PROTECTING

3 Good Habits to Protect Your Finances

When life hands you lemons, your ability to make lemonade depends on whether or not you have sugar, water and a pitcher on hand. The right ingredients make all the difference.

The same is true when it comes to protecting the money you've worked so hard to save. Life's lemons can come in a variety of forms—such as an unexpected job loss, medical expense or a cross-country move. No matter which life event you face, you'll handle it better if you're financially prepared.

An unexpected need can tempt you to withdraw money from your retirement funds. Doing so will cost much more than the amount you take out. Not only will your retirement balance be lower, the amount you withdraw will no longer earn investment income—setting you back on your savings strategy. You may have to pay income tax on the withdrawal, and depending on your age, even an additional penalty tax. Finally, you risk spoiling the good habit you've built in saving regularly.

To protect your retirement savings against unexpected challenges, build these three good financial habits:

1. Keep control of your debt. The sooner you pay off your debts, especially unsecured debts like credit cards, the better. If you must use a credit card, do your best to pay it off each month. Shop around for a card, read and understand the credit terms to which you're agreeing. If the terms are not to your liking, find a better card.

2. Build an emergency fund. Dad always said you should have money for a rainy day. It was good advice then, and it is now, too. By saving enough money to cover at least six months of living expenses, you'll have options if your water heater goes out or you are laid off at work.

3. Save enough in your plan. If you've used a retirement calculator, you already know how much to save. Do all you can to reach that goal, because the earlier you save, the longer your money has to grow. If you haven't used a retirement calculator, now is a good time.

G3784FF_Summer2017 (##/##/2017) PT######