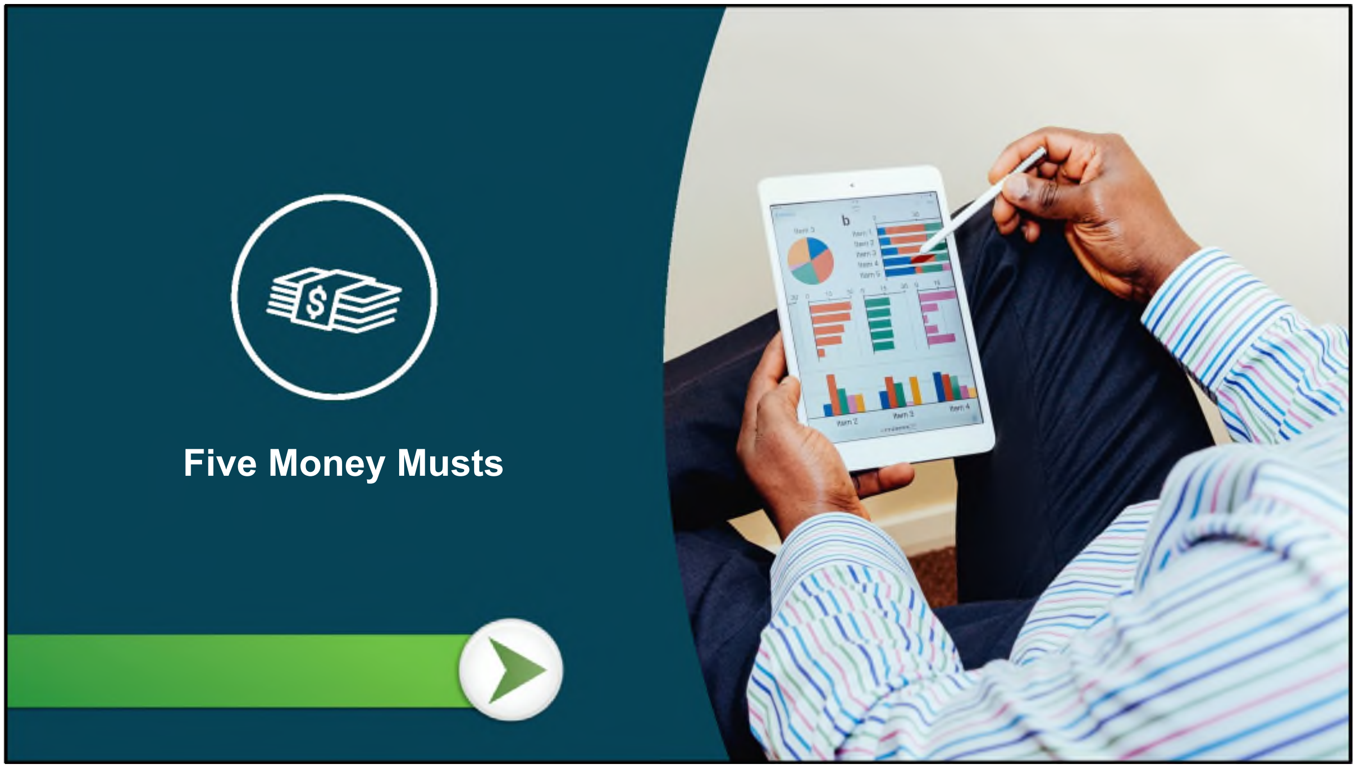
