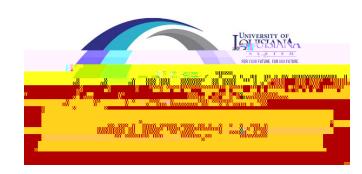
MONEY MATTERS 2023: UL SYSTEM FINANCIAL WELLNESS SERIES

SESSION #9:

Building Savings Accounts & Emergency Funds

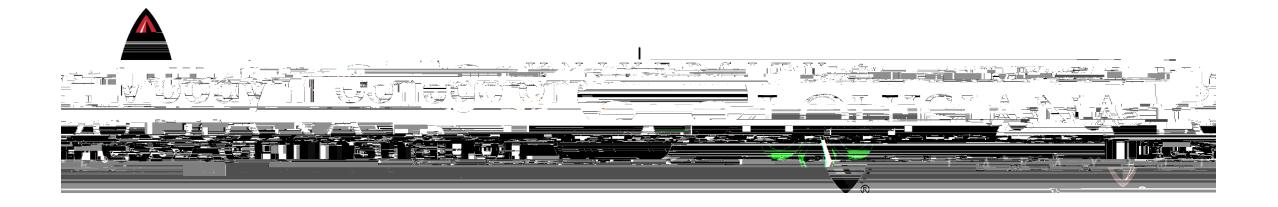


JULY 14, 2023



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http://business.louisiana.edu/financeispersonal



Owning Your Financial Future

Adults Returning to Finish a Degree: Financial & Other Concerns

JUNE 6, 2023

FAMILYFINANCIAL
PLANNING: SENDING
YOUR LOVED-ONES OFF
TO COLLEGE

JUNE 27, 2023

Financial Planning When Retirement is Getting Close (5-7 years out)

JULY 19, 2023 ***

FINANCIAL PLANNING FOR GRADUATE STUDENTS

JUNE 7, 2023

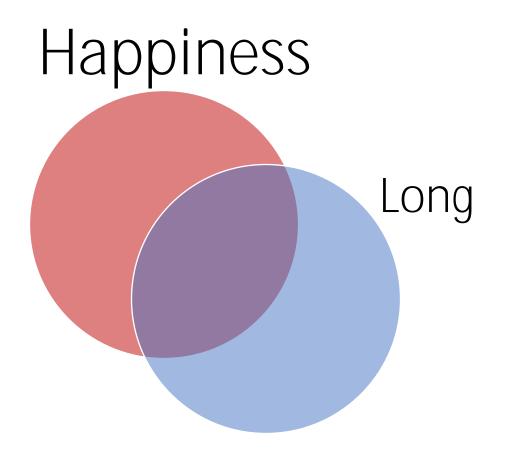
FINANCIAL & TAX
PLANNING FOR
INTERNATIONAL
STUDENTS

J

FINANCIAL PLANNING FOR VETERANS

JULY 18, 2023 ***







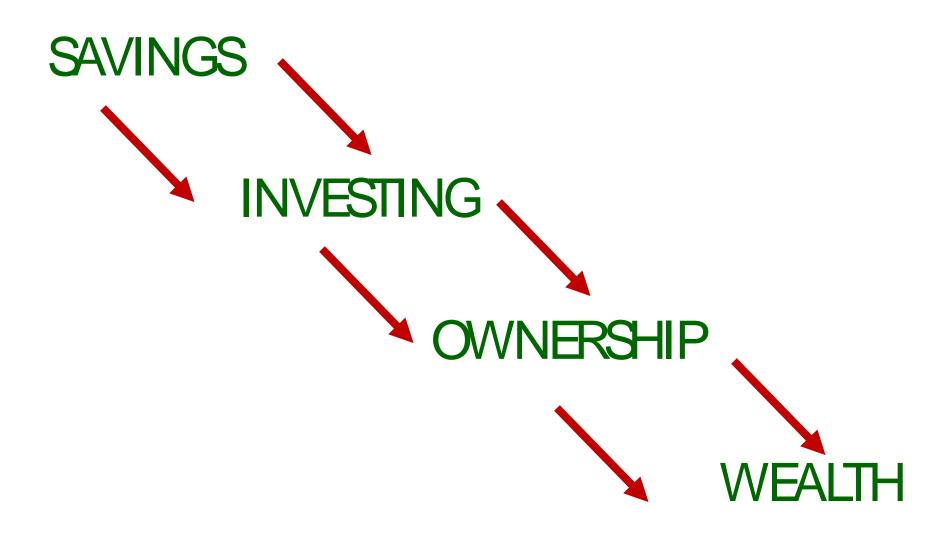
You have to make it about you and your goals.



