

**If I knew then
what I know now**
Money tips to your younger you!

Cardinal Retirement Savings
at Work Benefits


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**We
want to
hear
from
you!**

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- 1 Go to PollEv.com
- 2 Enter **TIMOTHYSHIRK857**
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- 1 Text **TIMOTHYSHIRK857** to 22333
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What is one thing you would do different if you could "do it all over again?"

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Money Tips to a Younger You

- ✓ Saving
- ✓ Spending
- ✓ Investing

Cardinal at Work Retirement Savings Benefits

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How early did you start saving for retirement?

- Before 20
- Between 20 and 24
- Between 25 and 29
- Between 30 and 35
- After 35
- I haven't started yet

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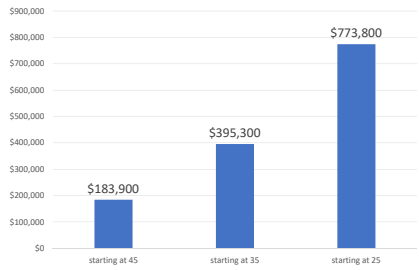
I would have started saving earlier.

- ✓ Each paycheck is an opportunity to save something
- ✓ Start somewhere then boost over time
- ✓ Set up separate savings accounts for the things you want



The Power of Starting Early

Saving 10% of \$50,000 income with 6% annualized rate of return



For illustration purposes only. As investment returns are variable, we cannot guarantee any certain investment return or result. Past performance is not a guarantee of future results.

First year - Save in the TDA or Roth 403(b).


After first year - Save 4% in CRA to capture match.

Turn on auto-escalation






I would have started college savings accounts right away.



- ✓ Many 529 accounts can be started with as little as \$25
- ✓ Set up automatic savings
- ✓ Roth IRA?

I would have resisted the temptation to cash out.



- ✓ Seems like easy money in between jobs
- ✓ You can make it up at the next job, right?

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What will be the cost of taking a \$5,000 early distribution from your retirement account?

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Beware of “cash out” temptation

Cashing out pretax balance of \$5,000 today vs. value after 30 years at 6% annual rate of return

Option	Value
Cash Out	\$3,250
No Cash Out	\$28,700

For illustration purposes only. Assumes 35% federal, state, and penalty tax. As investment returns are variable, we cannot guarantee any certain investment return or result. Past performance is not a guarantee of future results.

I would have given cash more often.

- ✓ Control the amount of presents to the kids
- ✓ Save it instead
- ✓ Encourage family members to do the same



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I would have bought used cars.

- ✓ Average new vehicle depreciation after first year is 20-30%
- ✓ From year two to six, 15% annually

<https://www.nerdwallet.com/articles/insurance/car-depreciation/#text=Your%20car%20value%20decreases%20around,more%20of%20the%20time%20value>

Comparing True Costs

Average new car price \$36,000



<https://www.edmunds.com/industry/press/new-vehicle-prices-climb-to-highest-level-of-the-year-in-2021-according-to-edmunds-analysis.html>
For illustration purposes only.

Comparing True Costs

Average new car price \$36,000

New Car	3-year-old Car
Interest Rate and Term: 1.9% over 72 months	Interest Rate and Term: 4.0% over 48 months
Monthly Payment: \$529	Monthly Payment: \$440
Total Paid for New Car: \$38,100	Total Paid for Used Car: \$21,100
Value at Payoff: \$12,000	Value at Payoff: \$10,200
Carrying Cost: \$26,100	Carrying Cost: \$10,900

For illustration purposes only. Past performance is not a guarantee of future results.

I would not have bought my last house first!



- ✓ Buy a more modest home you can easily afford now
- ✓ Save and allow appreciation to prepare for next purchase
- ✓ Buy your dream home

Final Home –

- ✓ Equity available
- ✓ Higher Income
- ✓ Know yourself better

THEN



NOW



Starter Home –

- ✓ Comfortably Afford
- ✓ Start Building Equity
- ✓ Provides Flexibility

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IN 2010 the total outstanding student loan debt was \$760 billion. How much student debt was outstanding as of 2020?