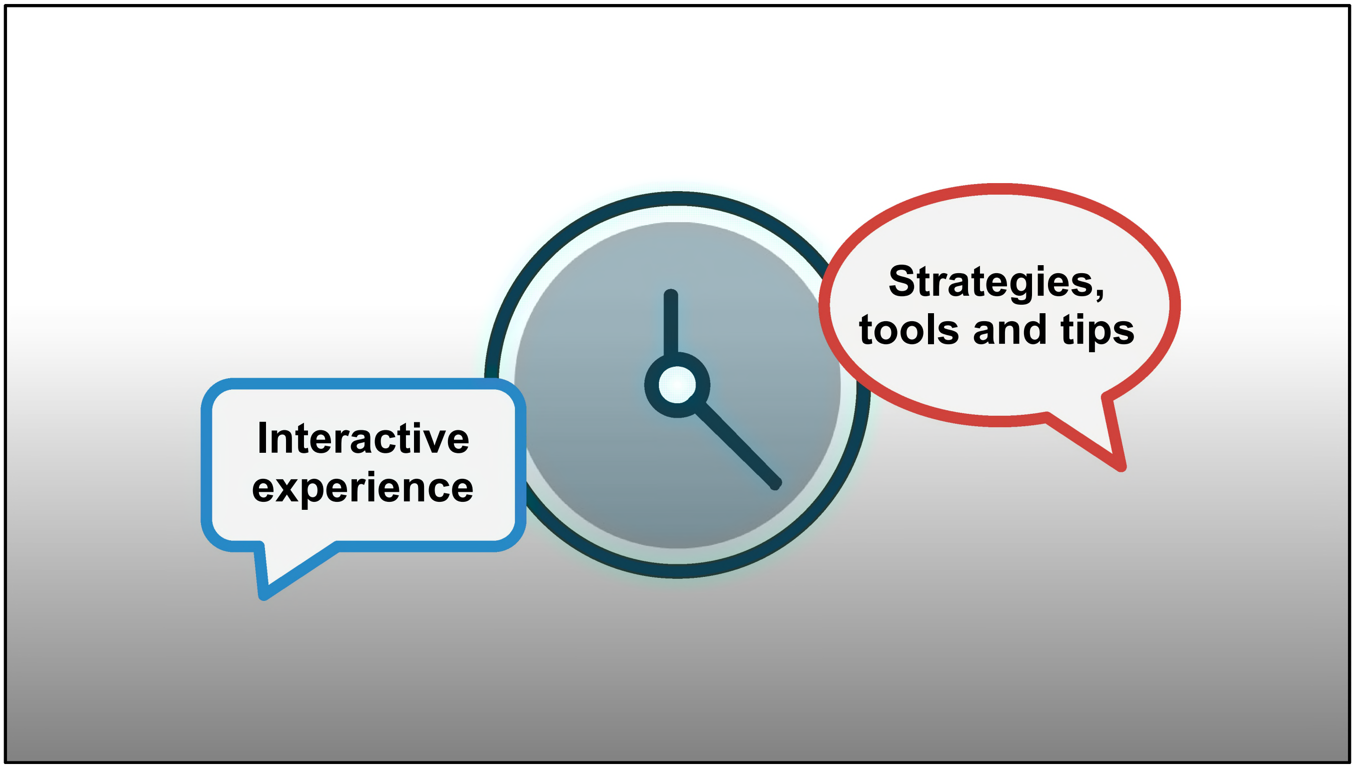