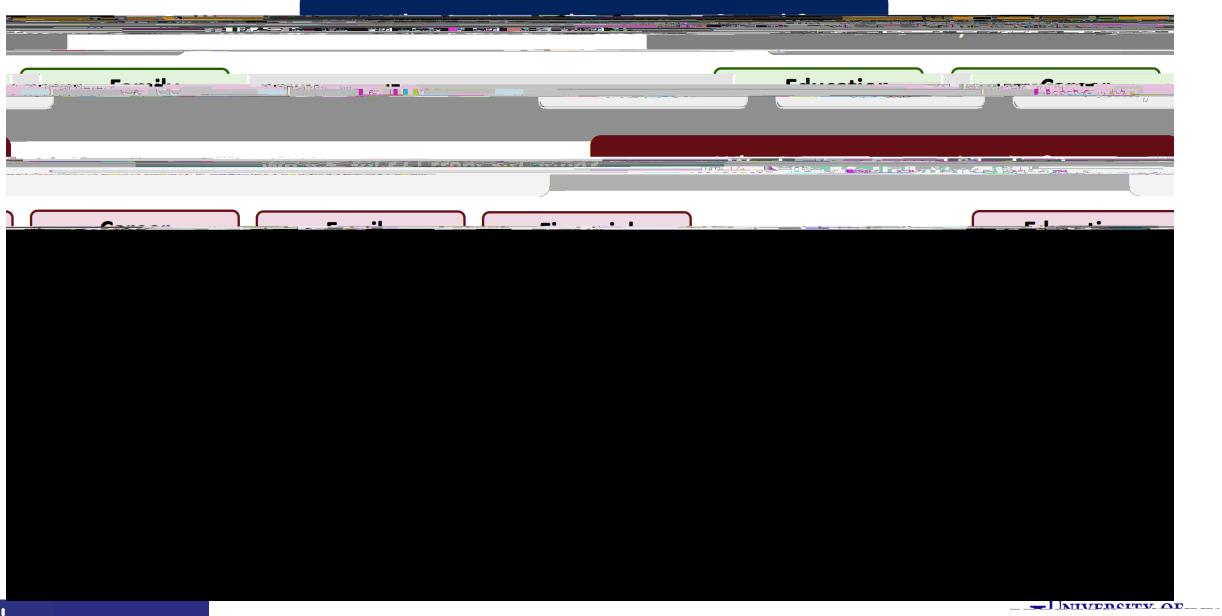
Because personal finance is personal, it is virtually impossible for me to give you any specific advice.

