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How to Get Your Insurer to Cover an Out-of-Network Doctor

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With the price of insurance and medical care rising each year, many Americans need help containing medical coverage costs to avoid bankruptcy. One way to limit medical costs is by obtaining coverage gap exceptions which allow insurance holders to receive out of network benefits at in network prices.

Consumers willing to fight for a coverage gap exception may save thousands of dollars on a single procedure.

What is a coverage gap exception?

A coverage gap exception is a waiver from a healthcare insurance company that allows a customer to receive medical services from an out of network provider at an in network rate.

A person requesting a coverage gap exception knows the insurance company covers the requested benefits, but the consumer believes that in network providers cannot provide those benefits. It is up to consumers to make a case for the insufficiency of the network to provide the necessary treatment. Consumers can do this by requesting a coverage gap exception waiver.

A coverage gap exception is not the same as appealing a denied claim. A gap exception is a preemptive request for known benefits. Appealing a denied claim involves a request for benefits coverage that the insurance company does not believe it should have to pay. Denied claims go through a different appeals (http://www.nytimes.com/2011/02/19/health/19patient.html?_r=0) process than the pre-emptive coverage gap exceptions.

When should I consider requesting a coverage gap exception?

The most common requests for coverage gap exceptions surround prenatal and delivery coverage (especially for midwife supervised births), specialized surgeries (such as heart surgery, etc.), and occupational or physical therapy. Anyone who cannot get the benefits they need from an in network provider should apply for a coverage gap exception.

How do I request a coverage gap exception?

Start the coverage gap exception request at least 45 days prior to a procedure to allow insurance companies enough time to grant the waiver prior to the procedure. These are the steps you should take:

- Have your general practitioner or specialist write a letter of necessity outlining the procedure being requested.
- Set your procedure appointment with the out of network provider (giving yourself at least 45 days if possible).
- At the time you set the appointment request all of the following:
  - CPC Codes (These are Medical Billing Codes)
  - Date of Appointment
  - Location of Appointment
  - Name of provider

  - Whether or not the operation/procedure is inpatient or outpatient.
- Have your specialist, surgeon or primary care physician call your insurance company and request a coverage gap exception waiver. They need to provide all the information that you collected in the first steps.
- Your doctor will need to request a case reference number from the insurance company regarding your coverage gap exception.
- Follow up with your doctor (or their office manager) until you receive a case reference number from the doctor.
- Call your insurance company and request to speak to a rapid resolution specialist who can follow up using your case reference number. Once your doctor makes the request, your insurance company will decide within 7-10 days.
- Request to receive the decision in writing, and be sure to clarify EXACTLY what the waiver includes. You will need all parts of the procedure to be treated as in network.

If you're seeking coverage for a home birth or birth center coverage, your approach will differ.

- Check that your insurance covers midwifery care in the same way that it covers all other prenatal/delivery/postnatal care. You may need to call your insurance company to determine this is the case.
- Call your insurance company to request the names and contact information for practicing midwives.
- Call and email in-network midwives to determine if they provide the service you are seeking (birth center or at home birth). Keep documentation for each of these emails.
- Find a midwife/birth center that has worked with insurance companies in the past and request CPC codes that are customary in their billing. You will also need their credentials, and contact information.
- Call your insurance company and request to speak a representative to request a coverage gap exception waiver. You should be able to request the waiver over the phone.
- If the representative does not allow you to file, ask to be connected with a supervisor and insist upon filing a coverage gap exception. A case number and a coverage gap exception claim should be started before you hang up.
- Within 7-10 days your insurance company should call you back with an answer. If the appeal is denied on the basis that an in-network provider can provide the same service, ask for the name of the provider, and check it against your list.

Should I appeal if coverage gap exception is denied?

If your insurance company denies your coverage gap exception, they have 30 days to let you know in writing, but you can find out via phone within 7-10 days. It is worthwhile to appeal a denied coverage gap exception. Oftentimes, insurance companies deny gap exceptions based on incorrect information.

An appeal should take a written form, and it should be mailed, emailed and faxed to your insurance company. The appeal should include the letter of necessity (or a letter you write yourself in the case of a home birth request), along with documentation of efforts to find in network providers, and all the information regarding CPC codes, provider name, location, date, and time of appointments. The appeal will go to the person who denied your original request or their supervisor.

If the coverage gap exception is not granted upon appeal, read the response and include any additional information that will help your case. Additional documentation from your doctor or specialist may help in this effort.

The second appeal should also be written and should include all the information to date (including the insurance company's denial letter), along with any updated information. The second appeal will go to a division of your insurance company that deals with coverage gap exceptions.

Insurance companies view a second appeal as a final appeal, and to pursue the matter further will require help from a patient healthcare advocate or a lawyer (http://www.patientadvocate.org/index.php) and possibly the Division of Insurance Enforcement in your state.

What rights do I have in the coverage gap exception process?

Insurance holders should feel confident that they can exercise these rights at any time:

- The right to receive, in writing, the insurance company's policy and process for requesting coverage gap exception waivers.
- The right to request clarity on all decisions.
- The right to receive all decisions in writing.
- The right to appeal any decision by your insurance company (up to two times).
- The right to contact your state's Division of Insurance Enforcement for further help

Who can help me?

Receiving a coverage gap exception involves phone calls, paperwork, and persistence, but you may not be on your own.

If you hold insurance through an employer sponsored health plan, then your employer may have a participant advocacy specialist with experience applying for coverage gap exceptions. Specialists offer advice targeted towards your insurance provider, and they can review your case and help you write appeals letters. Participant advocacy specialists may be your most helpful ally in the coverage gap exception process, and you may enlist them even before you've filed for a gap exception.

Insurance plans purchased through the insurance marketplace do not offer participant advocacy specialists, but Patient Advocacy Foundations may provide not for profit help in your county. These foundations specialize in denied claims, but they may help you connect with helpful resources.

Finally, every state has a Division of Insurance Enforcement. If you believe your request has been denied without merit, you may contact your state's Division of Insurance Enforcement to learn more about how to this government agency can help fight for your consumer rights.

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How to Find the Right 529 Savings Plan for You

Wednesday, May 2, 2018

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(https://www.magnifymoney.com/blog/author/matt/) Matt Becker (https://www.magnifymoney.com/blog/author/matt/)

It is never too early to think about saving for college, and a 529 savings plan can help you do just that.

No other savings or investment account offers the tax breaks that a 529 college savings plan offers, which means that every dollar you contribute can cover a greater share of college costs. That's especially helpful considering the average net price of a private nonprofit university came in at $26,740 for the 2017-18 school year, and the cost of college is on the rise (https://www.magnifymoney.com/blog/college-students-and-recent-grads/guide-to-paying-for-college342328844/).

But with almost every state offering a 529 savings plan, and with many offering more than one, it can be challenging to figure out which plan is right for you.

If you're already well-versed in this savings tool, you can see our roundup of the best options here:

Do you have a question?

The truth is that contributing to a 529 savings plan isn't always the right move. You may be better off using a different college savings account or even focusing on other financial responsibilities first.

This guide will help you sort through all of that. You'll learn what a 529 college savings plan is, how it works, how to choose the right plan for you and alternatives you should consider.

What you need to know:

When you're ready to choose:

What is a 529 college savings plan and how does it work?

A 529 college savings plan is an investment account that offers a number of tax breaks when the money is used for qualified education expenses:

- Contributions are made after taxes, though there are a number of states (http://www.finaid.org/savings/state529deductions.phtml) that allow either a deduction or a credit for state income tax purposes.
- Your money grows tax-free while it is in the account.
- Money can be withdrawn tax-free for qualified education expenses, which typically includes tuition at any eligible school from elementary onward, as well as fees, books and room and board at an eligible higher education institution. If you withdraw the money for any other type of expense, the earnings will be taxed and subject to a 10% penalty.

529 savings plans offer a preselected set of mutual funds and your account balance will rise and fall based on your contributions and the performance of your chosen investments. Most 529 savings plans also offer age-based investments that provide an all-in-one portfolio and automatically become more conservative as your child approaches college.

529 savings plans are administered by states, with every state except for Wyoming offering at least one plan. However, you do not have to use your home state's plan, and in some cases, you may be better off going elsewhere.

Regardless of which 529 savings plan you choose, you can withdraw the money tax-free for expenses incurred at any eligible school in any state, and even for certain international schools.

Anyone can open a 529 savings plan and name anyone else, including himself, as the beneficiary. You can also change the beneficiary later on, as long as the new beneficiary is related to the old beneficiary.

In short, 529 savings plans allow you to save and invest for future education expenses in a tax-advantaged way.

Prepaid tuition plans vs. savings plans

In addition to 529 savings plans, some states also offer prepaid tuition plans that may be advantageous in certain situations.

Prepaid tuition plans allow you to buy units that each typically cover 1% of one year's worth of college tuition at a public, in-state university. This essentially allows you to lock in the current cost of college, protecting you against the risk that tuition costs will continue to rise.

"The huge part of a prepaid tuition plan is that it's guaranteed," said Angie Furubotten-LaRosee, fee-only CFP and founder of Avea Financial Planning (http://www.aveafp.com/). "With a traditional 529 plan you have to worry about market fluctuations, and with these you don't."

There are downsides, though. The biggest of which is that while you can usually get your money back if your child wants to go to a private college or go out of state, the return is typically much smaller than what you would get from attending an in-state public school.

This is in contrast to a 529 savings plan, which allows you to use the money you've earned at any eligible institution.

"Prepaid plans are ideal for parents who have a good idea of where their child will attend college and who are willing to give up investment flexibility to lock in those costs," said Kathleen Boyd, CFP and wealth adviser at Navigoe (http://navigoe.com/). "However, if you're uncertain about your child's future college plans, then a 529 savings plan may be the ideal option."

Benefits of a 529 savings plan

1. Tax breaks

The tax breaks are the main advantage of 529 savings plans over other savings and investments accounts.

The growth and the ability to withdraw the money all tax-free for qualified education expenses mean that every dollar you contribute can multiply faster and cover a greater portion of your education expenses.

And if you live in one of the states that offers a state income tax break for contributions (http://www.finaid.org/savings/state529deductions.phtml), you can potentially afford to make a bigger contribution without affecting your monthly budget, allowing you to get an even bigger head start.

"If you are in a state that offers good benefits, and some states even offer matching funds, it really is the right choice at that point because you aren't going to get those benefits from any other option," said Nannette Kamien, CFP and principal of Inspiration Financial Planning (https://inspirationplanning.com/), a fee-only financial planning firm with expertise in helping families prepare for college financially.

2. High contribution limits

If you'd like to save a lot of money for education, a 529 savings plan will allow you to do it.

There is no annual contribution limit, though contributions are subject to gift tax rules, which means that you can effectively contribute $15,000 per year, per child, without exceeding the 2018 gift tax exemption. That limit is applied per donor, meaning that parents can combine their limits to contribute up to $30,000 per year, per child.

The tax code also allows you spread excess contributions over a 5-year period, meaning that as a couple, you could potentially contribute up to $150,000 in a single year without any gift tax consequences.

Most 529 savings plans do have lifetime contribution limits, but those limits are very high. For example, New York allows you to contribute up to $520,000 to any single beneficiary, and Utah allows up to $446,000 per beneficiary.

Additionally, there are no income restrictions on contributions, so anyone can take advantage of a 529 savings plan no matter how much money you make.

3. Mindset and accountability

One of the biggest benefits of contributing to a 529 plan is that it establishes saving for college as a real goal with progress that can be tracked along the way.

"Just having the 529 plan in and of itself solidifies that it's an important priority for you and your family," said Furubotten-LaRosee. "It's now a budget item, it's identified as money that's earmarked for college, and I think that setting that habit is half the battle for a lot of people."

4. Potential for long-term returns

By offering mutual funds that are invested in the stock and bond markets, 529 savings plans allow you to participate in the long-term, compounding returns that those investments offer. This can be especially powerful if you start when your child is young.

"Families who can invest over the long term are prime candidates for 529s," said Boyd. "The earlier you start, the more time you have to take advantage of compound returns the markets provide over time."

5. Low impact on financial aid

Many people are hesitant to save for college because of the potential impact on financial aid, but 529 savings plans have a relatively low impact.

As long as the account is held in a parent's name, only up to 5.64% of the money in a 529 savings plan will be counted on the FAFSA. For example, if you have $100,000 in your 529 savings plan, only $5,640 will be considered for financial aid purposes.

In other words, there's very little penalty for having money in a 529 savings plan. And the benefits of saving the money ahead of time will almost always outweigh any small decrease in financial aid.

6. Ability to change beneficiaries

529 savings plans allow a reasonable amount of flexibility when it comes to changing the beneficiary of the funds.

You are allowed to change the beneficiary as often as you like, and the only restriction is that the new beneficiary must be a family member of the old beneficiary. For the purposes of 529 plans, "family members" include siblings and stepsiblings, children, stepchildren, and grandchildren, parents, grandparents, nieces, nephews, first cousins and even in-laws.

All of which means that if the money isn't needed for the original beneficiary, you can simply use it for another family member.

Pitfalls of 529 savings plans

1. Taxes and penalties if not used for education

The biggest downside to using a 529 savings plan is that if you withdraw money for anything other than qualified education expenses, the earnings will be subject to taxes and a 10% penalty.

