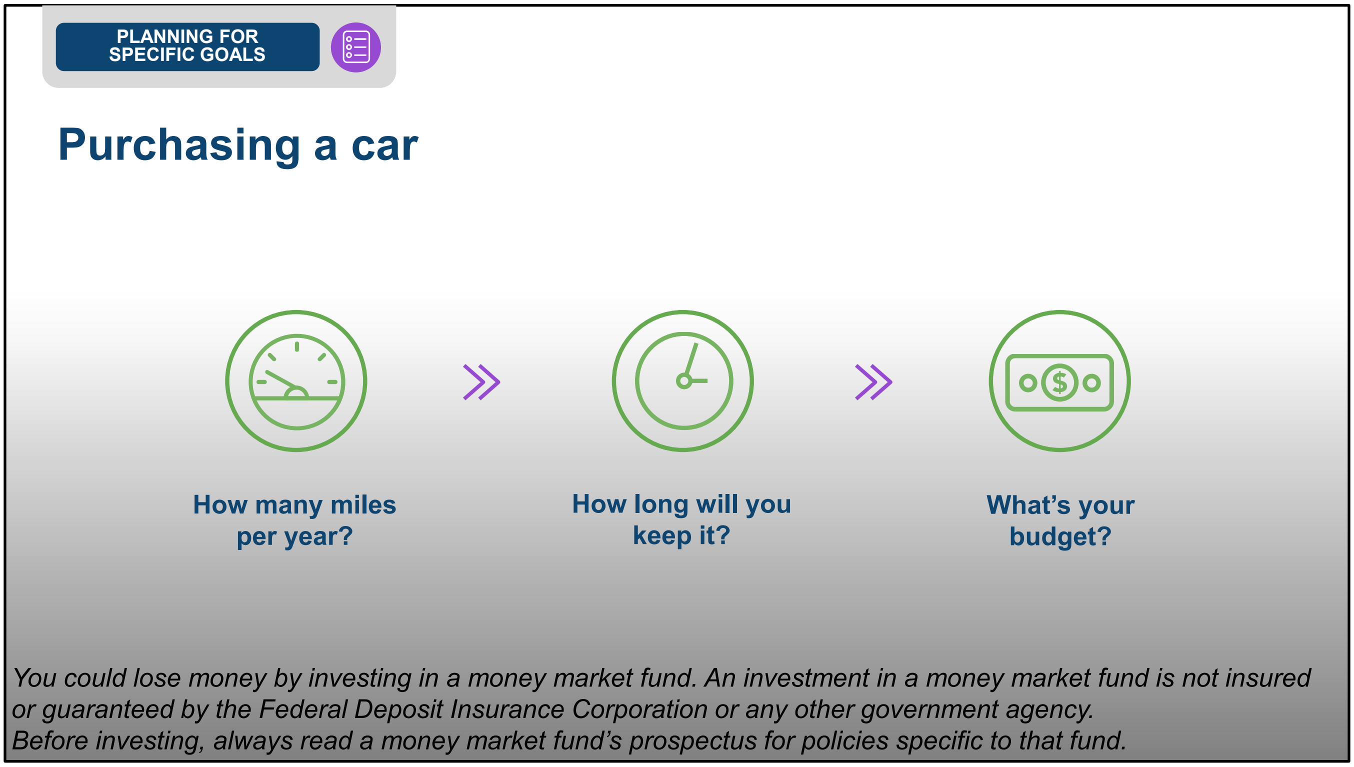
- Do your research to help determine how much money you may need to save. Consider how many children you have, the number of years they have until college, whether they will attend a public or private school, and pay in state or out of state tuition. Typically tuition for public in-state institutions costs less than out-of-state and private schools.
- Visit a college's website where each college/university is required to provide a calculator which will help you get an idea as to how much your family will be expected to contribute to the cost of attending vs. how much will be needed in financial aid.
- Next, plan with financial aid in mind. Keep your children's college savings in your name rather than theirs. Current financial aid formulas for determining the annual amount a family is expected to contribute toward college count 20% of a student's assets and just 5.64% of parents' assets, which fortunately doesn't include retirement accounts or home equity.
- And once you're ready to begin saving, you'll want to get started as early as you can to help avoid taking out additional loans later. Saving in a tax advantaged 529 Savings Plan can be beneficial, because any earnings grow federal income tax deferred and may also be eligible for state tax deductions. Distributions for qualified education expenses are federal income tax-free.
- Another helpful tip is to talk to your children. Sit them down early and discuss how getting good grades and participating in extracurricular activities can set them up to receive more merit aid for college.