However, there is one word of advice that applies

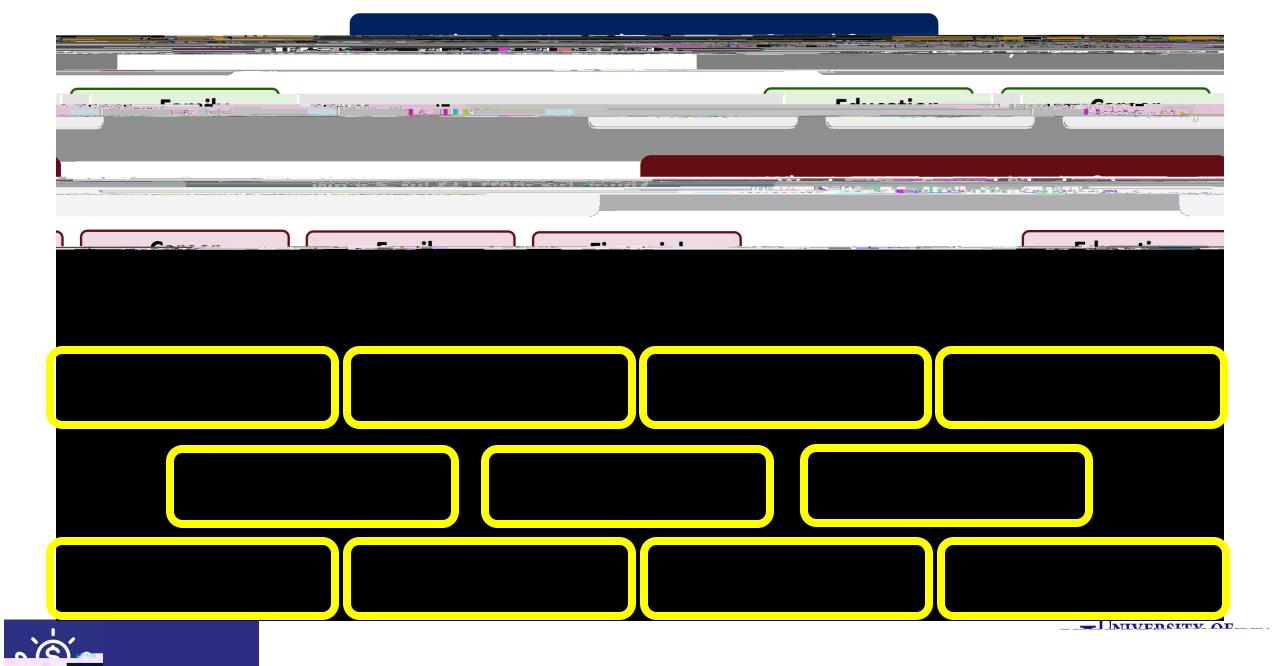












ONCE EVERY SEMESTER:
TRACK EVERY PENNY
THAT YOU SPEND &
TRACK EVERY PENNY
THAT YOU EARN

IN THE NEXT 3 MONTHS:
IDENTIFY WAYS TO
DECREASE YOUR
DISCRETIONARY
SPENDING BY 25%

IN THE NEXT 6 MONTHS:
MAKE A PLAN TO
MANAGE – AND PAY OFF
– YOUR DEBT

IN THE NEXT 6-12 MONTHS: OPEN MULTIPLE SAVINGS ACCOUNTS, 1 FOR EACH GOAL

IN THE NEXT 12 MONTHS, OPEN AN IRA OR ROTH IRA WITHIN 2 YEARS OF
GRADUATION:
HAVE AN "EMERGENCY
FUND" ACCOUNT, WITH 3-6
MONTHS OF NONDISCRETIONARY EXPENSES

WITHIN 3 YEARS OF GRADUATION: ELIMINATE ALL OF YOUR BAD DEBT.