This is one reason to be careful about over-contributing, and also to not contribute money that may be needed for other financial goals.

"That's where that overarching financial plan comes into play," said Furubotten-LaRosee. "You can always use other vehicles, like a Roth IRA, that come with more flexibility."

2. Investment options can be narrow and confusing

Each 529 plan offers its own preselected set of investment options, and those options vary widely in terms of what they invest in and how much they cost. Sorting through all of those options and making the best choices for your needs can be difficult.

"Sometimes I see that parents are afraid to really invest the money and they don't understand what the different investment options mean," said Kamien. "Sometimes they get stuck in investments that are higher cost, and that really eats into the earnings that they could have gotten."

Kamien said that she encourages people to look for "age-based index" options. These funds provide an all-in-one portfolio that automatically gets more conservative as your child approaches college, and they build the portfolio with index funds, which are generally low cost and have been shown to outperform actively managed funds the majority of the time.

3. Other financial responsibilities may be more important

While saving for college is a great goal, it's often a good idea to handle other financial responsibilities first. This is especially important to consider before contributing money to a 529 savings plan because of the taxes and penalties on nonqualified withdrawals.

"I certainly would caution a parent or grandparent against sacrificing their own financial goals like saving for an emergency fund, paying off debt or retirement plans to contribute to a 529 plan," said Boyd. "Saving for education is very important, but it's also a luxury and a privilege for your children, and it shouldn't come above your own financial security."

How to compare 529 savings plans

When it comes to choosing a 529 savings plan, start by looking at the potential tax breaks offered by your home state's plan, said Fred Amrein, a college funding expert and the founder of EFC Plus (https://www.efcplus.com/).

"You need to understand your in-state plan first, and if the beneficiary is in another state you need to understand their state's plan next," Amrein said. "In some cases, it may be more beneficial to gift the money to the beneficiary or the beneficiary's parents and let them contribute the money."

Even if your state does offer tax breaks, it's not a given that your home state's plan is the best option. There are a few more major variables you should consider as you compare 529 savings plans.

Here are the criteria we used to construct our list of best 529 plans.

Out of state

We evaluated each 529 savings plan from the perspective of an out-of-state resident. That means that state income tax breaks were not considered and that any 529 plans that are unavailable to out-of-state residents were ruled out.

Fees

Research has shown that cost is the best predictor of future investment performance (https://personal.vanguard.com/pdf/morningstar.pdf), with lower costs leading to better returns. For that reason, we preferred 529 plans that minimized both investment and administrative fees.

We also filtered out adviser-selling 529 plans, which are specifically designed to be sold and managed by financial advisers and have higher fees in the form of commissions and management fees. Given that financial advisers can also advise on 529 plans that are sold directly to the consumer, and therefore cost less, we limited our search to those direct-sold plans.

Investment options

Investment portfolios built with index funds have been shown to outperform actively managed portfolios 80%-90% of the time (https://d9l6g2vjiqrcr.cloudfront.net/documents/BMT-PS_Whitepaper.pdf), and we therefore only included 529 savings plans that offer index funds.

We also limited our list to 529 savings plans that offer age-based portfolios constructed with index funds, since these all-in-one portfolios simplify the investment process and automatically decrease your investment risk as your child nears college age.

Finally, we preferred 529 savings plans that offered access to individual index funds that allow investors to build custom portfolios if they so choose.

Minimum investment

Finding room in your budget for college savings can be difficult, so we did not consider any 529 savings plan that required a significant minimum investment.

None of the plans listed below require more than a $50 initial investment.

Other features

While most 529 savings plans offer most of the same basic features, we did consider additional features offered by certain plans that may be helpful for some investors.

🎖️ The nine best 529 savings plans

Currently, 49 states and Washington, D.C., offer 529 plans (Wyoming is the outlier). We reviewed all 61 of them (some states have multiple) based on the criteria above to determine the best 529 savings plans, no matter where you live. The plans are presented in alphabetical order and do not reflect any kind of ranking.

Fidelity Arizona College Savings Plan

Arizona's College Savings Plan is managed by Fidelity, just like Delaware, Massachusetts and New Hampshire, which also appear on this list. Each of these states offers essentially the same plan.The index funds are high quality and low cost, and there are no other significant fees, though the presence of higher-cost actively managed funds could lead some people to pay more than they have to.

- **Investment options:** Age-based portfolios constructed with Fidelity index funds, as well as access to individual Fidelity index funds if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.13%-0.16% per year. Individual index funds range from 0.13%-0.18% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $50 otherwise.
- **Other features:** None of note.
- **Website:**https://www.fidelity.com/go/529-arizona/overview (https://www.fidelity.com/go/529-arizona/overview)

California ScholarShare 529

Managed by TIAA-CREF, California offers a selection of both index funds and actively managed funds. The lineup of passive age-based funds and individual index funds is strong.

- **Investment options:** Age-based portfolios constructed with TIAA-CREF index funds, as well as access to individual TIAA-CREF index funds, if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.11%-0.17% per year. Individual index funds range from 0.08%-0.20% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $25 otherwise.
- **Other features:** None of note.
- **Website:**https://www.scholarshare529.com (https://www.scholarshare529.com)

Delaware College Investment Plan

Delaware's College Investment Plan is managed by Fidelity, just like Arizona, Massachusetts and New Hampshire. These states offer essentially the same plan.

The index funds are high-quality and low-cost and there are no other significant fees. The plan does offer higher cost actively managed funds, which could lead some people to pay more than they have to.

- **Investment options:** Age-based portfolios constructed with Fidelity index funds, as well as access to individual Fidelity index funds if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.13%-0.16% per year. Individual index funds range from 0.13%-0.18% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $50 otherwise.
- **Other features:** None of note.
- **Website:**https://www.fidelity.com/go/529-delaware/overview (https://www.fidelity.com/go/529-delaware/overview)

Illinois Bright Start Direct-Sold College Savings Program

The index age-based funds use Vanguard mutual funds with some of the lowest fees offered by any 529 savings plan. Even the higher-cost "multi-firm" age-based funds cost less than most actively managed funds offered by other plans.

- **Investment options:** Age-based portfolios constructed with Vanguard index funds, as well as access to individual Vanguard index funds and DFA funds (https://us.dimensional.com/) — a highly respected group of mutual funds that are typically only available through financial advisers — if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.12%-0.15% per year. Individual Vanguard index funds range from 0.10%-0.18% per year. There are no account maintenance fees.
- **Minimum initial investment:** None

- **Other features:** None of note.
- **Website:**https://www.brightstartsavings.com (https://www.brightstartsavings.com)

College Savings Iowa

Every investment offered within Iowa's 529 savings plan is managed by Vanguard and costs just 0.20% per year. And with a strong lineup of both age-based portfolios and individual mutual funds, you have plenty of room to personalize your investment plan.

- **Investment options:** Age-based portfolios constructed with Vanguard index funds, as well as access to individual Vanguard index funds if you'd like to customize your portfolio.
- **Fees:** Every investment option costs 0.20% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $25 otherwise.
- **Other features:** None of note.
- **Website:**https://www.collegesavingsiowa.com (https://www.collegesavingsiowa.com)

Massachusetts U.Fund College Investing Plan

Massachusetts U.Fund College Investing Plan is managed by Fidelity. The plan is essentially the same as Arizona's, Delaware's and New Hampshire's.

It offers high-quality, low-cost index funds with no other significant fees, though the presence of higher cost actively-managed funds could lead some people to pay more than they have to.

- **Investment options:** Age-based portfolios constructed with Fidelity index funds, as well as access to individual Fidelity index funds if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.13%-0.16% per year. Individual index funds range from 0.13%-0.18% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $50 otherwise.
- **Other features:** None of note.
- **Website:**https://www.fidelity.com/529-plans/massachusetts (https://www.fidelity.com/529-plans/massachusetts)

New Hampshire UNIQUE College Investing Plan

New Hampshire's UNIQUE College Investing Plan is managed by Fidelity, just like Arizona, Delaware and Massachusetts. Each of these states' plans are on this list and are basically the same.

New Hampshire's plan offers high-quality, low-cost index funds with no other significant fees. However, the plan offers higher cost actively-managed funds, which could lead some people to pay more than they have to.

- **Investment options:** Age-based portfolios constructed with Fidelity index funds, as well as access to individual Fidelity index funds if you'd like to customize your portfolio.
- **Fees:** Age-based index funds range from 0.13%-0.16% per year. Individual index funds range from 0.13%-0.18% per year. There are no account maintenance fees.
- **Minimum initial investment:** $15 with enrollment in automatic contributions. $50 otherwise.
- **Other features:** None of note.
- **Website:**https://www.fidelity.com/529-plans/new-hampshire (https://www.fidelity.com/529-plans/new-hampshire)

New York's 529 College Savings Program

Like Iowa, New York's 529 College Savings Program offers only Vanguard index funds and index age-based funds, and in this case, the cost of each fund is even lower at 0.15% per year.

If your priority is minimizing fees and accessing Vanguard funds, this is likely the plan for you.

- **Investment options:** Age-based portfolios constructed with Vanguard index funds, as well as access to individual Vanguard index funds if you'd like to customize your portfolio.
- **Fees:** Every investment option costs 0.15% per year. There are no account maintenance fees.
- **Minimum initial investment:** $0.
- **Other features:** None of note.
- **Website:**https://www.nysaves.org (https://www.nysaves.org)

Utah my529

Utah's my529 offers possibly the most noteworthy set of features of any 529 savings plan:

The fees are slightly higher than the other 529 savings plans listed here — though they are still very low — but the investment

1. You can create your own age-based portfolio from the underlying funds offered by the plan, which include Vanguard index funds as well as DFA funds that are typically only offered by financial advisers.
2. If you are working with a financial adviser, you can give him or her access to your 529 plan in order to manage your investments.

capabilities are second to none.

- **Investment options:** A wide variety of age-based portfolios, Vanguard index funds and DFA funds.
- **Fees:** Age-based index funds range from 0.169%-0.202% per year. Vanguard individual index funds range from 0.22%-0.40% per year and DFA funds range from 0.37%-0.72% per year. There are no account maintenance fees.
- **Minimum initial investment:** $0.
- **Other features:** Customized age-based portfolios and financial adviser access.
- **Website:**https://my529.org (https://my529.org)

How to enroll in a 529 savings plan

Once you know which 529 savings plan you want to use, it's time to open an account and make your first contribution. And while every plan will have a slightly different process, there are a few steps that are likely to be similar across the board:

1. Have the necessary information ready for the account owner:
   a. Social Security number
   b. Birth date
   c. Mailing address
   d. Physical address
   e. Bank account number and routing number for making contributions
2. Have the necessary information ready for the beneficiary
   a. Social Security number
   b. Birth date
   c. Mailing address
   d. Physical address
3. Read the program description, which can be found on the 529 plan's website
4. Choose an investment strategy. You can review the options on the 529 plan's website and in the program description.
5. Start the application process online or submit the appropriate paperwork.

How to use 529 plans to pay for K-12 private education

The recently passed Tax Cuts and Jobs Act expanded the flexibility of 529 savings plans by allowing investors to withdraw up to $10,000 per year, per child tax-free and penalty-free for tuition for elementary or secondary school.

This opens up more opportunities for parents to use 529 funds for their child's education. But given how new the law is, it's a good idea to proceed carefully.

According to Amrein, the tax implications of withdrawing 529 money for K-12 tuition are straightforward on the federal side but are yet to be determined on the state side.

"What a lot of states are dealing with is a lot of them had incentive programs for college contributions," said Amrein. "What I'm hearing is some of the states are either going to withdraw that incentive or, if you use it for K-12 expenses, there may be a clawback provision that they can rescind that tax break you received for previous contributions."

If you live in a state that offers tax breaks for 529 plan contributions, and if you've taken advantage of those tax breaks, you may want to speak to an accountant before using your 529 funds for K-12 tuition.

Alternatives to 529 savings plans

While the tax breaks offered by a 529 savings plan are hard to beat if you're saving money specifically for education, there are a number of other savings and investment accounts that can be more advantageous, depending on the specifics of your situation.

Here are some of the major alternatives to consider.

Roth IRA

While Roth IRAs are technically retirement accounts, they have a few characteristics that make them attractive college savings accounts (https://www.magnifymoney.com/blog/college-students-and-recent-grads/using-roth-ira-college-savings-account244654098/):

- They offer tax-deferred growth while the money is inside the account.
- You can withdraw up to the amount you've contributed at any time and for any reason without tax or penalty.
- Early withdrawals of Roth IRA earnings used for higher education are taxed but are not subject to the typical 10% penalty.
- If you don't need the money for college, you can keep it in the Roth IRA and use it tax-free for retirement.

"I'm a big proponent of incorporating a Roth into college planning, especially when you have a teenager who is hopefully earning money," said Furubotten-LaRosee. "Starting the savings habit is a biggie, and if you don't use it for college it's available for retirement or any other goal."

The big downsides are that Roth IRAs are not as tax-efficient as 529 savings plans when used for college and that by dedicating your Roth IRA for college savings, you're using up valuable retirement space.

Still, the flexibility is often worth it.