Welcome to our workshop, Five Money Musts. This workshop is designed to be a basic introduction to money. Over the next 60 or so, we'll focus on helping you understand five basic money concepts to help you start your financial journey on the right foot.

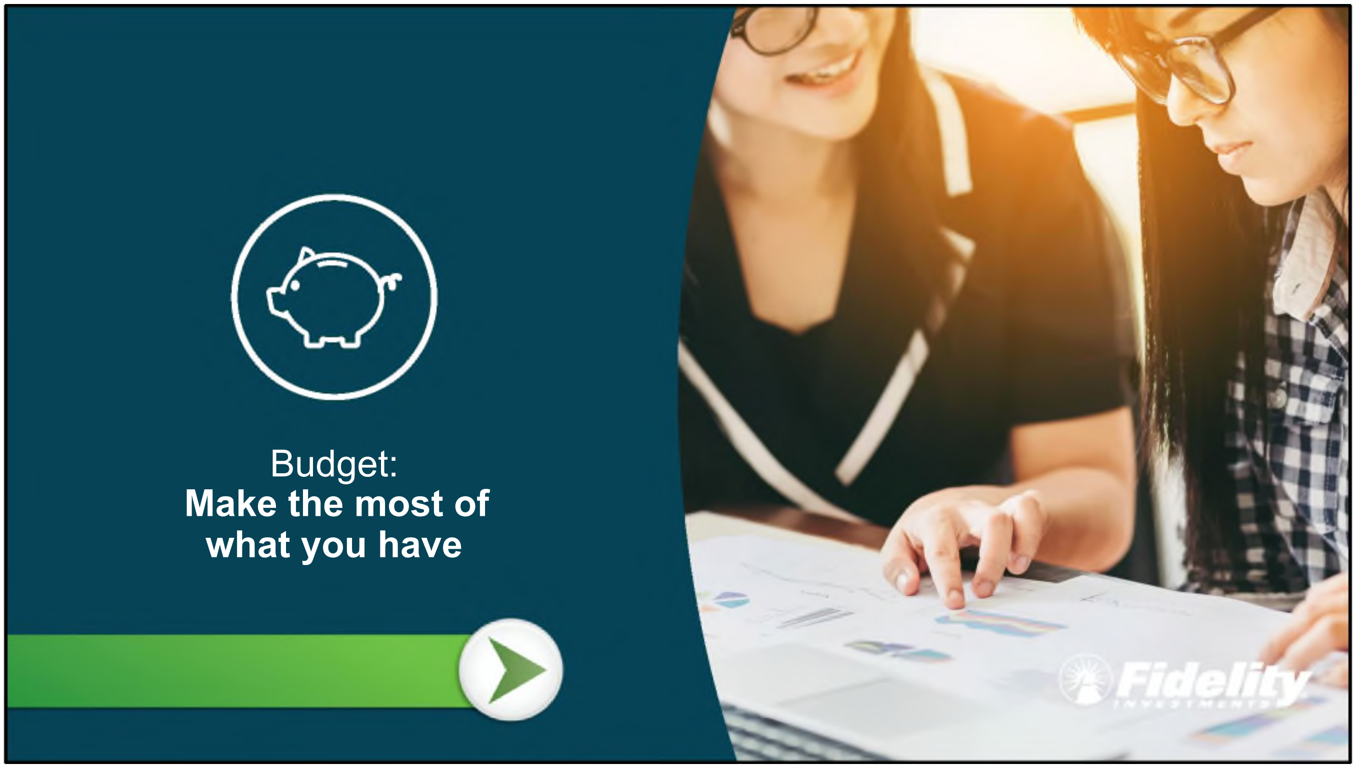


Today's presentation will be an interactive experience where we'll be discussing the basics of finance. Let's get started.

Agenda

In this workshop, we’re going to cover five money "musts:"

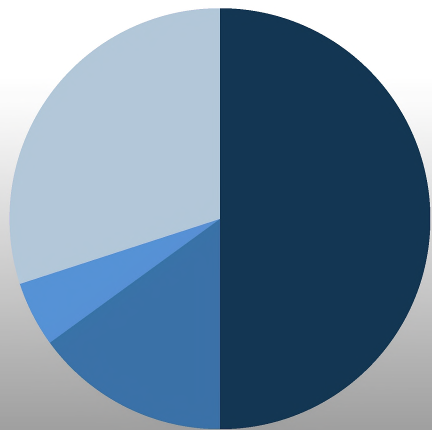
- Budget
- Credit
- Debt
- Investing
- Retirement



While you might think it's easier to just live your life without analyzing your spending, creating a budget is the best way to ease money worries. A budget is the foundation for all finances, but it doesn't have to be a burden.

BUDGET

The 50/15/5 rule of thumb



50% = Essentials
(housing, food, healthcare, debt payments, and utilities)

15% = Retirement fund

5% = Emergency fund

30% = Whatever you want!

