

PS Financial One-Pager – thoughts from Dad Long (Uncle Steve in certain cases ☺) as of January 2015

Insurance Considerations

- Life – while you're single there is probably little need for life insurance except to cover your home mortgage; if you decide on life insurance, term life is probably sufficient.
- Auto – usually keep the deductible about as high as possible; it's unlikely you'll actually make a claim unless it's really a MAJOR accident, so make sure you have enough money to cover the deductible (we're always good for a "bridge loan" should such situations arise)
- Renters – if the apartment requires it, of course get it; otherwise, unless you have a lot of valuables it may not be necessary
- Health – assure you have coverage for MAJOR issues at the very least, more if possible

Mortgage/Car Loans

- Only buy a home that you can comfortably afford (could make payments for a year even without your full income.) Don't trust a banker alone regarding how much you can afford – talk with others!
- Assure you arrange for a mortgage you can pay off earlier if you want, without penalty
- Consider paying off your mortgage as soon as you can – the confidence of having your home paid for outweighs the tax advantage (especially when you consider the amount of mortgage interest you're NOT paying in my perspective)
- Do a car loan if you must, but consider leasing and outright purchase first, thinking about mileage levels, dings/dents, financing, etc.. This is less critical to pay off early, but why not where possible?

Investing

- Construct a rough budget (there are tons of internet templates you might want to use so you capture all expenses.) It's helpful in many ways including deciding how many dollars to keep liquid
- ALWAYS pay your credit cards off. If you can't do that, cut up the cards and start paying cash or using debit for everything – you don't want to pay the credit card interest rates!
- Before investing, make sure that you're contributing to the church and other charities that support research and efforts that are consistent with your beliefs! (5-10% of salary?)
- Before doing any investing, make sure you have at least 6-12 months of all expenses in "liquid accounts" such as checking, savings, money market
- Consider beginning investments using mutual funds
 - Research possible funds with multiple sources ([Morningstar](#), [Kiplingers](#), Consumer Reports, Forbes, family members, friends, etc.) by checking features such as: investment expense, previous history, mix of investments, risk, **no-load** (all your money goes into the fund)
 - Put money in 2-3 "no load" funds so you spread your risk a little
 - Be aggressive with risk in your 20s and 30s, moderate that in your 40s and begin to get no more than moderate risk by your 50s and 60s
 - Start the investment at the minimum entry amount
 - Do dollar cost averaging (DCA) where you put in a set amount of money monthly or quarterly – over time this minimizes your chances of "buying high"
 - Consider index funds like Vanguard S&P – low cost, lets you experience the market
- Periodically consider making a double payment on your mortgage (think about interest rate, risk)
- Retirement
 - If your employer offers a 401k matching program, always "max out" your payment to at least as much as your employer will match – their contribution is "free money" someday!
 - Be fairly aggressive with the fund mix in your IRA/401k – you hopefully won't be needing that money for quite a few years so you can afford MUCH more risk
 - This is less necessary if you're in the Ohio STRS or other government retirement program