

SIX "DO's" of MONEY MANAGEMENT

Here are five principles for conservative money management. Remember that money is a necessity for our livelihood, but is a tool to be under your control, not the other way around.

1. BUDGET

- a. Income – tithe, food, housing, expenses, entertainment, emergencies, & entertainment = savings / retirement
- b. Retirement calculation: Nest Egg Size = Annual Spending / .05 (recale.)
- c. Become a Saver!!

2. ONLY BORROW MONEY FOR HOMES AND EDUCATION

- a. Education pays!!
- b. House rent or mortgage: monthly payment should be less than $1/3^{\text{rd}}$ monthly income
- c. Current rates are at a 37 year low.
- d. Avoid pulling cash out of your house – build the value – become debt free.

3. KNOW YOUR CONTRACT TERMS

- a. Read and understand!
- b. Assume they are **not** written in your favor.
- c. Line out and initial their draconian clauses
- d. Banks and mortgage companies are good at creating expensive fee structures.

4. NETWORK WITH FAMILY AND FRIENDS

- a. Pool or exchange grocery store coupons
- b. Car pooling or car sharing
- c. Child care

5. MAXIMIZE YOUR JOB APPLICATION PROCESS

- a. "The parking lot is full"
- b. Be on time/positive/likable/clean-cut
- c. Resumes: nicely formatted/no spelling errors/employment history/not flighty
- d. Learn about the employer, show initiative, resourcefulness (the Ghatlin interview)

6. USE OVERDRAFT PROTECTION ON CHECKING ACCOUNTS... WITH CAUTION!!

- a. Plan to avoid overdrafts - but everyone makes mistakes!
- b. Have overdraft protection **ONLY** as insurance.
- c. Bank overdraft fees are unreasonable high and banks know it!
- d. If you get an overdraft charge, contact the bank, explain your circumstances & ask for it to be removed. If a clerk or teller cannot comply, ask to see a supervisor. Banks WILL remove fees, which can be upwards of \$30 each!

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Edward Jones

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FUTURE VALUE PROJECTION

PREPARED FOR: Mr. and Mrs. Jones

Annual Contribution Analysis

Years for projection:	20		
Rate of return:	6.00%		
Annual contribution amount:	\$600	\$1,200	\$6,000
Total investment:	\$12,000	\$24,000	\$120,000
Future value:	\$22,071	\$44,142	\$220,713

Rate of Return Comparison

Years for projection:	20		
Annual contribution amount:	\$600	\$1,200	\$6,000
Future value: (Hypothetical rate of 8.00%)	\$27,457	\$54,914	\$274,571
Future value: (Hypothetical rate of 6.00%)	\$22,071	\$44,142	\$220,713
Advantage:	\$5,385	\$10,771	\$53,858

Investment Period Comparison

Rate of return:	6.00%		
Annual contribution amount:	\$600	\$1,200	\$6,000
Future value: (If invested today)	\$22,071	\$44,142	\$220,713
Future value: (If invested in 5 years)	\$13,965	\$27,931	\$139,655
Cost of waiting 5 years:	\$8,105	\$16,211	\$81,057

This illustration IS NOT representative of the results from any investment made today. It is being supplied in response to your specific request and is for your use only. The amount invested, rates(s) of return, and period covered were selected by you for your own purpose. The illustration has not been adjusted for any commissions, fees or expenses which may be associated with the operation of an Individual Retirement Account. The illustration does not consider any changes in market conditions or tax law that may occur.

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