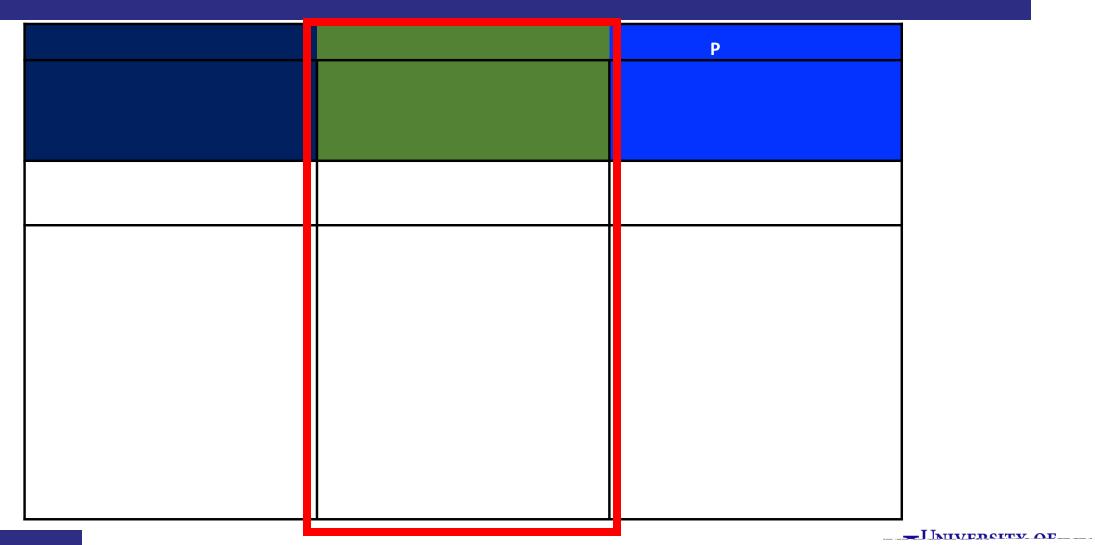


THE 3 FINANCIAL PLANNING PRIORITIES

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THE 3 FINANCIAL PLANNING PRIORITIES







EXPENSES













BUILDING AN EMERGENCY FUND

What happens if your AC dies?
What happens if your car dies?
What happens if you lose your job?

Ideally, your EMERGENCY FUND would be a savings account with 3-6 months of non-discretionary expenses saved up to cover emergencies.

 $$1,050 \times 3 = $3,150$ $$1,050 \times 6 = $6,300$



Ideally how much of your income should you expect to go into paying off various loans (car, house, school, ethfe 381v





FREQUENTLY ASKED QUESTION

Ideally how much of your income should you expect to go into paying off various loans (car, house, school, etc.)?

28% of your gross income should go to housing payments (at most)

36% of your gross income should go to all debt payments (at most)

Be very careful: These ratios are based on payments, not borrowed amounts or loan balances. Lenders may encourage you to extend your loan repayment term,

increase the total amount that you have to repay over the life of the loan.



FREQUENTLY ASKED QUESTION

Ideally how much of your income should you expect to go into paying off various loans (car, house, school, etc.)?

From a personal perspective, it will all depend on your other goals and investments and your specific situation.

If you buy a home, you will increase your debt.

If you have children, you may increase your debt as you save for their education or incur other expenses.

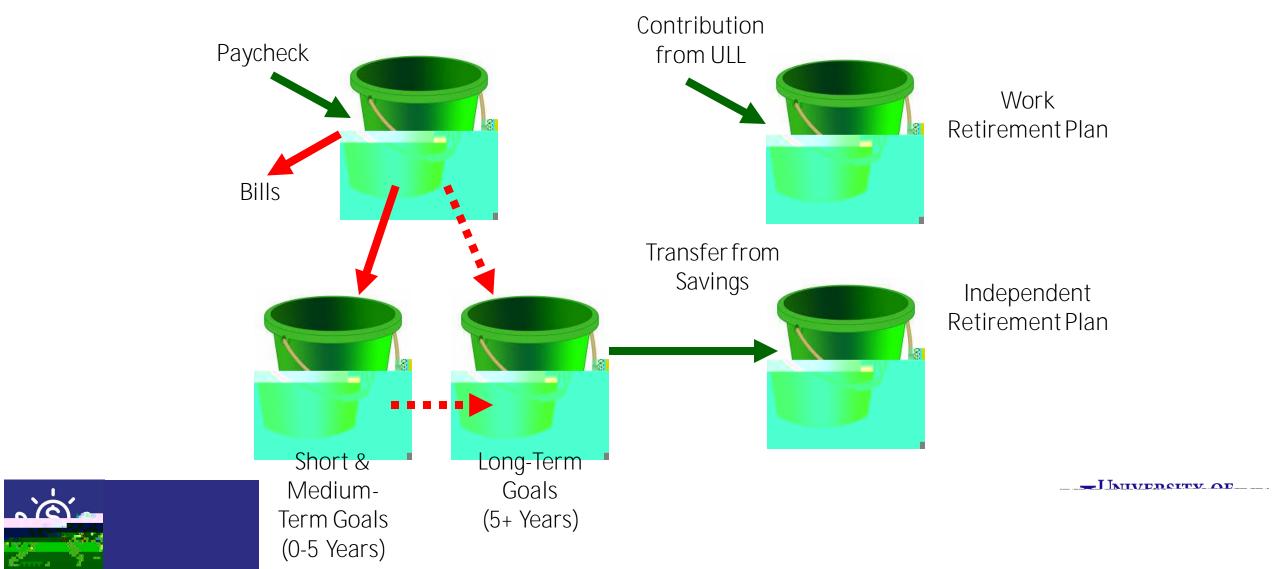
You can offset this by having a lower auto loan or reducing your student loans.