- \$950 billion
- \$1.2 trillion
- \$1.45 trillion
- \$1.70 trillion

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<https://educationdata.org/student-loan-debt-statistics>

I would have kept student debt in check.

- ✓ Does your child need to go to the “stretch” school?
- ✓ Be careful with loan forgiveness programs



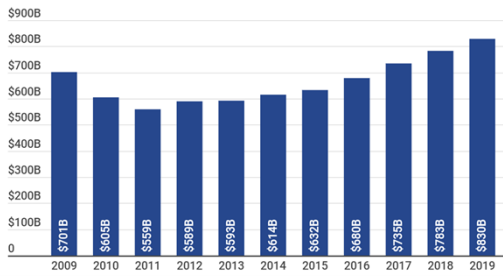
I would have resisted the “buy now, pay later” approach.



- ✓ Credit card debt happens easily
- ✓ Top priority: emergency savings
- ✓ Budgeting doesn't have to be hard

We Like to Charge

Overall U.S. Credit Card Debt



Source: <https://www.experian.com/blogs/ask-experian/state-of-credit-cards/>

We Like to Charge

Average Credit Card Balance and Limits

Year	Average Credit Card Balance	Average Credit Card Limits
2019	\$6,194	\$31,015
2018	\$6,040	\$30,181
2017	\$5,884	\$29,500
2016	\$5,686	\$28,610
2015	\$5,571	\$27,966

Source: <https://www.experian.com/blogs/ask-experian/state-of-credit-cards/>



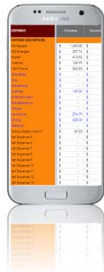
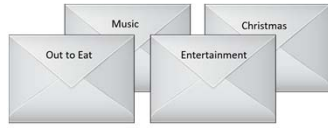




Reasons People Don't Use a Budget!

Objection – I'm not a spreadsheet kind of guy.

Response – A budget doesn't have to be complicated!



everydollar

Reasons People Don't Use a Budget!

Objection – I don't know where to start.

Response – Just start keeping track!



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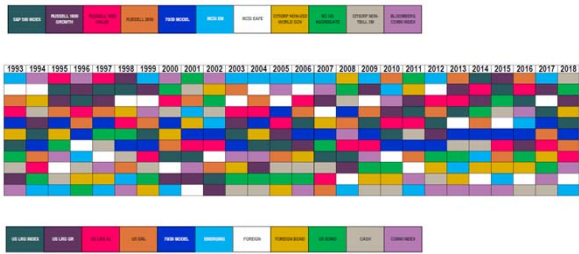
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I would have realized that my crystal ball is broken.



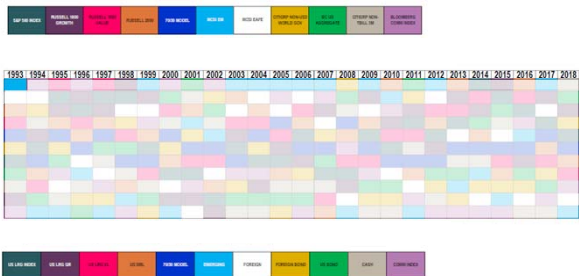
- ✓ Markets seldom react as you expect
- ✓ With a diversified portfolio, you'll always be unhappy with one of your funds
- ✓ Consider target date funds if you can't stand it

Asset class return rankings



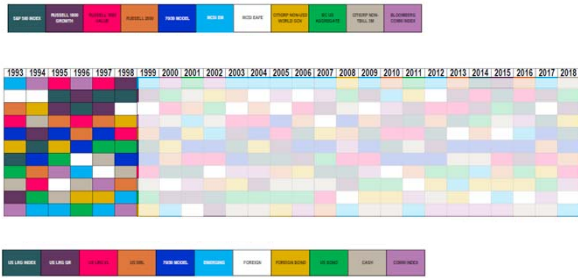
Source: Morningstar. As investment returns are variable, we cannot guarantee any certain investment return or result. Past performance is not a guarantee of future results.