Taxable investment account

A regular, taxable investment account doesn't offer any tax advantages, but it does provide maximum flexibility to invest in whatever you'd like and to use the money at any time and for any reason.

"As a parent, sometimes you need flexibility with your money," said Furubotten-LaRosee. "You need the ability to control things as life progresses, and not having it tied into a 529 plan means you can access it when you need to."

Coverdell ESA

The primary benefit of a Coverdell Education Savings Account (ESA) used to be the ability to allocate the money for K-12 expenses, but that benefit is much less relevant now that 529 savings plans can also be used for the same purpose.

Coverdell ESAs also come with stricter contribution limits than 529 savings plans. Contributions are limited to $2,000 per year, per child across all contributors. Once your Modified AGI (adjusted gross income with certain deductions like student loan interest added back) exceeds $110,000 for individuals or $220,000 for married couples filing jointly, you can no longer contribute.

According to Amrein, the main benefit of a Coverdell ESA at this point is the ability to choose from a much wider range of investment options than you can get from a 529 plan.

"It's kind of like comparing a 401(k) to an IRA," said Amrein. "Most 529 plans are very restrictive, with maybe five to 10 investment options to choose from. On the Coverdell side, you can invest in anything you want, but you're limited to $2,000 per year."

Savings account

While a savings account (https://www.magnifymoney.com/blog/earning-interest/best-online-savings-accounts275921001/) can't offer the long-term returns that you might get from a 529 savings plan, Roth IRA or Coverdell ESA, it is a simple and safe choice that can make sense either as a starting point or if your child will be starting college soon.

And Furubotten-LaRosee argues that no matter which account you choose, the main priority should simply be to separate your college savings from your regular checking and savings accounts.

"Even if it's just in a separate savings account, the main thing is having it really separate and earmarked for college," said Furubotten-LaRosee. "That gives it a little protection from your day-to-day spending."

Choosing the right 529 savings plan for you

529 savings plans allow you to save a lot of money while being tax-efficient for your child's education, which can help defray the rising costs of college.

The first step is always understanding your home state's plan to see what kind of tax breaks are available. Then, you can compare it with other states to determine which 529 savings plan will allow you to minimize costs and access the best investment options.

Finally, you can make your decision within the context of your entire financial plan. Saving for college is a fantastic goal, and 529 savings plans are a powerful way to do it, but it shouldn't come at the expense of other financial responsibilities.

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How to File for Unemployment When You're Laid Off

Friday, April 6, 2018

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(https://www.magnifymoney.com/blog/author/jamief/) Jamie Friedlander (https://www.magnifymoney.com/blog/author/jamief/)

Do you have a question?

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If you were part of a company-wide set of layoffs, your first instinct might be to head to the local bar to wallow with your co-workers, or log onto LinkedIn or Indeed to start scouring the web for job openings.

But before you focus on lining up your next gig, you might want to secure unemployment benefits first. As soon as you find out you've been let go, grab your laptop and a cup of coffee, and settle in to **apply for unemployment benefits** (https://www.usa.gov/unemployment#item-35882). The process shouldn't take more than 30 minutes, and it'll be time well-spent in the end.

We've consulted experts to answer any question you might have regarding applying for unemployment benefits.

How soon should I apply for unemployment benefits after being let go?

Immediately, because the process can take a while. Someone will have to approve your claim, and then contact your company to confirm you worked there.

But don't worry if you were overwhelmed and forgot to apply the day you were laid off. Your benefits will be paid out from your last day of employment, not the day you filed, according to Daniel Kalish, managing partner of HKM Employment Attorneys LLP based in Seattle. Kalish primarily represents employees during employment litigation. If you got laid off on Jan. 1 for example, but didn't apply until Jan. 15, you would still collect benefits from Jan. 1 onward, Kalish says.

Even if you have a job lined up with a start date in two weeks, you can and should still apply for unemployment. "Might as well get the extra $500 a week if you can just for those two weeks you're out," Kalish said. "You're definitely legally entitled to it."

What information will I need?

Each state has a different form, but typically you will need to provide the name and location of your employer, your personal information, dates of employment, hours worked and pay rate.

Be aware that the language in the letter you receive from unemployment after applying is standard for everyone, and includes a line that says "You may have been discharged due to misconduct connected with the work."

"People call us all of the time and say, 'I didn't commit any misconduct,'" said Matthew Schorr, an attorney at Schorr & Associates, an employment law firm in Cherry Hill, N.J. "Everyone gets the same exact thing whether they did or didn't. Don't think you did something wrong. That's just the boilerplate response unemployment sends out."

How do I know if I qualify?

In order to qualify, you typically must have been laid off after being employed for six months or so, depending on the state. "The idea there is that they don't want to give unemployment to someone who works for a day, gets fired and then gets unemployment for six months," Kalish said.

But those six months don't have to be at the same job. As long as you worked full time continuously for six months — even if you held two jobs at different employers — you can qualify for unemployment.

In addition, you will need to have been an employee (full time or part time) at the company, not a freelance worker. You can collect unemployment benefits if you were a part-time employee, you will just need to have worked a certain number of hours (which is calculated on a state-by-state basis) in the previous year, Kalish says.

Are unemployment benefits administered by the state or the federal government?

In a sense, both. Unemployment benefits are paid by the state, and you apply through your state. But the federal government often determines how much unemployment you can collect, Kalish says.

How much money will I get and how long will I get it for?

The number is calculated based on how much you earned at your job. The maximum amount someone can typically collect is roughly $500 per week, but this depends on the state according to Kalish.

In most states, you can collect unemployment benefits for up to 26 weeks, though a handful of states offer more or less. For example, Montana provides up to 28 weeks, while Florida only provides up to 12 weeks, according to the Center on Budget and Policy Priorities, a research institute.

Can I apply if I've been fired or if I quit my job?

If you've been fired, you will have to prove you were fired without having engaged in any gross misconduct, which Kalish says is defined as an intentional act against your employer's interest. If your company can prove this, you will not be able to collect unemployment.

If you quit your job, you typically cannot collect unemployment. But if you quit your job with something called good cause, you might be entitled to it.

Good cause is defined as quitting because of illness or disability, a spouse's military transfer, reduced pay or hours, workplace safety, illegal activity at the workplace and a handful of other reasons, according to **The Unemployment Law Project** (http://unemploymentlawproject.org/quitting-a-job/), a Washington-based firm that provides free and low-cost legal representation to residents.

What if I have multiple sources of income?

Having more than one channel of income is common today. Perhaps you have a handful of freelance gigs in addition to your main job. Maybe you have an Etsy business on the side. Or perhaps you drive for Uber or work for Favor at night.

Regardless of your other sources of income, you are still legally entitled to collect unemployment if you were a full-time employee at a company, so long as your part-time work is less than 32 hours a week. If your part-time gigs total 32 hours or more, you will be considered full time and won't be able to collect unemployment, according to Adam L. Schorr, an attorney at Schorr & Associates.

So how much will you collect if you have less than 32 hours of part-time work? After inputting your earnings and hours worked when applying for unemployment, you will get a weekly benefit rate and a partial weekly benefit rate.

"If you work part-time, regardless of whether you work one hour or 31 hours, you will get your partial benefit rate," Adam said. The partial weekly benefit rate is higher than the weekly benefit rate, but part-time earnings are factored in.

"If your weekly benefit rate is $500, your partial benefit rate is $600 and you make $300 in a week, you would get $300 from unemployment," Adam said. "If you didn't work at all, you'd get $500 total. It's generally good to work part time if you can, because you will get more money total."

Will my company try to fight it?

It's unlikely. "Typically if you're legitimately laid off, a company won't contest it because there's no need," Kalish said. "They're probably going to lose, and that will cost them money."

However, some large companies will try to fight back against unemployment claims. "One thing everyone always asks me is, 'Why would any employer give a damn? Why do employers care? They don't pay unemployment. It's the state,'" Kalish said.

The reason some companies care is because their unemployment insurance tax rate, which every company pays, can go up. Kalish says, for example, a company might pay a tax rate that is 0.05 percent of their payroll. If too many people collect unemployment in a year, that rate could be raised to 1 percent.

If you were laid off from a small company, there's nothing to worry about. "It's often big companies who care," Kalish says. "If Coca-Cola or Microsoft gets hit with a greater percent, they will be significantly worse off than a small business that really has no incentive to oppose it."

If an unemployment claim is disputed by the company, Kalish says there will typically be a hearing regarding whether the employee engaged in misconduct, or whether the employee qualifies for unemployment.

Just remember: layoffs are common, and filing for unemployment benefits is nothing to be ashamed of. In fact, 19.9 million people were laid off or discharged in the U.S. in 2016, according to statistics from **The U.S. Department of Labor** (https://www.bls.gov/opub/ted/2017/quits-rise-while-layoffs-and-discharges-fall-in-2016.htm).

If you're ready to apply for unemployment benefits, you can get started here (https://www.usa.gov/unemployment).

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America's Most 'Hygge' Cities

Tuesday, February 27, 2018

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In Denmark, the term “hygge” refers to a quality of coziness or sense of comfort. Around the rest of the world, hygge has become a lifestyle trend in the way people approach relaxation and everyday indulgences.

Hygge, pronounced “hoo-guh,” can be a focus on the atmosphere you create at home with candles or a plush throw blanket, the yoga pants you lounge around in when you’re decompressing after a long workweek or even the most comforting dishes or homemade sweet treats you indulge in with friends and family. However you translate it, hygge is certainly *not* staring at your phone all day or binge-watching Netflix alone all afternoon.

That’s why MagnifyMoney decided to take a look at major cities in the U.S. to find out which ones offer the best chance to build a truly “hygge lifestyle.”

We scraped Instagram for 17 different hygge-themed hashtags (like #cozy, #content and #hygge itself) across a total of 1.7 million posts. Then we surveyed Danish residents to find out how closely they think each of the above terms related to their idea of hygge lifestyle on a scale of 1 to 7. The averages of these ratings were used to weigh each term’s influence.

Our analysis revealed the top 15 cities across the U.S. embracing the hygge lifestyle. With results scattered all across the country, this list proves that cozy, comfortable living isn’t dependent on a particular climate or scenery and can be achieved virtually anywhere.

Key Findings

1. Santa Monica, Calif., (a generally warm state) was the most hygge city in America.
2. Overall, states that stood as the most hygge were generally found in colder northern regions lead by Vermont, Washington, D.C. and Montana.
3. Based on more than 28,000 hashtags, hygge was more commonly linked to home decor and interior design than anything else.
4. Cities like Miami, Orlando and Atlanta ranked among the most prevalent for feelings and words associated with hygge, indicating traveling to warm climates could be a popular way to channel hygge in colder months.

Most Hygge Cities		
Rank	City	Final Score
1	Santa Monica, Calif.	64.6
2	Missoula, Mont.	59.7
3	Minneapolis	51.0
4	Miami Beach, Fla.	49.6
5	Billings, Mont.	47.9
6	Seattle	47.1
7	Great Falls, Mont.	47.0
8	Cambridge, Mass.	45.9
9	Portland, Maine	45.8
10	Portland, Ore.	45.2
11	Boston	44.7
12	Boulder, Colo.	43.9
13	Bellingham, Wash.	42.7
14	Duluth, Minn.	42.0
15	Bend, Ore.	40.5

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Leading the way with the highest value of weighted tags we searched for was Santa Monica, Calif. This oceanside city proves you don't need freezing temperatures to channel the hygge mood and ranked at the top of our list for hashtags like #comfortable, #content and #cozy. With several hygge-friendly beach boutique hotels and plenty of choices for dining out or eating in, you can savor the hygge atmosphere whether you live in Santa Monica or are just passing through.

Head north for a truly hygge lifestyle

While sunny beach paradises across the country — like Santa Monica and Miami Beach, Fla., (related hashtags included #happy, #love and #relaxed) — made the cut for our most hygge cities in America, many of the coziest environments were actually found in states known for more frigid climates.

Perhaps because comfy sweaters, crackling fireplaces and low-lit candles can be such an easy way to evoke the Danish concept, hygge can be a powerful tool in warding off the winter blues in cities like Missoula, Mont. and Minneapolis.

The state of Montana ranked second overall in Google search queries related to "hygge" and Missoula ranked fourth overall. With more than a few picture-perfect ways to spend the winter, from scenic nature trails to adventurous ski slopes, you can stay peaceful and relaxed while still embracing the cold weather in the Treasure State.

In Washington, with a similar fondness for both indoor and **outdoor activities (https://rootsrated.com/stories/10-must-do-winter-adventures-in-seattle)** in the cooler winter months, we found Seattle ranked among the top 10 cities for #hygge, #autumn and #sweaterweather. According to the Danish, food (and especially eating with friends) is an integral part of hygge culture, and Seattle has locals and visitors alike covered on that front, whether you're looking for a warm drink or a **comforting bite (https://www.seattlemet.com/articles/2017/3/2/what-are-seattles-most-hygge-restaurants)**.

A nationwide trend

Every state has a little bit of hygge in it, even if the cities there didn't necessarily rank among our most definitive places to soak in the relaxed energy and contentment associated with the concept.

