

SOLUTIONS

ISSUE 2 | 2021



INSIDE THE ISSUE

- 4 Tips to Supercharge your IRA Savings
- Use the Power of Compound Interest
- 3 Reasons to Choose Term Life Insurance



DID YOU KNOW?



About **41% of American households** carry 'revolving' debt - with Ohioans leading the nation with the lowest average credit card debt and Alaskans with the highest.

Cardrates.com, "15 Shocking Credit Card Debt Statistics," August 10, 2020



Don't Get Swallowed by Credit Card Debt

Consumer debt has climbed as families have taken on more credit card debt to pay for daily expenses and necessities. For most people, the first step to taking control is to simply stop using credit cards and pay off new balances in full each month, while also attacking your old debt. Want more tips to rein in your credit card debt?

1. Change Your Habits: It seems obvious, but living within your means is the first step toward lasting debt freedom. To develop frugal habits, spend time among friends who are frugal; some of their habits and ideas are bound to rub off on you.

2. Pay Over the Minimum: Break the bad habit of paying only the minimum by paying the minimum plus a fixed amount - say, \$100. The longer you take to repay your charges, the more money the banks make! Credit card issuers are required to include a minimum payment warning in your monthly statement. (See an example in the corresponding chart). Taking the time to understand how credit card interest works can help you save money.

3. Use Your Leverage: Overwhelming debt can feel like a prison, and owing thousands of dollars to banks and other institutions can make you feel like a slave to your creditors. But you probably have more leverage than you think. Consider contacting your creditors to negotiate a lower interest rate. You don't have to be passive about your debt.

4. Earn More Income: If you really want to get serious about paying off your debt, try earning extra money. Taking on even a few hours of extra work a month can make a real difference. Many people just like you are earning extra money helping families with their finances. Ask your Primerica Representative about earning extra money part-time with Primerica (it's a great way to get a financial education, too!).

HERE'S WHAT HAPPENS IF YOU ONLY PAY THE MINIMUM

A minimum payment warning on a credit card statement might look something like this:

If you make no additional charges and each month you pay...	You will pay off the balance shown on this statement in about...	And you will pay an estimated total of...
Only the minimum payment due ❌	4 Years ❌	\$1,798 ❌
\$46 ✅	3 Years ✅	\$1,657 (Savings=\$141) ✅



Invest That Tax Refund...

...and put the power of tax-deferred investing to work for your retirement!

Take the amount of last year's average tax refund for **2020 (\$3,125)** and turn it into a monthly investment of **\$260 per month for 35 years** and see how hard your money could work for you in an IRA!

Save \$260 a month x 35 years

In a Taxable Account		In an IRA (Tax Deferred)	Extra for Retirement
3%	\$166,400	\$193,300	\$26,900
6%	\$267,400	\$372,300	\$104,900
9%	\$451,000	\$770,600	\$319,600!

That's the Power of an IRA!

This example is a hypothetical and does not represent an actual investment. This uses a nominal 3%, 6% and 9% rate of return, compounded monthly. It uses a constant rate of return unlike actual investments, which will fluctuate in value. It does not include fees and taxes, which will lower performance. Assumes a 25% tax rate for taxable account. Results will vary depending on your individual tax bracket and situation. Lower tax rates on capital gains and dividends would make the investment return on taxable investments more favorable, thereby reducing the difference in performance between the savings shown.

? DID YOU KNOW?

Four out of 10 Americans would be unable to pay an unexpected \$400 bill out of their savings.

Time.com, "The Pandemic Has Resulted in Record U.S. Savings Rates, but Only for Some," January 7, 2021

Roughly Half of Americans:

- Don't have enough saved to maintain their standard of living once they stop working
- Don't have retirement accounts
- Rely on Social Security for half of their retirement income

Forbes.com, "How to Fix America's Retirement Crisis: 10 Experts Weigh In," February 1, 2021

Want to maximize your retirement savings with an IRA but can't find the extra cash? Try these tips:

1. Invest any windfalls, such as your tax refund (or part of it).
2. Automate your savings and let computers do the work for you! For example, set aside 5 percent of your paycheck to an IRA. What you don't see, you won't miss!
3. Identify monthly budget items you can trim. Want to trim your auto insurance bill but are too busy to shop? Ask a Primerica Representative to tell you how Primerica can do the shopping for you. Clients can save an average of \$504 annually!^{1,2}
4. Reduce unnecessary expenses and invest your savings into an IRA.

1. Primerica Secure™: Primerica Secure™ is a personal lines insurance referral program in which representatives may refer individuals to Answer Financial® Inc., which offers insurance products and services of personal lines insurance companies through its licensed affiliates. Not all insurance products and services are available in all states. Neither Primerica, its representatives nor the Secure Program™ represent any of the insurers in the Answer Financial program. For more information, please see www.PrimericaSecure.com. **2.** Average annual insurance savings of \$504 are the results of a national survey of new Answer Financial customers reporting insurance savings in 2020. Average savings rate now includes all personal lines offered through Answer Financial.



Make the Power of Compound Interest Work for You! ▼



Did you know that with each year you neglect to save, you lose an opportunity to boost your accounts with the Power of Compound Interest? Say you're 25 and earn \$40,000 a year and contribute \$5,200 annually, including a company match. * You would have a stash of almost \$500,000 by age 65. Wait until age 30 to start saving and you would have to set aside \$6,800 a year to arrive at the same amount. The longer you wait, the higher the amount you need to save per month.*

*Assumes a 3% annual raise and a 7% annualized return, discounted by 3% annual inflation.

🔍 DID YOU KNOW?



Nearly **3 in 10 Americans** (28 percent) have more credit card debt than emergency savings.

Bankrate.com, "Nearly Half of Americans Say Emergency Savings Trumps the Need to Reduce Debt," February 20, 2020

You can pay off up to **\$10,000 a year** in qualified student loans with your 529 funds.

CNBC.com, "Here's How a 529 Savings Plan Can Do More Than Just Pay for College," May 29, 2020



Primerica offers a part-time business opportunity where you can earn extra income while keeping your current job. **Contact the Primerica representative who gave you this newsletter for more information!**

COMPARING COLLEGE COSTS

Average Tuition for 2020-2021 School Year:

Private.....	\$35,087
Public, out-of-state.....	\$21,184
Public, in-state.....	\$9,687

USNews.com, "See the Average College Tuition in 2020-2021," September 14, 2020

Three Reasons Why Term is the Right Choice*



1

An Affordable Option

Term life insurance rates are frequently lower than you might expect and you can use the difference to invest for the future.

2

The Purpose is for Unexpected Death

Term life insurance only provides a death benefit. You wouldn't bundle your car insurance and your savings, so why would you bundle your life insurance with other savings?

3

Peace of Mind

Having peace of mind that your family is protected if you die is not money wasted.

*In the United States (except in New York), term life insurance products are underwritten by Primerica Life Insurance Company, Executive Offices: Duluth, Georgia. In New York, term life insurance products are underwritten by National Benefit Life Insurance Company, Home Office: Long Island City, New York.

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DID YOU KNOW?



Sixteen percent of consumers - 41 million Americans - say they need life insurance coverage but don't have it.

LIMRA, "2020 Insurance Barometer Study Reveals a Significant Decline in Life Insurance Ownership Over the Past Decade," June 2, 2020

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