Asset class return rankings



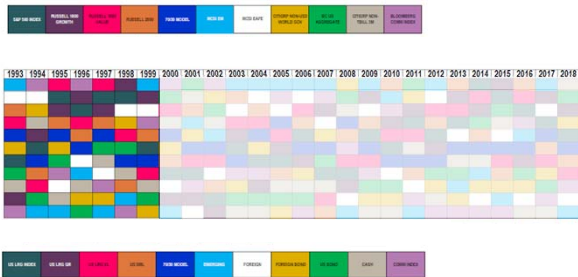
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Asset class return rankings



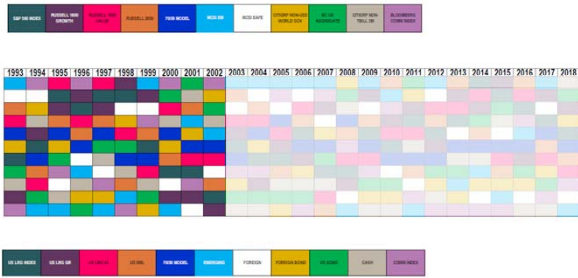
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Asset class return rankings



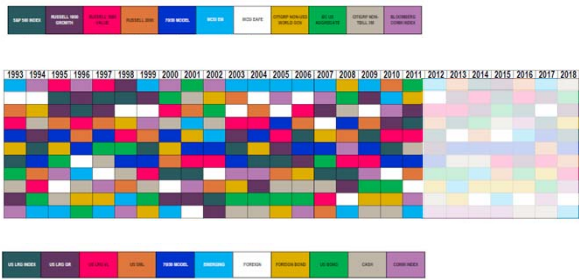
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Asset class return rankings



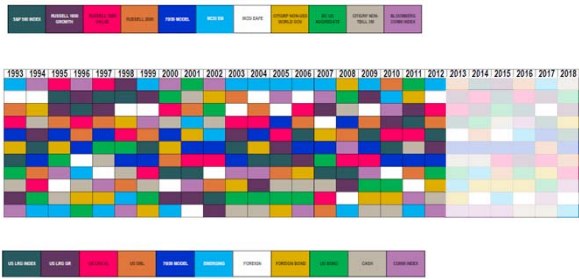
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Asset class return rankings



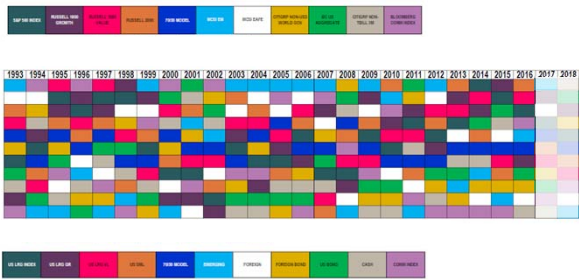
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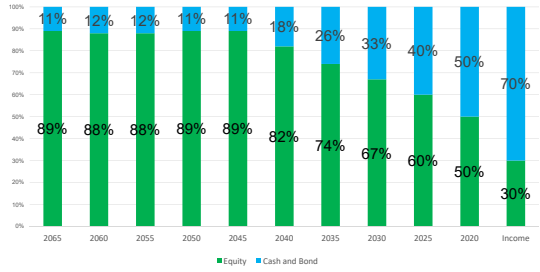
Asset class return rankings



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“Do it for me!”

Vanguard Target Retirement Funds Asset Allocation*



*Source: Morningstar, as of April 27, 2020. The summary prices/quotes/statistics contained herein have been obtained from sources believed reliable but are not necessarily complete and cannot be guaranteed. Past performance is no guarantee of future results. Money@Work is offered through Francis Investment Counsel, a Registered Investment Adviser with the SEC.

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