Create a budget, ditch your debt, and start building for the future.
Interactive experience

Strategies, tools and tips
DEBT MANAGEMENT

Why debt management is important

Good vs. bad debt

Debt types

Prioritizing debt

Monitoring your credit

What affects your credit score
Vacations

Dinner

That gadget
Prepared for the future

2X the cash

Money for emergencies

Essential SPENDING

A good target 50% or less of take-home pay
Essential SAVINGS

Retirement savings 15% pretax income

Emergency savings 5% take-home pay
Other wants & GOALS
Savings and spending check-up

50/15/5. It's a simple rule of thumb:

- 50% or less of your income should go to essential expenses,
- 15% to retirement savings, and
- 5% to short-term savings.

As long as you stay within those guidelines, the remainder is yours to save or spend as you see fit.

See how your actual savings and spending compares to our guidelines.

Get Started
Emergency
The rainy day fund

Open a separate savings or money market account
Put whatever you can into it
Treat it like a monthly bill
Allow it to earn interest for you
The hypothetical example on the following slides is based on monthly contributions to a tax-deferred retirement plan and a 7% annual rate of return compounded monthly. Your own Plan account may earn more or less than this example, and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against loss in declining markets.
Salary: $40K
Save: 6%
Annually: $2,400

Employee Savings with 401(k): 7%
- 10 years: $34,404
- 20 years: $102,081
- 30 years: $235,213
Other Goals

Once priorities are set
Difficulty saving for future

Leads to future debt

Affects your credit score
Low interest rates and pays for things that grow in value...

Good debt

Low interest rates and pays for things that decrease in value

Bad debt

High interest rates and pays for things that decrease in value
Debt types

- Student loans
- Mortgage
- Credit cards
- Auto loans

Debt management
Government loan rates are generally lower than private loans

Prioritize paying down loans over 8%

Unexpected costs

Deduct taxes, interest, and points

No more than 28% of your gross pretax income

Credit cards

Example

$2,000

15% 
Interest  
&  
$40
Minimum  

17 Years  

= $2,500  
In interest

Rates can vary greatly. Most cars depreciate in value.

Auto loans

Don’t scrimp on essential savings

Pay down high interest credit cards

Pay private student loans

Pay off low-interest debt

Prioritize
### 30-year fixed rate mortgage

**Loan amount: $300k**

<table>
<thead>
<tr>
<th>FICO Score</th>
<th>APR</th>
<th>Monthly payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>760-850</td>
<td>3.514%</td>
<td>$1349</td>
</tr>
<tr>
<td>700-759</td>
<td>3.736%</td>
<td>$1387</td>
</tr>
<tr>
<td>680-699</td>
<td>3.913%</td>
<td>$1417</td>
</tr>
<tr>
<td>660-679</td>
<td>4.127%</td>
<td>$1454</td>
</tr>
<tr>
<td>640-659</td>
<td>4.557%</td>
<td>$1530</td>
</tr>
<tr>
<td>620-639</td>
<td>5.103%</td>
<td>$1629</td>
</tr>
</tbody>
</table>

**Better rates**

This chart is for illustrative purposes only. Interest rates and associated monthly loan payments may fluctuate based on current market conditions.

Get a credit report
Get your free credit score

CreditKarma.com or credit.com*
(Or, see if it's on your credit card statement)

*Equifax, TransUnion, Experian, creditkarma.com, credit.com are not affiliated with Fidelity Investments.
What affects your credit score?

Debt management steps

- Understand good vs. bad debt
- Prioritize your payments
- Monitor your credit report and score
Balancing savings & debt

1. Save for unplanned expenses
2. Save for retirement
3. Pay off high-interest credit cards, then lower interest ones
4. Pay off private student loans
5. Save more for retirement
6. Make your payments on lower-interest-rate debt

Put your plan into action

Create a budget

Create a debt management plan

Take advantage of additional resources and tools on NetBenefits®
Do you currently have a budget in place?

A
No, but hope to get one started

B
Yes but finding it difficult to maintain or follow

C
Yes and it was well worth it
How many years do you have until retirement?

A 0-5
B 6-10
C 10-20
D 20+
What are you saving for?

A. Vacation
B. A new car
C. A new home
D. Kid’s college
E. Retirement
What do you consider essential spending?

A. Housing
B. Food
C. Child care
D. Dining out
E. Entertainment
What do you consider essential items to save for?

A. Retirement
B. Emergencies
C. Kid’s college
D. A new home
E. A new car
Approximation based on a 1%, 3%, or 5% increase in contribution. Continued employment from current age to retirement age, 67. We assume you are exactly your current age (in whole number of years) and will retire on your birthday at your retirement age. Number of years of savings equals retirement age minus current age. Nominal investment growth rate is assumed to be 5.5%. Hypothetical nominal salary growth rate is assumed to be 4% (2.5% inflation + 1.5% real salary growth rate). All accumulated retirement savings amounts are shown in future (nominal) dollars. Your own plan account may earn more or less than this example and income taxes will be due when you withdraw from your account. Investing in this manner does not ensure a profit or guarantee against a loss in declining markets.
What are you saving for?

A. Vacation
B. A new car
C. A new home
D. Kid’s college
E. Retirement
PRIORITIZING DEBT

Pay off low-interest debt

Pay private student loans

Set aside money for emergency and retirement

Pay down high-interest credit cards
Investing involves risk, including risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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