

ACHIEVEments

For Members of the Louisiana Association for Personal Financial Achievement

March 2011

Meet Phyllis

Phyllis replaces Ike DeLee, who has been given the job of Training Coordinator with the La Capitol Federal Credit Union. Ike's MBA and excellent people skills make him the ideal person to take on his new duties and responsibilities with La Cap. I and the members of the ACHIEVE board of directors wish him well, and thank him for his two years of service to the association.

I'm certain you will like Phyllis. She is a real go-getter and her more than 10 years of non-profit experience. Phyllis comes to us from the Louisiana Association of Non-profit Organizations where she served as the Director of Administration and Benefits. Phyllis' skills in

training and management more than qualifies her to carry on the work of ACHIEVE, and I'm confident that you will also approve of her—she believes in our mission and will help us to realize our vision.

I would be delighted if, after you've spent some time with Phyllis, you would jot down your impressions of her. I predict your reactions will be highly favorable.

Sincerely,

Dr. Jim Gardner

Saving Practices Made Easy

It's easy to postpone starting to save for a later day, but a solid plan is key to success. By following some basic guidelines, you're more likely to achieve financial security.

Pay yourself first.

Use automated transfers to get in the habit of saving. Money will be transferred from your account without you seeing it, which makes you less likely to miss it. Simply complete a form authorizing your financial institution to receive a portion of every paycheck and deposit it directly into your savings account.

Save 10% of your paycheck.

The general rule of thumb is to save about 10% of each paycheck. If that seems too high, try 5% and work your way up to saving 10% of your earnings. Add 1% every year you get a raise until you reach 10%.

Know yourself.

Examine your goals to determine which savings plan will work best for you. For example, don't invest all your money in an aggressive stock or mutual fund if you're conservative with your money. If you're saving for retirement, select a plan that will fit your financial needs down the road.

Realize that age matters.

Always take into consideration how much time you have to save for your goal. If you are a recent college graduate, you have several decades to ride out the highs and lows of the market and can take advantage of more high-risk investments. If you're only a few years from retirement, you might not have the time cushion to afford to be too aggressive.

See the benefit of compound interest.

The simplest way you can invest your money is to leave it alone and let it "compound" over time. You earn interest not only on what you save, but also on the dividends

generated. The earlier and more you save, the more your money will grow.

Use dollar-cost averaging.

This is the process of routinely investing a set amount of money over time, rather than all in one lump sum. It's a convenient savings method, particularly for beginning investors. For example, each month transfer \$25 or \$50 from your share draft account directly into an investment vehicle such as a traditional or Roth IRA. You reduce your overall risk from market fluctuations because your money buys more shares when the price of a share is down, and your money buys fewer shares when the price of a share is up. Bottom line: You've reduced your investment risk.

Use the Rule of 72.

To figure out how long it will take for your investment to double with compound interest, use this rule: Divide 72 by the interest rate you expect to receive on an investment. For example, if your investment earns 4% interest, your money will double in 18 years (72 divided by 4 is 18).

By the Numbers

Recent rates from La Cap

Home Loans
APR* as low as

4.5%

Visa Cards
APR* as low as

8.9%

Auto Loans
APR* as low as

3.65%

Checking
APY* as high as

5.25%

*APR = Annual Percentage Rate **APY = Annual Percentage Yield

For full details, visit lacapfcu.org

Prefer to receive ACHIEVEments via e-mail?

Just send your e-mail address to achieve@lapfa.org with the subject line "Go Green."

Make Up for College Savings Shortfalls

Whether your savings failed to keep pace with the cost of your child's college dreams or you forgot to save at all, you still have options for funding a college education.

Even parents who started saving while they were paying for diapers and baby food sometimes lack the funds needed to cover college costs that outpaced inflation over the past 10 years, according to the College Board in New York, a nonprofit association of colleges and universities.

Including room and board plus other expenses, the College Board puts the average annual cost of attending a private college at \$32,307 for 2007-2008, while a public university cost \$13,589 for in-state students and \$24,044 for out-of-state students.

To cover those costs, consider these steps:

- Start saving now. Every dollar deposited by you or your student now can help cover college expenses later. To avoid being penalized by the financial aid process, keep all or most savings in the parent's name.
- If you have several years or more to build savings, check into programs designed to help fund education. Coverdell Education Savings Accounts and 529 savings plans can offer significant tax benefits.
- Remember that you'll be able to reallocate costs within your current budget. Money now spent on high school fees, activities, senior photos, and other expenses can be set aside for college costs once your student clears high school.

- Complete the Free Application for Federal Student Aid (FAFSA), provided online at www.fafsa.ed.gov. The FAFSA tells the parents and student what type of aid they can expect to receive and what their options are for accessing loan programs. Roughly two-thirds of students receive some form of financial aid.

- Visit the Mapping Your Future Website (<http://mappingyourfuture.org>) for information about student loans and other funding options.

- Get your student to help. Earning good grades helps students get scholarships, while taking advanced placement or foreign language courses helps students "test out" of college coursework, which can save money by reducing the time required to complete a degree. Students also can work part-time to build savings or help cover costs while in college.

- Consider attending a community college for the first one or two years of college. Average tuition and fees at a community college are less than half of those charged by a four-year public university, according to the College Board.

- Call your financial institution today for information about student loans, home equity loans, or other loans you can use to help pay for the high cost of education.



Knowledge is Power

Need a speaker for your classroom, employees, neighborhood association, or social network? Achieve can help. Topic areas include, but are not limited to:

- Building a Basic Budget
- How to Plan for Retirement
- Smart Saving and Spending
- Smart Borrowing and Credit
- Understanding Your Credit Report
- A Kid's Guide to Money
- Financial Tips for Unemployment
- Protecting Yourself against Identity Theft

Email your request to achieve@lapfa.org, subject line: **Promote Financial Literacy**. Please include all of your contact information.

Go Green with Your Personal Finances

- Use online banking
- Log on frequently to check accounts for fraud
- Sign up for electronic bill pay
- Transfer money between accounts electronically
- Opt for paperless statements
- Choose direct deposit of paycheck
- File taxes electronically
- Use debit or credit to eliminate paper used to print checks
- Reduce junk mail (optoutprescreen.com)
- Convert earned credit rewards into cash donations to environmental groups



Contact Information

Phyllis P. Phillips, Executive Director
700 Main Street, Suite 117
Baton Rouge, LA 70802

Phone
225.342.5365
8am-5pm, CST, M-F
Email
achieve@lapfa.org
Website
www.lapfa.org

2010 - 2011 Officials

Dr. Jim Gardner, *President*
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