Great outcomes. Done well.

Financial advice to last lifetimes

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Whether you're in the first job out of college or the last job in your career, you can always benefit from practicing sound financial habits. Wealth Management Insights celebrates Financial Literacy Month with practical tips on money management at every stage of life.

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What You Should Know:

1. If you're just starting out:

- Reap the benefits of compound interest. Unlike simple interest, compound interest pays on your original investment plus the interest it builds over time. The sooner you start, the greater the power of compounding.
- Keep your credit clean. Your credit report shows how responsible you are with debt. A good credit score can result in increased credit card limits and lower financing rates when applying for a loan. But be vigilant: Credit mistakes can remain on your report for 10 years or more.
- Save for a rainy day. Credit cards have replaced savings accounts for many younger people. Although both can get you out of a jam, remember that savings pay you interest while credit cards charge you interest. Get in the habit of putting money away regularly.

2. If you're in your prime earning years:

- Budget. When you're young with relatively few expenses, it's easier to get by without tracking your money. As life gets more complicated, though, so do household finances. A budget can keep your spending in check and even point out opportunities for savings.
- Do what you love. A recent study found nearly half of higher-earning Americans plan to work into their 70s and beyond, compared to 12% of those earning less than $100,000. Why? Because they love what they do. A career you're passionate about not only brings personal rewards but increases the likelihood you'll be drawing a paycheck later on.
- Plan for your future care. The number of Americans who think they'll need long term care (30%) is dwarfed by the number who'll

actually need it (70%). Planning for your long term care needs now may present you with options unavailable later in life.

3. If you're in or nearing retirement:

- Account for increased longevity. There's a 45% chance that at least one spouse of a 65-year-old couple will live until age 90, and a 10% chance he or she will live to 100. Sound financial planning prepares for that possibility.
- Wait on Social Security. Although most people can file for Social Security as early as age 62, doing so dilutes the monthly benefit. Waiting until age 70 can increase your monthly payment by 76%.
- Protect your nest egg. You reap the greatest rewards from compound interest when your investment is at its peak. Any steps you can take to preserve that investment – be it taking a part-time job or eliminating unnecessary expenses – can be worth the compounded gains in interest.

What you should do now:

Whether it's achieving your specific financial goals or preparing for the things you don't see coming, it helps to have a plan. Your Baird Financial Advisor can work with you to ensure your needs are accounted for, no matter where you are in life. ■