Many Americans have student loan debt. Whether you're trying to reduce your monthly payments, pay off your loans faster, or save money over the life of your loan, here are some approaches to lessen the financial burden of student loans:

- If you're still in school, it's good to start building the habit of making small payments on your loan principal if you can so interest doesn't accumulate as quickly. Also, consider taking out less in loans so you don't have as much to pay back later.
- The government offers loan repayment programs that allow you to consolidate payments or adjust payment terms depending on your situation.
    - And if you work for a not for profit – like a hospital, university, or government agency – you may be eligible for forgiveness of your student debt through a special US Government program called "Public Service Loan Forgiveness. You can find details on PSLF by going through the Student Debt Tool at **fidelity.com/studentdebt**, or by going directly to our informational site **fidelity.com/forgiveness**. Be sure to research this program if you think you might be eligible –BEFORE you take any other steps. You may disqualify yourself by taking an action like refinancing federal debt with a private agency.
- Consider refinancing to replace multiple loans with a single loan and potentially reduce your interest rate. Privately financing federal loans has some trade offs to consider, like you may no longer be eligible for federal loan benefits, but could receive a better interest rate. Private loans also require you to apply and be approved for refinancing.
- And if you're struggling to pay your student loan bills, talk to your lender to see if they have ways to help

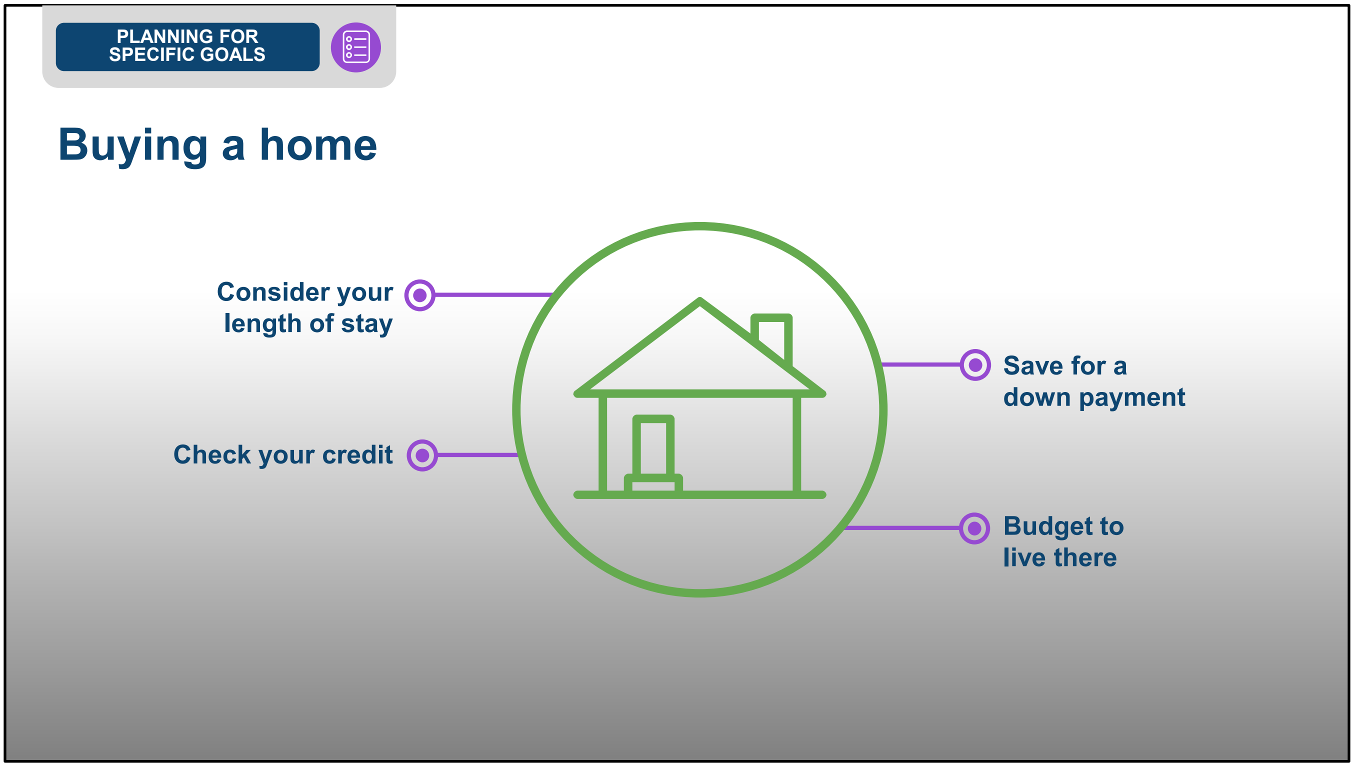
Being in debt is more than just a financial issue; it's an emotional one as well. While paying off student loan debt can feel quite burdensome, it’s important to take some time to explore your options for making your debt more manageable. And while you’re making student loan payments, remember to also save for the future.