At least one city in every state earned the highest marks for the number of hashtags used in that area, including #hygge, #snug, #comfortable and #content (among others). While some of these cities (including Austin, Texas, New Orleans and Seattle) may be well-known locales, others may be embracing hygge under the radar. Coeur d'Alene, Idaho, is known for its scenic lakefront mountain views (http://www.bestplaces.net/city/idaho/coeur_d%27alene) and comfortable balance between warm summer months and colder winter temperatures.

In Flagstaff, Ariz., there is a similarly elevated climate and mountainous landscape abound. With the second highest altitude (http://www.bestplaces.net/city/arizona/flagstaff) among metropolitan areas, the typical desert heat is lost on people enjoying the hygge vibe in this small mountain city.

Ranking each state

While some warmer cities may have stood out among our most popular destinations for that comforting, intimate energy, the states specializing in hygge were largely clustered in regions that typically endure a more frigid winter season.

The cold winter months may look inviting on a postcard or a TV holiday special, but finding that glowing sentiment can take a bit of work when the temperatures start to fall. The physical sensation of putting on a comfy sweater or cuddling up with someone under a warm blanket does more than keep the harsh cool air away; it can help create a more balanced mental state and sense of well-being. The Danish know a thing or two about the cold, and even just sitting by the open fire with a warm drink or enjoying home-baked goods with pleasant company can do the trick.

As we learned, the states that have the best hygge energy may also have the most practice with these winter weather techniques. Vermont, Washington, D.C., Montana, New York and Maine ranked as the top five regions for their hygge status on social media.

Conclusion

Denmark isn't just known for bracing the bitter cold in the winter months — it has also been called one of the happiest countries on the planet (http://worldhappiness.report/ed/2017/). Hygge may not be the answer to all of life's problems, but if Denmark is any indication, it probably couldn't hurt. Americans in both cool and warm climates are finding ways to bring that picture-perfect, cozy vibe out of magazines and into real life. While search trends for hygge were higher in northern regions, we found no limit to the types of cities and states that might be trying to take a slightly more comfortable and mild approach.

Methodology

We scraped Instagram for 17 different hashtags. We surveyed Danish residents on how closely each of the above terms relates to hygge on a scale of 1 to 7. The averages of these ratings were used to weight each term's influence. Terms directly related (like "hygge") were excluded and automatically given a 7. The weights, number of posts and dates collected for each are outlined below.

Data was cleaned and geocoded using shape files of the U.S. We pulled the populations of incorporated areas, with populations over 50,000 from the U.S. Census to calculate per capita numbers for each term and city. Each per capita ranking per term was then again normalized to a scale of 0 to 1.

The weights were applied to the normalized per capita for the related term and added together to get an overall ranking of hygge-related posts on Instagram.

We pulled the search interest for hygge from Google Trends over a 12-month span on Nov. 30, 2017. We then normalized the search trends on a scale of 0 to 1. The normalized trends were added to the Instagram posts score to get a meta ranking to represent hygge across the U.S. We used the search trends across the entire state for each city as city trends were limited to only 13 of the most populated areas. For more information on the methodology behind Google Trends, see here (https://support.google.com/trends/?hl=en#topic=6248052).

Cities in Vermont are notably missing from these rankings because the most populated city, Burlington, only has a population of just over 42,000, which excludes it from the census population set.

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The Ultimate Layoff Survival Guide

Thursday, January 11, 2018

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(https://www.magnifymoney.com/blog/author/mariannehayes/) Marianne Hayes (https://www.magnifymoney.com/blog/author/mariannehayes/)

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Paul Catala, a 53-year-old entertainment reporter in Lakeland, Fla., knows firsthand about the struggles of unemployment. He was the victim of massive layoffs at a Tampa-area newspaper in December 2012. The result? A severance package of about $1,500.

"I was pretty much financially panicked," Catala told MagnifyMoney, who also lost his health insurance. "All I had was my severance and nothing more than a couple thousand dollars in savings."

As a single guy, he didn't have a spouse's salary to fall back on, but he made it work. During the year and a half that followed, he patched together a steady income by picking up a string of odd jobs and side gigs (more on this in a bit) before eventually securing a full-time job.

In 2017 alone, at least 255,000 planned job cuts have been announced, according to a report put out by the firm Challenger, Gray & Christmas (https://www.challengergray.com/press/press-releases/28307-july-job-cuts-%E2%80%93-lowest-monthly-total-november-hiring-record-number). (The bright spot, however, is that the report also found that job cuts are on the decline.)

If you're newly unemployed and not sure how to move forward, this ultimate layoff survival kit is for you. Here's everything you need to know about weathering the storm.

In this guide, you'll learn:

What to do when you lose your job

Step one: Don't freak out

If the financial implications and the stress of having to find a new job have your head spinning, you're not alone. The longer you're unemployed, the more likely it is to take a toll on your psychological well-being. According to a 2013 Gallup (http://news.gallup.com/poll/171044/depression-rates-higher-among-long-term-unemployed.aspx) survey, roughly 20 percent of Americans who've been unemployed for a year or more have been affected by depression.

But while it's certainly wise to make a plan, don't take such a long view that you're overwhelmed by the enormity of unemployment. As the old saying goes: "Inch by inch, life's a cinch. Yard by yard, life's hard."

Do one thing at a time to avoid "analysis paralysis" (aka feeling so overwhelmed that you take no action at all).

Step two: Exit your current job with grace

Getting laid off hurts, but think twice before storming out in a blaze of glory.

"Anything you can do to leave on a good note is a good idea," career coach Angela Copeland (https://www.copelandcoaching.com/) tells MagnifyMoney. "Thank-you notes and goodbye lunches all help to give positive closure."

The last thing you want to do is burn bridges on your way out. When applying for new jobs, Copeland says you'll be asked for references the hiring manager can call, which will likely include your previous employer. It's in your best interest to keep these relationships positive.
Negotiating your severance package before hitting the road may also be on your to-do list.

"Some people have been able to negotiate an extra month of severance because they've been there longer and can quantify what they've brought to the job," said Shannah Compton Game (http://www.shannahcompton.com/), certified financial planner and host of the "Millennial Money" podcast.

"Try and correlate it to something positive, like revenue or growth you've been able to do for the company," she said. "Keep good records of the successes you've had because you just never know when you'll be able to use that."

On a similar note, you might be able to use rumors of impending layoffs to your advantage. Game says that it's usually the people in the early rounds of layoffs who get the better severance packages. If you're likely to be on the chopping block, volunteering to be let go sooner rather than later could be used as a bargaining chip to secure a better severance package.

Step three: Get your finances in order

iStock

Before you panic, sit down and do a thorough audit of your financial situation. List all your monthly expenses, from fixed costs like rent and utilities to discretionary spending like entertainment costs. Then factor in any income you still have, like unemployment benefits (we'll dive into how to apply in a minute), a severance package, and any cash you have coming from side gigs or passive income streams.

Now for the obvious question: What does your savings account (https://www.magnifymoney.com/blog/strategies-to-save/emergency-fund-success-stories909756120/) look like?

"The goal marker is to have three to six months' worth of fixed expenses saved in your emergency fund," said Game.

To help curb temptation, she recommends parking it in an interest-bearing savings account that's separate from your regular bank. (We've rounded up the best online savings accounts (https://www.magnifymoney.com/blog/earning-interest/best-online-savings-accounts275921001/) here.) If you've got an emergency fund, getting laid off is as good a time as any to dip into it — that's what it's there for. Of course, the idea is to make your savings last as long as possible. This is why Game suggests retooling your budget right out the gate.

"Is there anything in there you can cut, or at least make better?" she asked. "Can you negotiate a better cellphone or internet plan? Are you overpaying in some areas? When you're unemployed, every dollar helps."

Another thing to think about is your 401(k). Getting laid off makes you ineligible to take out a 401(k) loan, according to Game, but you can withdraw from it — for a hefty price.

"If you pull out of your 401(k) and you're under 59½, you'll have a 10-percent penalty, plus whatever you take out is added to your taxable income, so it could shock people if they took out a sizeable amount," warned Game, who also recognizes that sometimes you don't have any other choice.

Tapping your nest egg should be an absolute last resort. If it comes to that, Roth IRAs are a little more appealing because you can pull out your contributions at any time without tax or penalty (It's just the appreciation you can't touch until you're over 59½). If you're financially stuck between a rock and a hard place, a Roth IRA could serve as an extra backup emergency fund.

As for a 401(k) from your old job, Game says you have a couple of options. Some companies will let you do a direct rollover, which is a hands-off option that's way easier than rolling it over yourself. This way, you won't get a check for that cash.

"If you do, you have to have it deposited into your new account in a short time period so you don't get taxed on that amount, which is why it's better to do these things electronically whenever possible," said Game.

No emergency fund or Roth IRA to tap into? You're not out of options. Read on for more ways to access cash during unemployment.

Step four: Rev up your job hunting efforts

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"One of the biggest mistakes I see from people who've been recently laid off is that the experience is so stressful that they want to take a break," said Copeland. "They think, 'I need a few months to take some time for myself.' What they don't understand is that the longer you wait, the harder it becomes."

Begin by dusting off your resume and updating it with any relevant new skills, accomplishments, and/or trainings you've completed. Do the same for your LinkedIn profile, which includes adding keywords that potential employers may be searching for (To get an idea of what these are, Copeland suggests browsing job postings you're interested in). You'll also want to follow companies on LinkedIn and connect with influencers within those organizations.

When it comes to references, Copeland adds that asking folks to leave you a written, public recommendation on LinkedIn can do wonders. Future employers are going to be looking at your profile. Seeing that people you've worked with have positive things to say is going to make them much less suspicious that something negative happened at your old job.

One other thing: Fine tune your elevator pitch so you're ready to comfortably, and confidently, talk about yourself at a moment's notice. After that, step away from your computer and get yourself out there (literally).

"A lot of people are told to apply online — 'If you're a good fit, we'll call you '— but very rarely is that true," said Copeland.

"It's one-on-one personal connections that are going to help you find a job, and those people will be most helpful and empathetic very soon after you've been laid off."

Let your network know you're actively looking for work, attend industry events, and reach out to people for informational interviews. In some cases, this might mean cold emailing a colleague of a colleague and asking to pick their brain over coffee. They could always say no, or even ignore you, but Copeland says that when up against unemployment, this isn't the worst thing in the world.

Step five: Protect yourself against the worst-case scenario

If your job hunt stretches past the one-month mark, you could end up draining your emergency fund faster than anticipated. According to the U.S. Department of Labor (https://www.bls.gov/news.release/pdf/empsit.pdf), the number of long-term unemployed workers (i.e. people who've been out of work for at least 27 weeks) held steady at 1.5 million as of December 2017. This makes up 22.9 percent of the unemployed.
If you find yourself in this boat, you'll need to go beyond cutting cable and scaling back your entertainment budget to make ends meet.

"Can you call your student loan servicer and defer your loans for a few months?" suggested Game. "Remember, you'll still be accruing interest when you do this, but it might help you out for a few months."

Looking for other high-impact ways to free up cash? Game also suggests considering:

- Taking on a roommate or renting out a room on Airbnb.
- Getting a part-time job.
- Taking out a short-term loan from a family member.
- Using balance transfer offers (https://www.magnifymoney.com/blog/balance-transfer/no-fee-balance-transfer-credit-card1322859387/) to lower your credit card interest rates by moving debt to a 0% APR card.
- Researching a personal loan (https://www.magnifymoney.com/blog/personal-loans/the-ultimate-guide-to-personal-loans1210109673/). Going into debt is never advised, but if your situation's getting dire, it may be your best worst option (It's sure better than getting evicted or defaulting on your car

payment).

This is precisely why Game says it's so important to get your financial house in order while your career is going well. Flash forward to being laid off: Having a solid credit score (https://www.magnifymoney.com/blog/building-credit/best-secured-cards-2014/#best-options-rebuilding-credit-score897837149) is what's going to enable you to get the best rate on a personal loan. The same goes for locking down a low-interest credit card, if it comes to that.

4 tips to help stretch your finances when you're unemployed

How to apply for unemployment

Taking advantage of unemployment insurance (https://workforcesecurity.doleta.gov/unemploy/uifactsheet.asp) can help stretch your savings and soften the financial blow of a layoff. Whether you qualify depends on a number of factors, one of the top ones being where you live; every state is different.

As long as you're looking for work — and meet the qualifying criteria below — most states allow participants to collect benefits for up to 26 weeks (https://www.cbpp.org/research/economy/policy-basics-how-many-weeks-of-unemployment-compensation-are-available) (about six months). Just keep in mind that a severance package could impact how much you qualify for, depending on the state you live in.

- **Losing your job was out of your control:** Being laid off generally ticks this box, but if you were fired or quit voluntarily, you'll be ineligible.
- **You worked long enough and earned enough wages to qualify in your state:** Every state's threshold is different, but applicants must meet requirements for wages earned or time worked during an established time period in order to collect unemployment. You can research your state's rules here (https://www.careeronestop.org/localhelp/unemploymentbenefits/unemployment-benefits.aspx).
- **You were laid off from a W2 job:** In other words, you weren't a freelancer or independent contractor. Since employers don't pay unemployment taxes for these folks, benefits are typically off the table.

That said, there isn't a one-size-fits-all answer when it comes to how much money you'll actually get. What you were earning, where you live, and whether or not you received a severance package may all come into play. Your best bet is to contact your state unemployment office to start untangling the details.