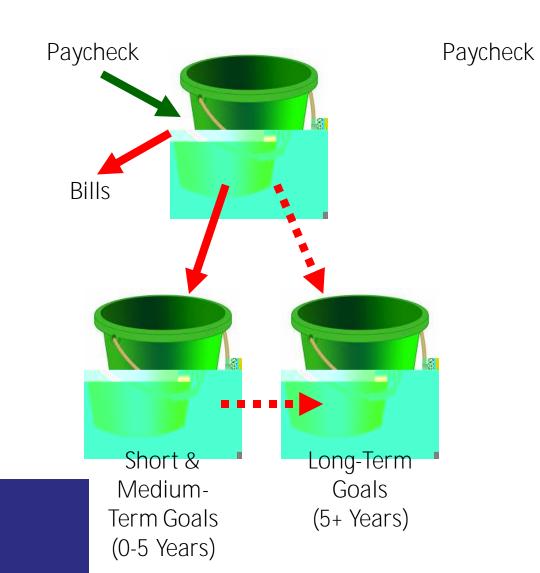
Always, always, always pay off your credit card balances as soon as you are able.

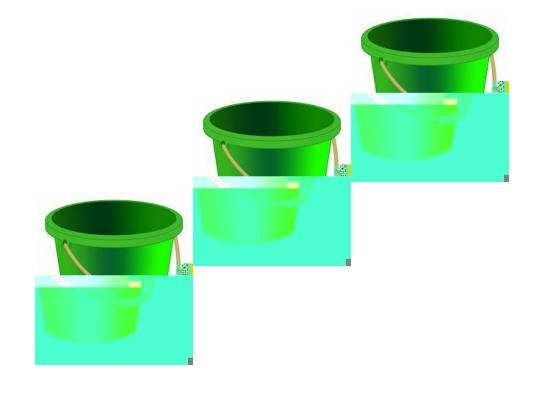




Mental Budgeting & Savings Accounts







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Mental Budgeting & Savings Accounts

I utilize 4-5 different accounts on a regular basis, as defined below. This allows me to mentally align my finances with my goals, kind of like how I use 3 credit cards with 3 different purposes each.

Checking & Transaction Account



No risk, 0.0% return, all cash Short-to-Medium Term Goals



Some risk, 0-3% return goals, cash + savings Long-Term Goals



Some Risk, 3-7% return goals, savings + investments Retirement Accounts



Lots of risk, 8-12% return goals, all investments





Short-to-Medium Term Goals

Some risk,



Mental Budgeting & S

Long-Term Goals



Some Risk, 3-7% return goals, savings + investments

Maybe I want to buy a new house in 10 years and need to save \$50,000. I really want the house, but the timing and amount are flexible.

Maybe I just had my first child and want to start a 529 Savings Plan for their college in 18 years.

Liquidity is less of the priority with these goals. I can take more risk, which should lead to higher returns over the longer-term. Now maybe I choose index funds or mutual funds. Maybe I choose individual stocks. Maybe the real estate is the risk. Patience is the key.



Mental Budgeting & Savings Accounts

Retirement Accounts

A company-sponsored 403(b) or 401(k) will give me the structure to invest for my retirement.



all investments

It will limit my investment options, but I should have plenty of index fund and mutual fund options.

These are tax-

college. If I withdraw the money before I turn 59 1/2, I pay all taxes and a 10% penalty.