When in the market for a new car, you have a fundamental decision to make: should you buy or lease? And should it be a new car or used? Here are some guidelines to help you make the choice that's right for your situation:

- First consider how many miles you plan to drive each year — if it's over 10-12,000, it may not make sense to lease, so you may want to consider buying a new or used car - whichever is more affordable for your budget.
- You'll also want to determine how long do you plan on keeping your car — if less than 5 years, you're in lease territory as many lease terms are around three years. If you plan to keep the car for five or more years, you may want to consider purchasing a car.
- Next, consider your budget — it's good to aim for keeping your total transportation costs to 15% or less of your monthly expenses. And a good credit score will help you get the most favorable lending rates.

If saving for a down payment on a car is a short-term goal for you, consider putting money in a savings account or invest in money market funds, which are short-term investments. If you're making a car payment, once you've paid it off, consider taking that same monthly payment and putting it toward other goals rather than buying another car or letting it go into your general spending account. If you never see it, it will be easier to save!

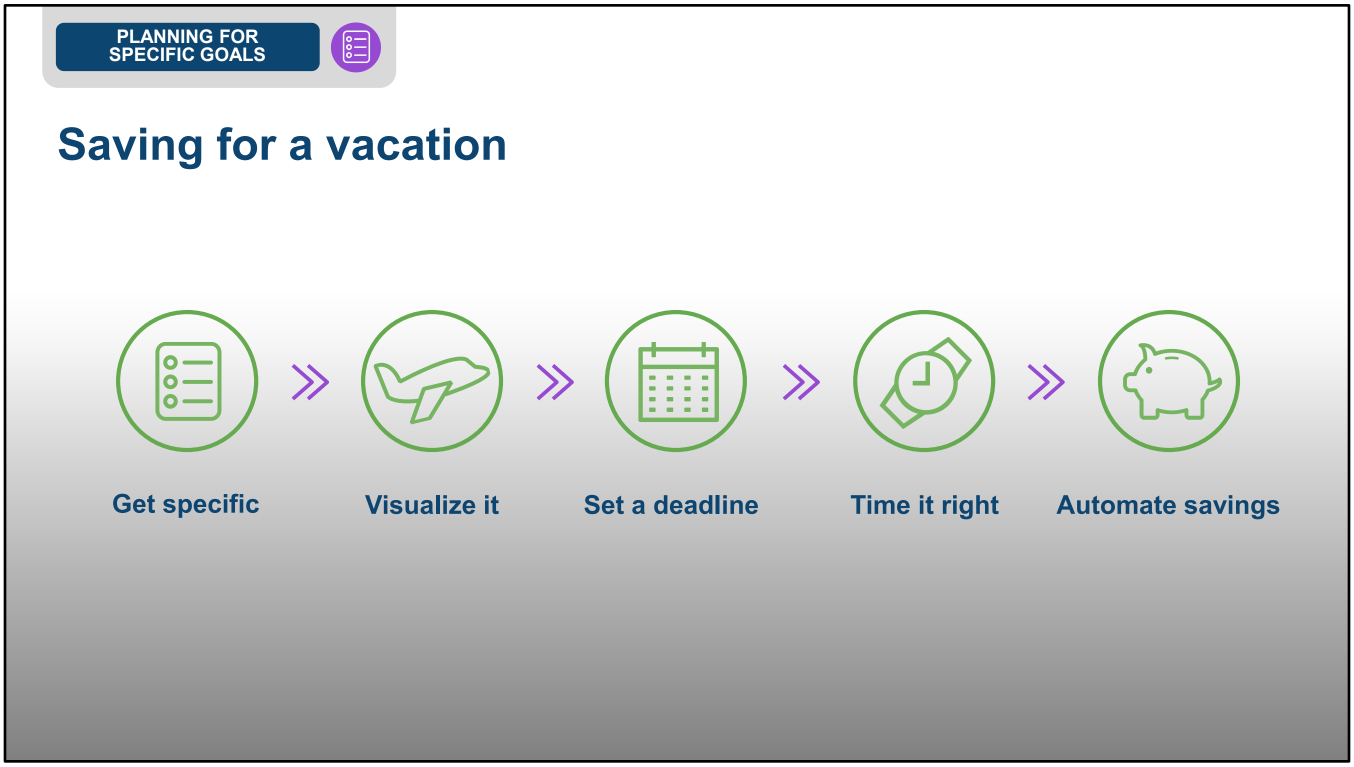


Whether you’re buying a first home or upgrading to a new one, it's important to determine how much you can afford for your mortgage.

If you think you’re ready to buy a new home, follow this checklist:

- Consider your length of stay — if you plan to live there less than three years, it may not make sense to buy, because of all the fees associated with purchasing and selling a home.
- Check your credit — Pull your credit reports at least 6 months before you apply for a mortgage. A credit score of 740 or more can get you the best rates.
- Save for a down payment and closing costs — You’ll be better off if you put down at least 10-20%, because this can help you avoid paying for principal mortgage insurance, also known as PMI, and it may also make qualifying for a mortgage easier.
- Budget to live there — Keep in mind that home ownership does come with some additional costs, like insurance, property taxes, and repairs. A good rule of thumb is to keep your housing costs to about 30% of your pretax monthly income.
- Decide which loan makes sense and look at all available loan options, including fixed and variable rates, as well as 30- and 15-year mortgages. It’s also a good idea to shop for a loan just like you shop for a home. You’ll want to choose a lender with the most competitive rates you can find.