How to apply for food stamps

Applying for the Supplemental Nutrition Assistance Program (https://www.fns.usda.gov/snap/supplemental-nutrition-assistance-program-snap) (SNAP), aka food stamps, is also a state-specific process. In order to qualify, you must meet resource and income requirements (SNAP provides this handy pre-screening eligibility tool (https://www.snap-step1.usda.gov/fns/) to help clarify whether or not you qualify). Eligibility (https://www.fns.usda.gov/snap/eligibility) varies from state to state but is largely determined by your:

- **Resources:** Things like bank accounts and vehicles (https://www.fns.usda.gov/snap/eligibility#Resources) fall into this camp. Some resources are generally off limits, like retirement plans and your home.
- **Income:** You have to meet the income requirements outlined here (https://www.fns.usda.gov/snap/eligibility#Income). Some exceptions — like having an elderly or disabled person in your household, for example — may make it easier to qualify. Just keep in mind that any unemployment benefits you're collecting will be factored in here.
- **Employment status:** If you've been recently laid off, this one's a biggie since SNAP eligibility is hinged, in part, on meeting work requirements (https://www.fns.usda.gov/snap/eligibility#Employment%20Requirements). They include:
  - Registering for work
  - Not voluntarily quitting a job or reducing your hours
  - Taking a job if one is offered
  - Participating in your state's employment training programs
  - If you're an able-bodied adult without kids, you'll also be required to either work or participate in a work program for a minimum of 20 hours per week to receive SNAP benefits for longer than three months in a 36-month period.

Ready to apply? Find your state here (https://www.fns.usda.gov/snap/apply) to get the ball rolling.

How to get help with a job search

There are a number of federal government programs in place to help see you through a stint of unemployment. CareerOneStop (https://www.careeronestop.org/) (backed by the U.S. Department of Labor) is packed with free job search assistance and training resources. Here you'll find everything from job openings and resume guides (https://www.careeronestop.org/JobSearch/Resumes/ResumeGuide/Introduction.aspx) to salary data (https://www.careeronestop.org/ExploreCareers/Plan/salaries.aspx) and interview and negotiation tips (https://www.careeronestop.org/JobSearch/Interview/interview-and-negotiate.aspx).

COBRA (https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/cobra-continuation-health-coverage-compliance) might also make sense for newly unemployed folks. The program allows you to keep your employer-sponsored health plan after getting laid off. Before pulling the trigger on enrolling in a new health plan, be sure to check if COBRA makes sense for your health care needs and budget.

Pick up part-time work

Another way to unlock cash is to think of out-of-the-box ways to make money. Before Catala secured a new full-time job, he picked up a ton of side hustles to fill in the missing income. This included everything from tutoring at a local community college to cutting lawns to booking music gigs (He happens to be a pianist.). The takeaway? Look beyond your 9-to-5 skill set to pay your bills.

"At one point, I was doing like five different things and just making money," said Catala, who earned too much from the gigs to collect unemployment.

"If you're creative and willing to hustle, you'll be fine. Even if it's just $50 a week, that's better than nothing."

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MagnifyMoney Recommends

- Best Credit Cards (https://www.magnifymoney.com/blog/best-of/best-credit-cards-441283625/)
- Best Reward Credit Cards (https://www.magnifymoney.com/blog/credit-cards-2/best-rewards-credit-cards-880921658/)
- Best Balance Transfer Credit Cards (https://www.magnifymoney.com/blog/balance-transfer/best-balance-transfer-credit-cards741905817/)
- Best Personal Loans (https://www.magnifymoney.com/blog/personal-loans/where-to-get-the-best-personal-loan-rates-online268781204/)
- Best Student Loan Refinance Options (https://www.magnifymoney.com/blog/college-students-and-recent-grads/refinancing-a-student-loan1091646352/)
- Best CD Rates (https://www.magnifymoney.com/blog/earning-interest/best-cd-rates967994263/)
- Best Online Savings Accounts (https://www.magnifymoney.com/blog/earning-interest/best-online-savings-accounts275921001/)

Popular Resources

Credit Score Guide (//www.magnifymoney.com/guides/credit-score-guide/)

Do you have a question?

- Complain to the CFPB (//www.magnifymoney.com/learn/complaint-about-credit-card/)
- Deal with a Collections Agency (https://www.magnifymoney.com/blog/consumer-watchdog/debt-in-collections/)
- Credit Monitoring & Identity Theft Guide (https://www.magnifymoney.com/blog/identity-theft-protection/guide-credit-monitoring-and-identity-theft-protection886376409/)
- Guide to Eliminate Credit Card Debt (https://magnifymoney.com/blog/balance-transfer/the-fastest-way-to-pay-off-10000-in-credit-card-debt/)
- Compare Personal Loans (//www.magnifymoney.com/compare/personal-loans/)

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Top 4 Personal Loans for an Engagement Ring

Wednesday, November 8, 2017

Editorial Note: The editorial content on this page is not provided by any financial institution and has not been reviewed, approved or otherwise endorsed by any of these entities prior to publication.

(https://www.magnifymoney.com/blog/author/taylorgordon/) Taylor Gordon (https://www.magnifymoney.com/blog/author/taylorgordon/)

Do you have a question?

Updated November 08, 2017

Getting engaged is an exciting yet nerve-wracking milestone. You're eager for your partner to say "yes" and hoping she's impressed by what she sees when you open the box.

The best way to afford the ring of her dreams is planning early and saving up. Financing (https://www.magnifymoney.com/blog/personal-loans/where-to-get-the-best-personal-loan-rates-online268781204/) an engagement ring should be your absolute last resort. After all, there are other larger expenses that come after marriage including moving, buying a home or starting a family that you could spend that money on instead.

Still, if you decide financing is right for you, here are a few personal loans (https://www.magnifymoney.com/compare/personal-loans/) that provide funds for engagement rings:

Earnest

Rates from 5.49% to 18.24% APR

Earnest has the lowest interest rate of the loans on our list and no origination fee.Loan terms are from 36 to 60 months. Earnest will lend you $5,000 to $75,000. Other than your credit score, Earnest will look at your income, education, earning potential and other factors to decide if you're eligible for the loan. There's No origination fee and no prepayment penalty. There is, however, a Hard Pull of your credit report.

Earnest could be a good option if you have limited credit history, but an offer letter or current position that pays you more than enough money to cover loan payments. After submitting an application, you'll get a response within 2 business days.

earnest

APR

5.49%
To
18.24%

Credit Req.

660

Minimum Credit Score

Terms

36 to 60

months

Fees

No origination fee

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on LendingTree's secure website

Instead of offering credit-based loans, Earnest has taken a very nontraditional approach using a merit-based system.... Read More

Do you have a question?

LendingClub

Rates from 6.16% APR

LendingClub is a peer-to-peer loan marketplace where people who need to borrow money are matched up with investors. You can get a loan for 36 or 60 months. You can borrow up to $40,000. The origination fee is 1.00% - 6.00%. Your origination fee is assigned based on your credit profile. The higher your credit score the less you'll pay for origination. You can check to see if you're approved and your rate without harming your credit score.

After applying for LendingClub, peer investors will see your profile in the marketplace and hopefully fund your loan. Once your loan is funded by investors and your application documents check out, you'll get the money wired to your account.

To get the very best rates through LendingClub you'll need an excellent credit history, low debt-to-income ratio and a high credit score among other factors.

LendingClub loans are not available in Iowa or West Virginia.

Karrot

Karrot is not currently offering new loans. Should you have an outstanding loan, Karrot states they are still servicing those loans.

Karrot gives out personal loans at a maximum of $35,000. Loan terms range for 60 months. The loan has an origination fee of 1.05% - 4.75% that's non-refundable and deducted from the loan upfront. Karrot doesn't charge prepayment penalties. Other than origination, fees will only come into play if you skip out on a payment, have a check returned or request copies of your loan documents.

Shopping for loan rates on the site won't ding your credit score. Karrot doesn't go into specifics about the credit score you need to qualify, but you do need to at least have a credit history and a bank account to verify your income.

Prosper

Rates from 6.95% APR

You can borrow as little as $2,000 and up to $40,000 from Prosper, another peer-to-peer lending marketplace. Loan terms are 36 or 60months. Prosper loans have a 2.41% - 5.00% origination fee, but no prepayment penalties.

At a minimum, you must have a 640 FICO score to qualify for Prosper. You also need to have a debt-to-income ratio less than 50%. Shopping for rates with Prosper won't impact your credit score either.

PROSPER

APR	6.95% To 35.99%
Credit Req.	640 Minimum Credit Score
Terms	36 or 60 months
Fees	2.41% - 5.00%

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on LendingTree's secure website

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Prosper is a peer-to-peer lending platform that offers a quick and convenient way to get personal loans with fixed and low interest rates. ... Read More

Honorable Mention – LendingKarma

LendingKarma isn't a lender. Instead, it's a site that manages loans between people who know each other. As a rule of thumb, you should avoid borrowing or lending money to friends and family since involving money in relationships tends to cause drama.

But, if someone you know agrees to help out and you're both on the same page, LendingKarma can make your life easier. LendingKarma takes care of the logistics of borrowing including the contract, payment schedule and friendly reminders. The fee for contract administration is paid one time and $50 to $100 per loan.

Final Thought

Financing an engagement ring is not something we recommend. It's just not worth going into debt over. Explore all of your options (https://www.magnifymoney.com/blog/pay-down-my-debt/23-ways-get-engagement-ring-without-debt1238278527/) instead. Here are a few:

- Get what you can afford in cash now and upgrade when you have more money.
- Try unclaimed diamond and discount jewelry stores to get a deal.
- Skip the diamond altogether for gems that are a little more affordable like amethyst or sapphire. These gems are popular now anyway.
- Buy a stone similar to a diamond like moissanite or a replica until you can get a real one. If you choose a "fake" starter ring, make the decision as a couple. You don't want her to find out from another source that her ring isn't a true diamond.

At the end of the day, an engagement ring is supposed to symbolize commitment. Sadly in some ways it's morphed into a symbol of status. That doesn't mean you should feel pressured to get a ring (or ask for a ring) you can't afford. Do what's best for you.

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- Best Personal Loans (https://www.magnifymoney.com/blog/personal-loans/where-to-get-the-best-personal-loan-rates-online268781204/)
- Best Student Loan Refinance Options (https://www.magnifymoney.com/blog/college-students-and-recent-grads/refinancing-a-student-loan1091646352/)
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- Deal with a Collections Agency (https://www.magnifymoney.com/blog/consumer-watchdog/debt-in-collections/)
- Credit Monitoring & Identity Theft Guide (https://www.magnifymoney.com/blog/identity-theft-protection/guide-credit-monitoring-and-identity-theft-protection886376409/)
- Guide to Eliminate Credit Card Debt (https://magnifymoney.com/blog/balance-transfer/the-fastest-way-to-pay-off-10000-in-credit-card-debt/)
- Compare Personal Loans (//www.magnifymoney.com/compare/personal-loans/)

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Wedding Loans: Find Better Options with Lower Rates

Friday, November 3, 2017

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(https://www.magnifymoney.com/blog/author/erin-m/) Erin Millard (https://www.magnifymoney.com/blog/author/erin-m/)

Updated November 03, 2017

Did you know that the average cost of a wedding in the United States is around $31,200? That's the number uncovered in a 2014 survey conducted by The Knot (http://www.prnewswire.com/news-releases/the-knot-the-1-wedding-site-releases-2014-real-weddings-study-statistics-300049675.html), a top resource for wedding planning. A figure that doesn't even include the honeymoon.

If you're planning a wedding, you're probably well aware that your big day isn't likely to be cheap, especially if you have a guest list that exceeds 100.

So what can you do if you can't afford your dream wedding and aren't willing (or ready) to compromise on cost? You may have already come across wedding loans, but it's important to know a few things before you sign for one.

This guide is intended to walk you through the pros and cons of a wedding loan, what to look out for with lenders, other methods you can use to affordably finance your wedding, and finally, what alternatives are available if you realize that a loan isn't the right option for you.

Wedding Loans Are Personal Loans in Disguise

Do you have a question?

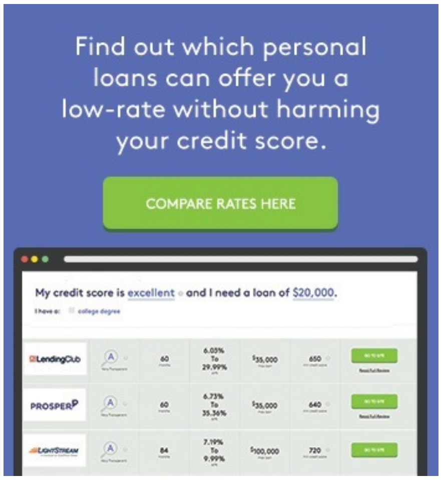
When searching Google for "wedding loans," you'll find plenty of lenders offering them. However, you should know that a wedding loan is really just a personal loan that anyone can get. They're not specifically meant for weddings. In fact, if you fill out an application for a personal loan and have to choose the purpose of the loan, you'll likely have a few options to choose from.

Lenders are aware that people are searching for "wedding loans" just like they're searching for "home renovation loans" and "vacation loans." They create these specific pages you find for those keywords (so they get more search engine traffic), when they actually offer more than just wedding loans.