Mental Budgeting & Savings Accounts

Retirement Accounts

Liquidity is not the issue, again.



all investments

I care about:

Capital appreciation

Minimizing taxes (both today and in the future)

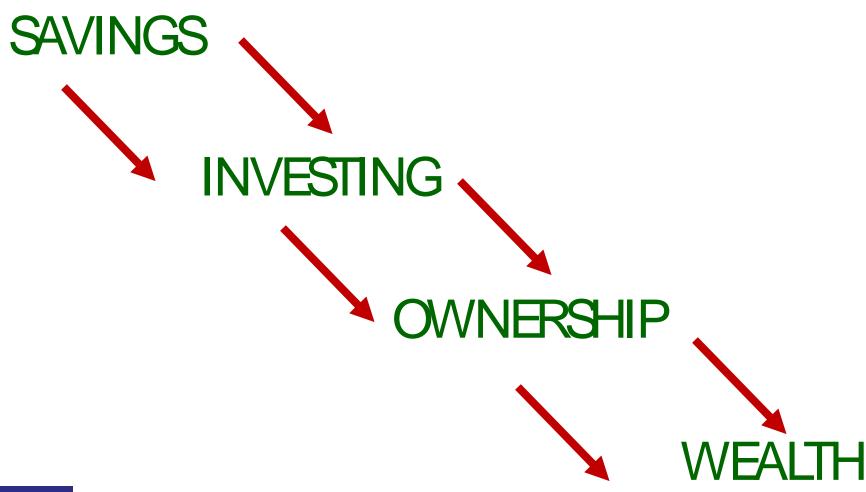
Getting the maximum company match.

Meeting any vesting period requirements.

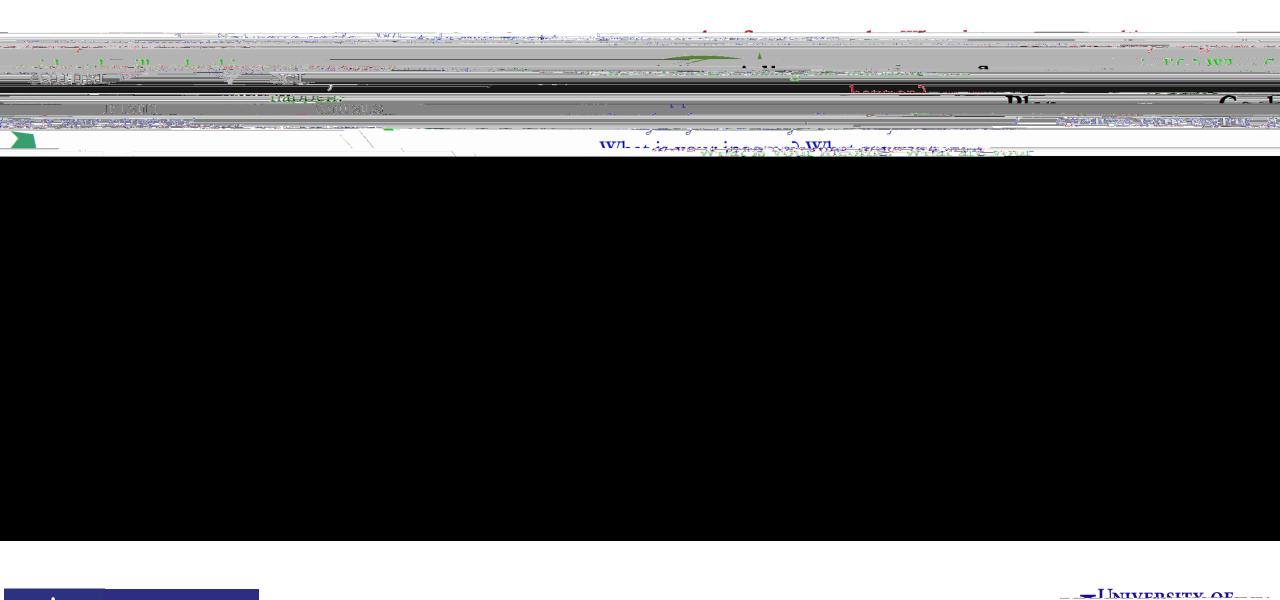




A Few Opening Morals











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