When saving for your new home, think about your timing and how long before you plan to buy the home. This will help you determine how long you need to save in order to reach your goal. For shorter term savings, consider using a savings account to put away the money you will need. If you plan to spend more time saving, you may want to consider putting your savings into an investment account with mutual funds or other investments that provide some growth over time.



Saving for a vacation is like saving for any other major purchase — the result tends to be more gratifying when you plan for it.

Here’s how to get in the right frame of mind to save for a vacation:

- Get specific — pick your destination and how much you’ll need for your trip.
- See it — visualize the vacation you want to help you save faster to get it.
- Set a deadline — and attain it by breaking up the amount you need to save into attainable goals.
- Time it to your advantage -- consider looking at different times of the year to vacation. It may be less expensive to visit the Caribbean or other destinations in the off season. Also think about purchasing airfare and booking early.
- Automate your savings — Consider automatic transfers into a specially designated savings account so you don’t have to think about setting the money aside – it’s automatically done for you.

Here’s another helpful tip: Challenge yourself to save $10 a day in cash. Put it in an envelope and deposit it into a savings account at the end of the month. That’s $3,650 at year-end. Of course this approach can work for any savings goal, not just vacations.

Lastly, it's important to budget your vacation because it's very easy to spend more than you planned.

Of course, we would never advocate eliminating vacations because they do add to one's quality of life. Just remember to balance them with your other goals.

Now that we've reviewed some tips to help you save for what's most important to you, let's summarize what we covered in this workshop and discuss your next steps.

In the saving for multiple goals section, we determined that a good way to organize several goals is to place them within a time frame —that is, goals that are less than 2 years out, which may include day-to-day expenses, building an emergency fund, or buying a car. Next, think of goals that are 2 to 5 years away, such as buying a home, or paying off debt. And lastly, think of your key long term goals, like saving for college and retirement. Organizing them this way makes it easier to prioritize them.