What this means is that you should broaden your search to all personal loan lenders. You don't have to specifically search for wedding loans as, in most cases, you can use a personal loan for a wedding (or anything, for that matter). The good news is that there are plenty of personal loan lenders out there for you to shop around with.

What to Watch Out For

As with any loan, you want to get the lowest APR possible. Unfortunately, because lenders have these "wedding loan" pages, you may not be aware that other types of loans are offered at a lower APR. If you find yourself on such a page, try going to the lender's homepage to see how the rates compare.



(https://www.magnifymoney.com/compare/personal-loans/)For example, upon searching "wedding loans," Karrot's (https://www.magnifymoney.com/blog/personal-loans/karrot-personal-loans-review/) wedding loan came up in the results. The landing page says it offers APRs as low as 6.44%, but if you visit the main page, you'll see that personal loans are available with APRs starting at 6.44%. For the most part, the APR you're eligible for won't depend on the purpose of the loan; it will depend on your credit history. It's worth digging deeper so you're not caught paying more than you have to.

As you go through search results, you may also find that there are sites specifically for wedding loans that are a bit misleading. For example, MyWeddingLoans.com looks like a legitimate site, but when you click "apply," it leads to LendingClub's website.

The URL of the application also contains a "partner ID," which means it's an affiliate of LendingClub and receives a commission every time someone applies through that link. MyWeddingLoan discloses this in the fine print on its "Terms of Use" page. It's important to know that MyWeddingLoans isn't the actual lender or the company you'll be dealing with if you obtain financing.

Other "wedding specific" lenders, such as Promise Financial, claim there are no hidden fees and prepayment penalties. While its fees aren't necessarily "hidden," there *are* fees to watch out for, such as an origination fee. You need to make sure you read the fine print for any loan you're considering; otherwise it may cost you more.

[How Personal Loans Work and the Traps to Avoid (https://www.magnifymoney.com/blog/personal-loans/4-traps-to-avoid-when-getting-a-personal-loan/)]

What Will a Wedding Loan Cost You?

Do you think weddings are expensive? Then you should know how costly personal loans are. You're going to pay interest on your loan, which means you'll end up paying more than what you borrow. Let's look at an example.

Say you want to finance $20,000 of your wedding as you've already saved $10,000. $20,000 on a 3-year term at a fixed APR of 7.246% results in a monthly payment of $619.79. You'll pay a total of $22,312.44. If you choose a 4-year term at a fixed rate of 8.247%, your monthly payment will be $490.58, for a total amount of $23,547.84.

Both of these are actual examples, and in each case, you end up paying a few thousand dollars in interest. The APR you're eligible for is largely based on your credit score. Having a higher credit score and a longer credit history will make lower APRs available to you.

If you're absolutely set on borrowing money for your wedding, then it literally pays to increase your credit score prior to applying for a personal loan. Do yourself a favor and check your score using a free tool like Credit Karma or Credit Sesame, and download your free credit report at annualcreditreport.com (http://annualcreditreport.com). Is your score below 700? Then have a look at 6 ways you can improve your credit score (https://www.magnifymoney.com/blog/building-credit/6-simple-steps-to-improve-your-credit-score1106518423/) before you shop for a loan.

As you'll see below, some lenders have APRs with a large range. To get on the lower end of that range, you should have a score close to 700. Having a score below 600 will put you on the high end of the range, which will make the loan less affordable.

Least Expensive Wedding Loan Options – Good Credit Required

These lenders are your best bet if you must take out a personal loan to afford your wedding. They have the lowest APRs, lowest fees, and the most flexibility. These are all online lenders for a reason – traditional banks tend to have pricier personal loans.

We recommend shopping around to all the lenders that make the most sense for your situation. Similar inquiries to your credit made within a 30-day period will only count as one inquiry, so your credit score won't take too much of a hit.

SoFi (https://www.magnifymoney.com/blog/personal-loans/sofi-personal-loan-review2970285/): One of the leading online lenders in almost all categories, SoFi offers borrowers excellent terms. There's No origination fee to worry about, and fixed APRs range from 6.57% to 16.25% if enrolled in autopay. You can borrow a maximum of $100,000 (hopefully you don't need that much for your wedding) on terms of 36 to 84 months. The minimum FICO score , although your accounts should be in good standing.

APPLY NOW

on SoFi's secure website

Earnest (https://www.magnifymoney.com/blog/personal-loans/earnest-personal-loan/): Another good choice for personal loans, Earnest offers borrowers $75,000 on loans that have terms ranging 36 to 60 months with no origination fee. You need a minimum credit score of 660 to be approved.

LEARN MORE

on LendingTree's secure website

LightStream (https://www.magnifymoney.com/blog/personal-loans/lightstream-personal-loans-review587765219/): You can borrow $100,000 on terms ranging 24 to 144 months. APRs range from 3.09% to 14.24%, and there's No origination fee. The minimum credit score needed to apply is 660. LightStream's maximum APR is slightly higher than SoFi's and Earnest's, and it's the only lender out of these choices that requires a hard credit pull.

LEARN MORE

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Upstart (https://www.magnifymoney.com/blog/personal-loans/upstart-loan-review171753688/): We recommend looking at SoFi and Earnest first, only because of the lack of an origination fee. However, if your credit isn't the best, lenders such as Upstart can help. You can borrow up to $50,000 on a 36 to 60 month term with APRs ranging from 7.80% to 29.99%. Origination fees range from 0.00% - 8.00% depending on the terms of your loan, and a minimum credit score of 640 is required.

LEARN MORE

on LendingTree's secure website

Do you have a question?

Prosper: This is a peer-to-peer marketplace where people can invest in your loan. As a result, requirements are a bit leaner, but you'll pay for it with higher APRs and an origination fee. APRs range from 6.95% to 35.99%, origination fees range from 2.41% - 5.00%, and the maximum amount you can borrow is $40,000. You can borrow on 36 or 60-month terms], and need a minimum credit score of 640 to qualify.

PROSPER

LEARN MORE

on LendingTree's secure website

LendingClub (https://www.magnifymoney.com/blog/personal-loans/lendingclub-review-borrowers-insiders-reveal578301843/): Another great option is LendingClub, which has a minimum credit score requirement of 600. It works in much the same way as Prosper as it's also a peer-to-peer marketplace lender. Again, you can borrow up to $40,000 for 36 or 60 months, and APRs range from 6.16% to 35.89%, with origination fees ranging from 1.00% - 6.00%. LendingClub is not available in Iowa or West Virginia.

LendingClub

LEARN MORE

on LendingTree's secure website

PenFed: Pentagon Federal Credit Union offers personal loans starting with a fixed interest rate of 6.49% APR for 60 months. You do need to be a member of the credit union, but anyone can become. You pay a one time dues to Voices for America's Troops for $14 or National Military Family Association for $15 in order to become eligible for a PenFed membership.

PENFED CREDIT UNION

APPLY NOW

on PenFed Credit Union's secure website

As you can see, Upstart, Prosper, and LendingClub all have high APR caps. If your credit isn't in the best shape, you'll likely be approved for a rate on the higher end.

Also note that aside from LightStream and PenFed, all of these lenders allow you to apply for a pre-approval without a hard credit pull. That means you can see your potential terms before committing, and your credit score won't be harmed in the process. Just remember that these rates and terms are estimated; those rates and terms may change after a hard credit pull.

[How to Create a Frugal Wedding (https://www.magnifymoney.com/blog/strategies-to-save/create-frugal-wedding/)]

Credit Card Options for Those With Good Credit

We wouldn't normally recommend that you finance your wedding on a credit card, as purchase APRs are typically much higher than APRs on personal loans. However, if you have the means to pay off the debt quickly, then you might want to consider these 0% APR offers. This gives you a way to avoid paying interest on your debt for a short period of time.

Please keep in mind when using this method that you should be absolutely certain you could pay off the amount you finance within the 0% APR introductory period. If you don't, you'll be subject to very high interest rates after it expires, negating the entire point of this strategy.

For that reason, it's a good idea to know how much you're planning to finance beforehand. You can use that number to calculate how much you'll have to pay per month to get your balance paid off. Make sure it's realistic for your situation.

Citi Simplicity® Card - No Late Fees Ever (https://www.magnifymoney.com/blog/balance-transfer/citi-simplicity-balance-transfer-credit-card1176925110/): This card has an introductory 0%* for 18 months on Purchases*. That means you have a year and a half to pay off your balance before the regular purchase APR kicks in, currently 15.74% - 25.74%* (Variable). The Citi Simplicity® Card - No Late Fees Everalso has no late fees, a $0* annual fee, and no penalty APR if you're late in making a payment. These benefits make it a great everyday use card after you're done paying off your wedding charges.

APPLY NOW

Chase Slate® (https://www.magnifymoney.com/blog/balance-transfer/chase-slate-almost-perfect-balance-transfer-holiday-debt1423661540/): With this card, you can save with a 0% Intro APR on Balance Transfers for 15 months and get 0% Intro APR on Purchases for 15 months (16.74% - 25.49% Variable APR, thereafter). This is one of our favorite balance transfer offers.

The information related to the Chase Slate® has been collected by MagnifyMoney and has not been reviewed or provided by the issuer of this card.

If you don't qualify for any of these offers, you can try checking around local credit unions and community banks for low interest credit cards. Many of our top recommendations (https://www.magnifymoney.com/compare/low-interest-cards/) have low APRs. While these aren't ideal, they may be more affordable than a personal loan, depending on your credit.

Because credit cards are revolving debt, if you go this route, do not be fooled into making just the minimum payments. Do your best to pay extra and get the balance paid off within 3 years or less.

We also want to mention the possibility of using a 0% introductory APR balance transfer offer. This should only be considered if you have strong credit (otherwise you might not be approved for one). If you must charge wedding expenses to your card and can't pay them off right away, or you plan on using your credit card to finance most of your wedding, then you can still avoid paying interest with this option.

[Find the Best 0% APR Balance Transfer Offers Here. (https://www.magnifymoney.com/blog/balance-transfer/no-fee-balance-transfer-credit-card1322859387/)]

Top Wedding Loans for Those With Bad / Poor Credit

There are a few solutions available for couples with bad or poor credit that don't qualify for any of the above offers, but they come with a hefty price tag. We're hesitant to recommend going this route in the first place, but if your wedding can't wait and you don't have time to improve your credit score, these options might be worth looking at.

Avant (https://www.magnifymoney.com/blog/personal-loans/avant-credit-loans-see-get-better-rate-somewhere-else5512678/): With no prepayment fee and APRs ranging from 9.95% to 35.99%, Avant could be a good option. You could borrow $2,000 to $35,000 and need a credit score of 580 to apply. Through Avant, you could get your money as soon as the next business day. Loans through Avant are available in all states except Colorado, Iowa, West Virginia, and Vermont.

AVANT

LEARN MORE

on LendingTree's secure website

Avant branded credit products are issued by WebBank, member FDIC.

OneMain Financial (https://www.magnifymoney.com/blog/pay-down-my-debt/onemain-financial-loan-review789680506/): This company is known for making loans to those with less than stellar credit, and its rates reflect that reality. You can only borrow a maximum of $30,000. OneMain Financial has an origination fee that varies by state, the APRs range from 16.05% to 35.99%, and you need a minimum credit score of 600 to apply.

APPLY NOW

on OneMain Financial's secure website

FreedomPlus (https://www.magnifymoney.com/blog/personal-loans/freedomplus-review-option-average-credit-scores280829642/): With APRs ranging from 4.99% to 29.99%, this loan is similar to Avant in that you're probably looking at an APR closer to 0.00% - 5.00% that you need to watch out for. You can borrow up to $35,000 on terms of 24 to 60 months, and need a minimum score of 700 to qualify.

APPLY NOW

on FreedomPlus's secure website

Note that with the exception of Avant, all of these lenders use a hard credit pull when you check your rate. (Avant does not use a hard pull to check your rate, but will complete a hard pull if you decide to take out the loan).

Consider Creative Alternatives to Borrowing

As you can tell, financing all or part of your wedding may cost a lot more than you anticipated. If it's at all possible, we suggest using one of the alternatives below as opposed to going into debt for your big day.

While it's undoubtedly a day you want to remember forever, starting out married life with a bunch of debt (especially if you already have consumer debt or student loans to deal with) doesn't feel great. It also doesn't bode well for your relationship, considering arguments about money are a top reason for divorce.

Instead of taking chances with debt and your sanity, try these alternatives instead.

Hold off on the wedding: According to another survey conducted by The Knot in 2014, the average length of an engagement is 14 months. That's not a long time to save up $10,000, let alone $30,000 (the estimated average cost of a wedding). That would take a monthly savings of $714 and $2,142 respectively. Instead of rushing to the altar, try lengthening your engagement to lessen the financial burden. Giving yourself more time to save is a wise idea; what's the rush?

"Crowdfund" your honeymoon: We don't literally mean asking strangers on the internet to fund your honeymoon, but you could ask your family and friends to "crowdfund" your honeymoon by using sites like Honeyfund. It's a honeymoon registry that allows you to ask for cash from your wedding guests in a classier way, and hopefully, they feel more comfortable giving it. Remember, that $31,000 figure didn't take the honeymoon into account. Now isn't the time to go further into debt for your dream vacation.

Side hustle for extra money: If you're really hurting for money, you need to find a way to earn more of it. Side hustling can be a great option if you have marketable skills that are in demand, especially online. These extra jobs should also be flexible – what's better than working from home? You can also try picking up extra shifts at your job, working overtime, or getting a part-time job temporarily to cover costs. This doesn't have to be forever; you just need enough stashed away in your wedding savings fund to cover your needs.

Reevaluate your wedding budget: Speaking of needs, are you going over your original wedding budget? Something might have to give. It's time to take another look at it. For example, maybe you need to narrow your guest list down. Perhaps you need to reconsider your dream venue if it's costing you an arm and a leg. Can you have DIY decorations and invitations? Postage often costs couples much more than they thought; classy invitations from Paperless Post can help offset that cost. The Knot has a list of common wedding expenses and what percentage of your budget can be expected to go toward each here (https://www.theknot.com/content/wedding-budget-ways-to-save-money) if you need a comparison.

Know how to deal with deposits: Many items, such as the venue, food, and photography, will require a deposit. That means you don't need to pay an overwhelming amount in one lump sum, but it does mean that you need to come up with *something* to reserve these things. If you have anything saved for your wedding, you should earmark it for deposits first to ensure you can pay the upfront cost.

You can pay for deposits with cash or check, but some advice says to pay via credit card to cover you in case something happens. As most deposits are non-refundable, if you're unhappy with the services provided, or if services *aren't* provided, you can contact your credit card company and dispute the charge as long as you do so within 60 days of the event. Some vendors and merchants might do wrong by you, and miscommunication can occur. Using your credit card gives you a better chance of recovering your money.

Of course, you should only charge expenses that you have the cash to cover. Putting your wedding expenses on a credit card and then not paying it off in full can be extremely expensive – the average credit card APR is 15%!

Remember to keep in mind that the deposit is only one portion of what you have to pay. You'll need to come up with the rest of the funds prior to your wedding. Do your best to save up before then. If it helps, create a separate "wedding expenses" savings account so you won't be tempted to raid it for another reason.

[How to Effectively Combine Income and Debts After Marriage (https://www.magnifymoney.com/blog/life-events/effectively-combine-income-debts-marriage/)]

Be Realistic and Create a Plan

You now have all the information you need to create a plan to fund your wedding. You might find that it's not as easy as you thought it would be, but don't let that dampen your spirits. If your wedding means that much to you, you'll find a way to make it happen. Whether you take on side jobs to earn more, slash everyday expenses (such as cutting cable and brown-bagging lunch), or work toward improving your credit score, you can make room in your regular budget for your wedding.

Just stay realistic on costs and include your future spouse in all discussions pertaining to your finances. Now is the time to work as a team, not to surprise each other by going into debt to afford certain aspects of your wedding. Talk it through –your future spouse may have a great idea on how to lessen the financial burden of your wedding

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TAGS: Personal Loan (https://www.magnifymoney.com/blog/tag/personal-loan/), Weddings (https://www.magnifymoney.com/blog/tag/weddings/)

MagnifyMoney Recommends

- Best Credit Cards (https://www.magnifymoney.com/blog/best-of/best-credit-cards-441283625/)
- Best Reward Credit Cards (https://www.magnifymoney.com/blog/credit-cards-2/best-rewards-credit-cards-880921658/)

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- Best Balance Transfer Credit Cards (https://www.magnifymoney.com/blog/balance-transfer/best-balance-transfer-credit-cards741905817/)
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- Best Student Loan Refinance Options (https://www.magnifymoney.com/blog/college-students-and-recent-grads/refinancing-a-student-loan1091646352/)
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- Credit Monitoring & Identity Theft Guide (https://www.magnifymoney.com/blog/identity-theft-protection/guide-credit-monitoring-and-identity-theft-protection886376409/)
- Guide to Eliminate Credit Card Debt (https://magnifymoney.com/blog/balance-transfer/the-fastest-way-to-pay-off-10000-in-credit-card-debt/)
- Compare Personal Loans (//www.magnifymoney.com/compare/personal-loans/)

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How to Make a Career Change in Your 40s

Do you have a question?

Wednesday, October 11, 2017

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(https://www.magnifymoney.com/blog/author/jamief/) Jamie Friedlander (https://www.magnifymoney.com/blog/author/jamief/)

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Chandrama Anderson (http://chandramaanderson.com/) was the senior director at a technology start-up in the heart of Silicon Valley when she decided it was time for a career change. At the time, she was in her early 40s and grieving the recent deaths of her daughter and grandparents.

She decided she wanted to do what she called "work of the heart." For her, that meant pursuing a career as a family therapist.

Having earned her undergraduate degree in journalism and creative writing, she would have to go back to school for a master's in order to transition to psychology. She quit her lucrative job at the tech firm and enrolled at John F. Kennedy University in Pleasant Hill, Calif., where she earned a master of arts in counseling psychology/holistic studies over the course of three years.

Going back to school after working for 25 years was daunting, but she didn't let the intimidation factor stop her.

"A person said to me, 'You'll be 48 when you're a therapist," she recalls. "I replied, 'I'll be 48, or I'll be 48 *and* be a therapist.'"

Fifteen years since she quit her job, Anderson, now 57, is the president of Connect2 Marriage Counseling, a couples counseling practice in Palo Alto. She oversees a team of therapists who see people primarily for marriage counseling, premarital counseling, grief and relational issues.

Running her own team of therapists wouldn't have been possible if Anderson hadn't taken a risk and made a career change later in life, when she truly felt it was time.

As Anderson's example shows, switching careers in one's 40s is definitely doable. But it does require the right amount of planning and forethought.

Kerry Hannon, a retirement, personal finance and career change expert — and the author of numerous books, including "What's Next? Follow Your Passion and Find Your Dream Job" — says there's been an uptick in the number of people switching careers in their 40s and even their 50s.

Indeed, a 2014 study from USA Today and Life Reimagined (https://www.usatoday.com/story/money/personalfinance/2014/06/29/retirement-life-reimagined-usa-today-survey/11135523/), an organization dedicated to helping people reimagine their lives, found that 29 percent of people ages 40-59 were planning to make a career change in the next five years. Numerous factors are at play in such findings, but Hannon believes that among the biggest, it's easier to start a business and ramp up one's education online today.

Many people who change careers at this stage in life, Hannon says, do so because of defining and often tragic life experiences, such as a death in the family or a serious illness. That played a factor in Anderson's metamorphosis.

"They pause and they say: 'Is this what it's all about? Is this what I really want to be remembered for? Is this how I want to spend the rest of my life?'" Hannon says.

There are certain roadblocks to changing careers in middle age: Financial readiness is one, and workplace age bias another. One 2013 AARP study (http://www.aarp.org/content/dam/aarp/research/surveys_statistics/econ/2013/Staying-Ahead-of-the-Curve-Age-Discrimination.pdf) found that three out of five older workers said they had experienced or witnessed age discrimination at work.

Hannon believes making a career switch at this age can be done if one takes the right steps.

Move for the right reasons

Before anything else, take a long, hard look at why you're intent on making this change.

"First, do your soul-searching about why you want to make this jump, this transition to something new," Hannon says. Put another way: Really drill into your motivation and figure out if this is your passion, or if you're simply in a rut at your current job.

To say Mounir Errami put some serious thought into becoming a doctor in his 40s would be an understatement. After working several different jobs over the course of his career, Errami — now a doctor at University of Texas Southwestern Medical Center in Dallas — knew he wanted to return to medical school at the age of 38. He had initially started medical school at 18 in Lyon, France, but dropped out. He then pursued a Ph.D. in biochemistry and bioinformatics, as well as an MBA, and started two business.

His first business went under and once he was in his late 30s, he sold his second one, a software company. He then took a few years off to spend with his family.

After a reset, he knew he wanted to return to medical school, lest he always have regrets.

If he hadn't made that choice, he says, "it would've been sort of an unfulfilled quest that I had started and never finished." He adds, "I'm very happy I've done it."

Once you've identified your intended path, take a look at the marketplace, Hannon says. "What's the market for it? What's out there? Who's currently doing it? Reach out to those people. If possible; network with people who are currently doing the kind of work that you would like to do."

Just because you think you know your new life is calling, that doesn't mean it'll fulfill your every dream. After all, it's still a job. Figure out if you're OK with the inevitable downsides of a new career before diving in.

"If possible, it's really, really important to do the job first," Hannon says. "Volunteer or moonlight. Something might feel dreamy and like, 'Oh my gosh, I always wanted to do this,' but when you're actually doing it every day, it might not have that glamour to it that you thought."

Facing a pay cut

For some workers, the whole point of pursuing a new career in their 40s is to leave one low-paying field for a job with better financial prospects. But in reality, the opposite may be true.

"You absolutely have to get financially fit," Hannon says. "It's really critical." She says it's likely you'll earn less when you begin your new job — either because you're a newcomer or you've started your own new venture, in which most of the money goes into the business. Coupled with the fact that most career changes occur on a three- to five-year timeline, factoring in a return to school and additional training, you'll want to save up.

If you're taking a substantial pay cut, focus on paying down lingering debts or downsizing your lifestyle to fit your new, reduced income.

"At a certain life stage, you might also be able to downsize your home," she says. Indeed, some people in this demographic might have children who have already left home.

Anderson and Errami were both fortunate to be in a solid financial condition before entering school. Anderson says she inherited some money from her mother and grandmother, while Errami used funds saved from his previous business.

Not having to worry about finances when switching careers means you can focus on the path ahead, in all its nuance.

"If you're financially fit, then you have options," Hannon says. "Then you give yourself the opportunity to try different paths, to try new things and move in a different direction without that burden of a must-have salary."

Don't quit your day job just yet

Changing careers after decades in a certain field isn't something to be taken lightly. As previously discussed, it's vital to make sure you aren't just restless in your current position. Hannon says you should really identify your "why" before making any drastic decisions.

"What's the motivation?" she asks. "Is it that you're just bored with your job right now? Because there are lots of ways to fix that."

Perhaps you need to work in the same field, but move to a different company. Or perhaps you need a new position within your existing field.

And if you ask yourself these questions and are still fairly certain you want to switch careers, do not quit right away. Saving up around six months' worth of salary is a great way to ensure you're financially ready for a change. If you don't have this much money in the bank, stay at your current job for a bit longer and try moonlighting or working a side gig in your desired field.

Going for it

Once you've decided you're ready to switch careers, Hannon suggests taking these four steps:

1. **Go slow.** Take your time and do one thing every day toward making the change. Start out by asking someone in your intended profession for coffee.
2. **Again, don't be so quick to quit your day job.** There are exceptions to the rule, but most people shouldn't quit their job. Instead, volunteer or get a side job.
3. **Take baby steps.** This doesn't mean you can't get started right away. Just don't spend a huge portion of money or dedicate an immense amount of time to your new career path until you're absolutely certain it's the right fit.
4. **Don't be afraid.** Hannon says she has spoken with hundreds of people who have made later-in-life career transitions. She says they invariably say, "I wish I had done it sooner."

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- Guide to Eliminate Credit Card Debt (https://magnifymoney.com/blog/balance-transfer/the-fastest-way-to-pay-off-10000-in-credit-card-debt/)
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You Could Be Paying for More Insurance Than You Need

Tuesday, October 10, 2017

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(https://www.magnifymoney.com/blog/author/crystal/) Crystal Lewis Brown (https://www.magnifymoney.com/blog/author/crystal/)

Do you have a question?

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Tiffany Hamilton knew as a college student that she would one day be an entrepreneur. With that in mind, she made sure to enlist the help of a financial planning company when she bought her first life insurance plan at 21, as she was just getting her start in real estate.

That first policy was a $20,000 term-life plan that cost her about $80 a month. When her salary increased, she decided she needed more coverage than that. As a single woman with a burgeoning business, she wanted to make sure she had enough coverage to take care of any debts and leave something for her mother..

Her insurance representative at the time encouraged her to up her coverage. So at 25, she converted her policy to a $1 million whole life policy.

"I thought by going to a financial planner, sitting down and answering the questions, and then going off of their recommendations, I thought I was doing the right thing," Hamilton told MagnifyMoney. "Yes, the $1 million would give my mom X, Y and Z, but was that in my best interests?"

Now 35 and running her own real estate business based in Tallahassee, Fla., Hamilton has lately been wondering: Is it possible to be *overinsured?*

How much insurance is too much insurance?

As we grow in our careers, home life and families, paying for life insurance becomes another one of those obligatory items on our financial to-do lists, like establishing a 401(k) or an emergency fund. But the sheer volume of life insurance options available may have created a unique problem: Some of us might be overly insured. That is, our insurance coverage may be wildly disproportionate to our salaries and overall net worth.

Joel Ohman, a Tampa, Fla.-based certified financial planner and founder of Insuranceproviders.com (https://www.insuranceproviders.com/), said it's also easy to end up with a policy that has more bells and whistles than you genuinely need.

Generally speaking, life insurance is a type of coverage that provides a payout to a selected beneficiary in the event of the policyholder's death. This is often called the "death benefit." Many people aim for a death benefit that includes a payout substantial enough to cover a few years of the deceased's salary, funeral expenses and any outstanding debts.