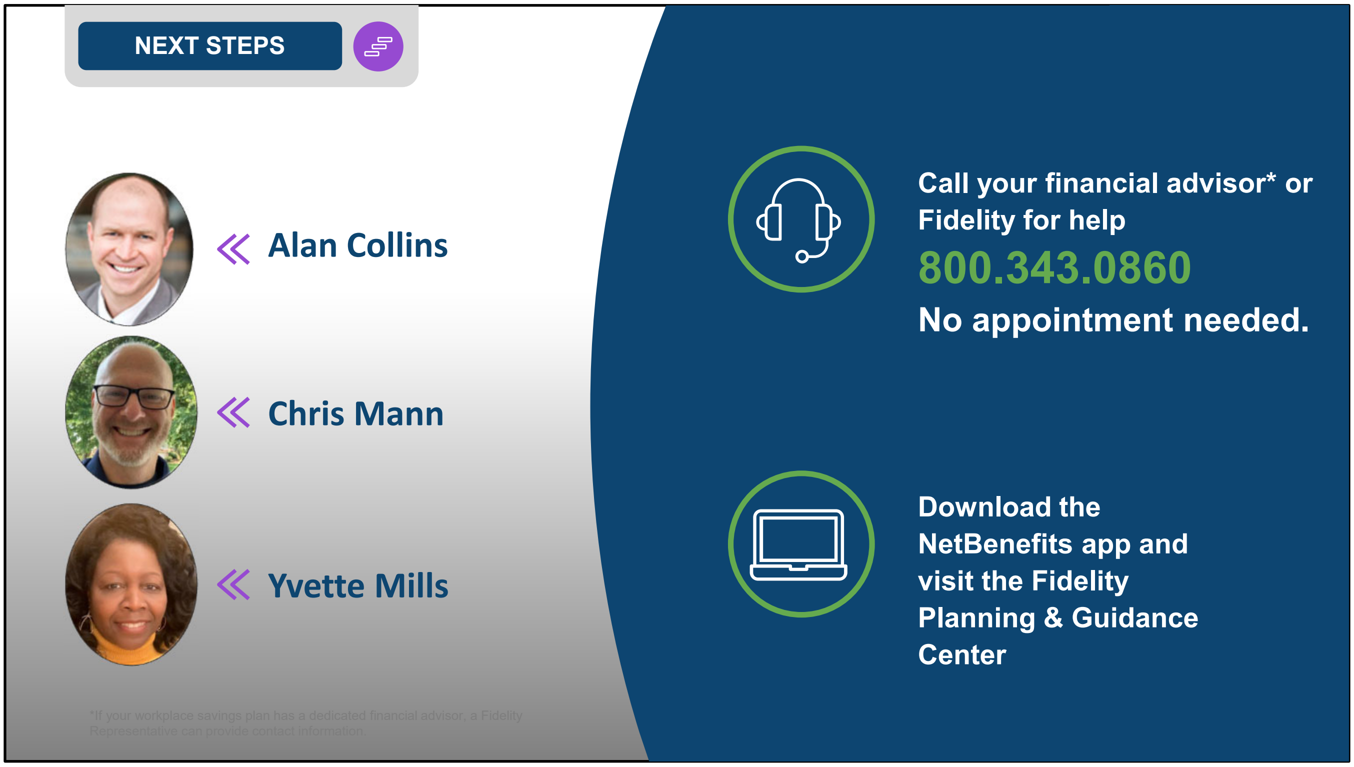
When prioritizing your goals, think of them as buckets: how many would you have, and what would you fill first? Putting money away for them regularly, even in small amounts, can open up opportunities for the things you want.

As we covered in the saving for specific goals section, there are some key actions to take when saving for a specific goal. Here are some of the most effective:

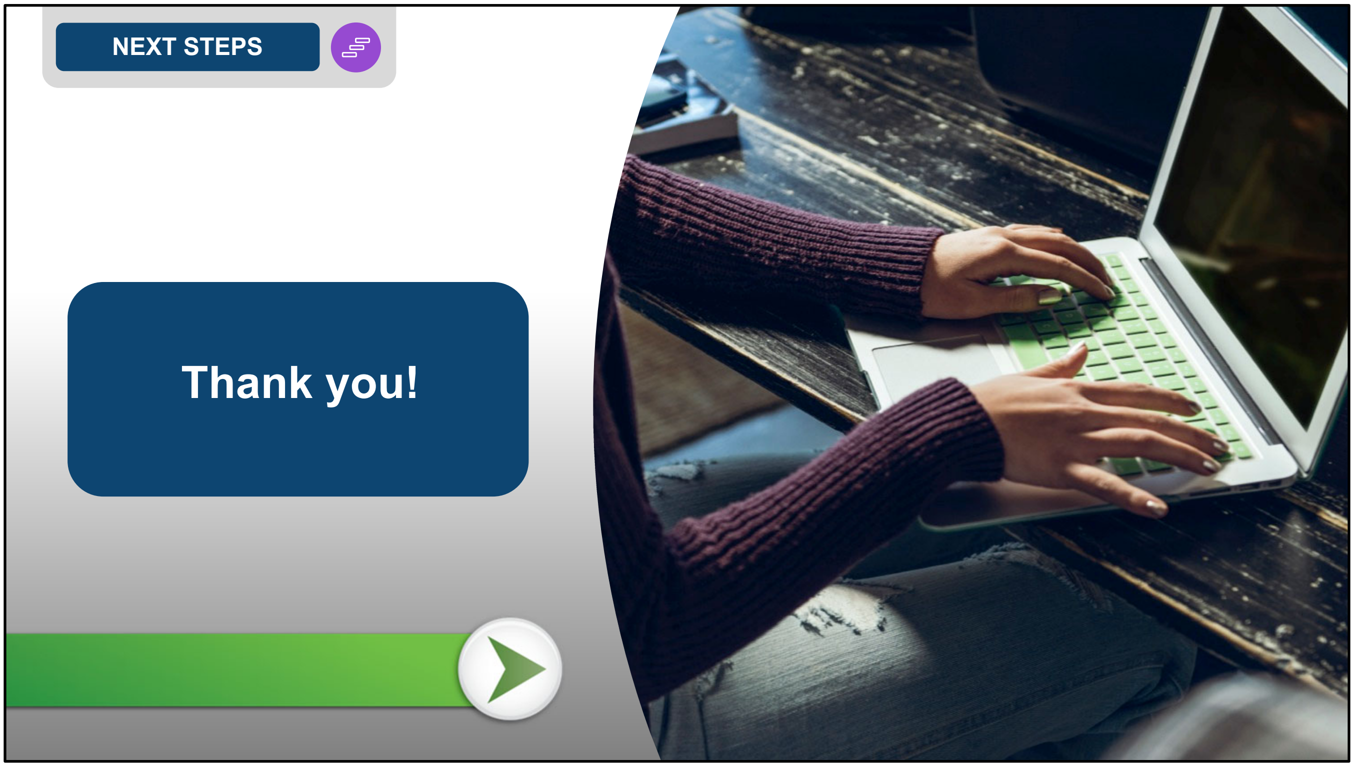
- When saving for retirement, sign up for your workplace savings plan, save up to the employer match, if applicable, and consider increasing your contributions when you can.
- And for an effective way to build an emergency fund, set aside at least 3 to 6 months' living expenses, and fund it regularly, as you would a bill.
- As you pay off student loan debt, consolidate payments if possible, and adjust terms and refinance to potentially reduce your interest rate.
- Before you buy a car, anticipate your yearly mileage and use that information to decide whether to buy or lease. If possible, payments should be less than 15% of your monthly expenses.
- When buying a home, consider your length of stay, check your credit before you buy, and try to save as much as 10% -20% for a down payment.
- When saving for a vacation, get specific about your destination, set a savings deadline and consider automatic savings account transfers.
- When saving for college, start saving early, continue to fund your retirement, and consider a 529 Savings Plan.

This brings us to funding your goals, and the importance of having a spending plan. A good rule of thumb is to allocate 50% of your paycheck to essential expenses, 15% toward retirement savings, and 5% for short-term savings.

A few helpful savings tips are to consider creating a budget to track your spending, treat each of your savings goals like a bill, and set up savings accounts for each of your savings goals. Also, when saving for goals that are most important to you, evaluate your spending habits and consider making tradeoffs, like cutting back on some unnecessary expenses.



If you still have any questions or would like some additional help on how to do all of this in the way that works for you, here are some great ways to take the next step.



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