Those with families may also want to include money to pay off a house, children's college funds and more.

Of course, there are other options for anyone who has a large estate, want to make charitable contributions, needs special tax breaks or has other complicated financial circumstances to consider.

"Unless there are complex estate planning requirements or the insured has exhausted all other investment options, then typically the idea to use life insurance outside of a straightforward death benefit payout is a fool's errand that will only result in a fancier car for your insurance agent," Ohman said.

The cost of being overinsured

The difference in premiums between insurance plans can be striking, and if you're not sure precisely what to get, it's easy to throw up your hands in frustration. But if you simply choose a plan that may "sound right" without carefully exploring all your options, you could easily wind up paying for more coverage than you need.

Most insurance websites include insurance calculators to make it easy to figure out what your costs could be for a variety of different plans. Using State Farm's calculator (https://www.statefarm.com/insurance/life/resources/life-needs-calculator) for example, a $500,000, 20-year term policy for a 30-year-old woman in Arizona is about $33 a month. Comparatively, a whole-life policy is $460 a month. That's a difference of nearly $5,000 a year.

In Hamilton's case, she realized she was paying thousands of dollars more for insurance than she needed to. In 2016, she converted her $1 million whole-life policy into a $500,000 universal-life policy.

"That cut my budget down by almost $10,000 a year," she said.

John Barnes, a certified financial planner and owner of My Family Life Insurance (https://myfamilylifeinsurance.com/), said those cost savings can be important for families.

"My take is, you can be doing something else with that money," he said. "Families today are squeezed. I'm not about to overextend them, I'm going to get them the right amount." The additional savings, he said, could go toward retirement, college tuition or other financial need.

Ohman said that a simple term-life policy is a great way to get inexpensive insurance that will still take care of most families' needs.

"When people are looking for pure life insurance, they want to protect their loved ones if something should happen to them, and they want them to be financially taken care of in a worst-case scenario," he said. "Ninety-nine percent of the time, then, that cheaper term life insurance product is going to be the best fit."

Chris Acker (https://myfasttermquotes.com/), a chartered life underwriter, chartered financial consultant and independent life insurance broker in Palo Alto, Calif., said he almost always recommends term-life insurance to his clients, particularly young families.

"If you're talking about people in their 30s," Acker said, term insurance "is hands down the best way to go."

That's because it's an inexpensive way to get insurance that provides coverage for your entire family. Plus, you can always get additional insurance later. But he cautions against applying one piece of advice across all situations.

"The bottom line is, there's no right answer," he said. "No two cases are the same."

Types of life insurance

There are two main types of life insurance (https://www.magnifymoney.com/blog/life-events/term-vs-whole-life-insurance1093192723/): Term insurance and permanent insurance. When consumers typically think about life insurance, they are looking for an option that will provide their families with financial stability if the unthinkable happens. If you work full time for a company, it's possible that your workplace has a some type of life insurance policy, often equal to one year of the employee's salary.

But some experts recommend that families purchase their own insurance plan outside of their employer because employer-sponsored life insurance typically falls short of their family's actual needs.

Permanent insurance does exactly what the name implies: It provides lifelong coverage. In addition to the death benefit also provided by term-life insurance, permanent insurance also accumulates cash value. But with that added benefit comes pricier premiums.

Types of Permanent-Life Insurance

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Whole Life	Variable life	Universal life	Variable universal life
Whole life is the most common type of permanent insurance. With a whole life policy, the premium never changes. Part of the premiums goes into a savings component of the policy, which builds cash value and can be withdrawn or borrowed. That cash value also has a guaranteed rate of return.	Variable life offers the same death benefit, but allows consumers the option to seek a better return by allocating premiums to investments like stocks and bonds.	Universal life lets you vary your premium payments and gives a minimum death benefit as long as the premiums are sufficient to sustain it.	Variable universal life insurance is a sort of mix between variable and universal life, meaning consumers can vary premium payments and can also allocate them among investment subaccounts.

Whole Life	Variable life	Universal life	Variable universal life
Best for: Those who want a policy that offers cash value and stable premiums. There are also tax advantages to this type of policy.	**Best for:** Those who want the same advantages as a whole-life policy, plus the option of allocating premiums toward different stocks and bonds.	**Best for:** Those who want the same advantages of any permanent policy with the option of varying premium payments. For example, those who may want to start with a lower premium that increases as their finances do	**Best for:** Those who want the option to vary premium payments, but also the option to allocate those payments toward different stocks and bonds.

Term-Life Insurance
Term-life insurance provides coverage for a specified amount of time — let's say 15 or 20 years. Customers pay a premium each month and are covered through the specified term. This is typically the cheapest insurance option.
Best for: Those whose need for coverage will disappear or change at some point, like when a debt is paid or children reach adulthood and go to college. Also good for those looking for a low-cost option.

Even within term- and whole-life insurance, there are additional products you could be offered, like mortgage life, return of premium (in which your premium is returned if you outlive your initial term) and final expense (which covers just funeral expenses). There's even an option that would provide lifetime protection for your estate upon your death. With all the available options, it's easy for the costs to add up.

Tips to choose the right life insurance

Use a life insurance calculator. Wealthy families, those with special-needs family members and others in unique situations will also have different insurance needs. Most insurance websites offer calculators to help consumers decide how much coverage to take. The consumer website lifehappens.org (http://www.lifehappens.org/) also offers step-by-step guidance on choosing insurance, along with a needs worksheet (http://www.lifehappens.org/wp-content/uploads/2013/10/brochure_LI_WhatYouNeedtoKnowAboutLifeInsurance_Consumer.pdf).

Get multiple free quotes. Consumers can also get free quotes from multiple insurers from sites such as My Family Insurance, InsuranceProviders.com and http://myfasttermquotes.com/ (https://myfasttermquotes.com/), which are independent-agent sites for Barnes, Ohman and Acker. Keep this in mind: Getting a quote doesn't obligate you to work with a particular company or insurer.

Choose the right advisor. It's also important to understand that hiring an insurance agent or financial planner is just like any other relationship: You want someone who works best for you and inspires comfort. Hamilton said she not only interviewed potential reps this last go-around, she also requested references and asked them about their company philosophy before making a decision. LifeHappens suggests that consumers use referrals (http://www.lifehappens.org/find-insurance-coverage/) to find an insurance provider.

Seek out independent agents. When it comes to actually choosing an agent or financial planner, Ohman suggests looking into independent agents that aren't tied to a particular insurance company. That's because a "captive" agent can only recommend those products that his/her company provides, whereas an independent agent can recommend any number of companies. That doesn't mean they don't have your best interests in mind, just that they aren't able to provide customers with options outside their company offerings.

"The only products that they know about, the only products that they're even allowed to bring to your attention," Ohman said, are "their own products."

Understand what it means to be a fiduciary. Another thing to consider is whether the company or adviser you're working with is a fiduciary (https://www.magnifymoney.com/blog/consumer-watchdog/new-dol-fiduciary-rule-means667851738/). "One of the big advantages you get with working with an insurance agent who has that CFP designation is that they are supposed to be working as a fiduciary, which means they put your financial interests first," Ohman said.

Those who hold a CFP designation like Ohman are expected to provide fiduciary care to their clients. It's also perfectly OK to ask your agent if he or she is, in fact, a fiduciary.

By the way, this doesn't mean that other agents can't or won't provide clients with the type of insurance that works best for them. But don't hesitate to ask if they're paid on commission and whether a bonus or trip is tied to a particular transaction.

Check the insurance company's ratings. Once you get a recommendation, he says, make sure the company has at least a A rating or better from independent agencies that rate companies' financial strength. There are four independent agencies (https://www.iii.org/article/how-to-assess-the-financial-strength-of-an-insurance-company) that provide this information: A.M. Best, Fitch, Moody's and Standard & Poor's. Do your research and find the ratings from each of the four agencies, because some companies may highlight a positive rating from one agency and play down a lower rating from another agency.

Trust your gut. Barnes said regardless of whom you choose to represent your insurance needs, make sure you have a level of comfort.

"Don't be discouraged, there are some great independent agencies," he says. "If it doesn't feel right during the process, trust your gut."

That means continuing to be open-minded, but also not allowing yourself to purchase an insurance product you don't want or can't afford. During that first meeting or so, Barnes says the agent should spend time getting to know you and your situation without necessarily trying to sell you on a product.

Similarly, Acker says it's OK to question your agent to make sure you're getting the best policy for your needs and lifestyle: "Don't be bullied into buying what someone else says you should buy."

For her part, Hamilton says she also looked into whether companies were commission- or fee-based. That's because a fee-based company will charge a set rate, which can ease the worry of having an overzealous rep who may offer expensive products to boost his or her commission.

Because many good policies also offer a conversion option, you're not "stuck" forever with something that doesn't actually work for you. That means you have the option to change policies, as Hamilton did. Some consumers also choose to buy additional policies down the road.

But, and this is key, you shouldn't let uncertainty or the fear of overpaying keep you from getting at least a simple policy.

"Think about today — the immediate need; protect that right this second," Acker says. "Then that gives you time to work on your financial planning. Then you can figure out if you want to keep the insurance."

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Think Twice Before You Max Out Your 401(k)

Tuesday, October 10, 2017

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Do you have a question?

(https://www.magnifymoney.com/blog/author/shen-lu/) Shen Lu (https://www.magnifymoney.com/blog/author/shen-lu/)

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Financial planners can't emphasize the importance of saving for retirement enough: The earlier you start saving and the more you contribute, the better. But should you max out your retirement account? And if so, how do you do it?

Unfortunately, there's no solution suitable for all; every individual has a different financial situation.

But let's start with the basics: The maximum amount of money (https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits) you can contribute to your 401(k), the retirement plan offered by your company, is currently $18,000 a year if you are under age 50, and $24,000 if you are 50 or older. If you were starting from scratch, you would have to tuck away $1,500 a month to max it out by year's end.

This is a big chunk of money. And although there are multiple benefits to saving for retirement, you may want to think twice before hitting that maximum.

Remember, this is money that, once contributed, can't be withdrawn until age 59.5 (https://www.irs.gov/retirement-plans/plan-participant-employee/401k-resource-guide-plan-participants-general-distribution-rules) without incurring penalties (with some exceptions).

What's more, putting away a significant portion of their savings to max out their retirement fund doesn't make much sense for some workers.

If you are fresh out of college and your first job pays $50,000 annually, you'd need to save 36 percent of your paychecks to max out your 401(k) for the year.

"Everyone needs to save for retirement, and the more dollars you could put in, the earlier, the better, but you also need to live your life," says Eric Dostal (https://www.sontagadvisory.com/person/eric-dostal/), a certified financial planner with Sontag Advisory, which is based in New York. "To the extent that you are not able to do the things that you want to accomplish now, having a really really robust 401(k) balance will be great in your 60s, but that would cost now."

A few things to consider BEFORE you max out your 401(k)

1. **Do you have an emergency fund for rainy-day cash?** If not, divert any extra funds to establish a fund that will cover at least three to six months' worth of living expenses.
2. **Do you have high-interest debt, such as credit card debt?** High-interest debts, like credit cards, might actually cost you more in the long run than any potential gains you might earn by investing that money in the market. Still, if you can get a company match, you should try to contribute enough to capture the full match. It never makes sense to leave money on the table.
3. **Do you have other near-term goals?** Are you planning to buy a house or have a child anytime soon? Do you want to travel around the world? Do you plan to pursue an advanced degree? If so, come up with a savings strategy that makes room for your nonretirement goals as well. That way you can save money for those big-ticket expenses and will be less likely to turn to credit cards or other borrowing methods.

Maximize your 401(k) contributions

If your emergency fund is flush, your bills are paid and you're saving for big expenses, you are definitely ready to beef up your retirement contributions.

First, you'll want to figure out how much to save.

At the very least, as we said above, you should contribute enough to qualify for any employer match available to you. This is money your employer promises to contribute toward your retirement fund. There are several different ways (https://www.zenefits.com/answers/what-is-the-standard-401k-employer-contribution/) a company decides how much to contribute to your 401(k), but the takeaway is the same no matter what — if you miss out on the match, you are leaving free money on the proverbial table.

If you are comfortable enough to start saving more, here is a good rule of thumb: Save 10 percent of each paycheck for retirement, though you don't have to get up to 10 percent all at once.

For instance, try adding 1 percent more to your retirement fund every six months. Some retirement plans even offer automatic step-up contributions, where your contributions are automatically increased by 1 or 2 percent each year.

Larry Heller (https://hellerwealthmanagement.com/about), a New York-based certified financial planner and president of Heller Wealth Management, suggests that you increase your contribution amount for the next three pay periods and repeat again until you hit your maximum.

"You will be surprised that many people can adjust with a little extra taken out of their paycheck," Heller said.

Once you're in the groove of saving for retirement, consider using unexpected windfalls to boost your savings. If you get an annual bonus, for example, you can beef up your 401(k) contribution sum if you haven't yet met your contribution limit.

A word of caution: If you're nearing the maximum contribution for the year, rein in your savings. You can be penalized by the IRS for overcontributing.

If your goal is to save $18,000 for 2017, check how much you've contributed for the year to date and then calculate a percentage of your salary and bonus contributions that will get you there through the year's remaining pay periods.

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