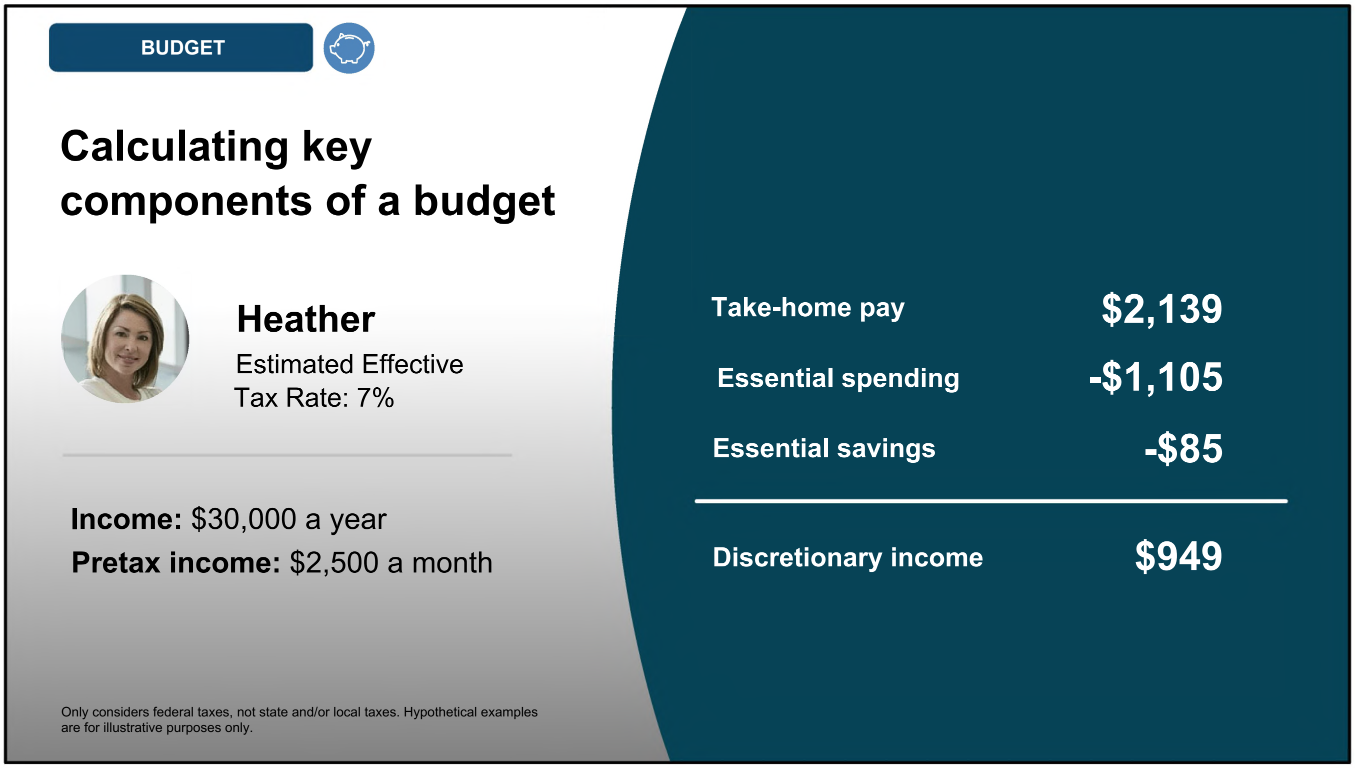
The 50/15/5 rule of thumb can help you divide your money into each bucket and even have some left over.

50% should cover your essentials. That includes housing, food, healthcare, debt payments, and utilities.

15% should go into your retirement fund.

And 5% should go into the short-term savings bucket, in case any emergencies come up.

By staying within those guidelines, the other 30% is yours to save or spend however you want. Of course, these numbers aren't achievable for everyone, but I hope this guide helps you develop some goals.



Calculating Key Components of a Budget

As you can see, in this scenario, "Heather" makes about $30,000 a year. That amounts to $2,500 per month in pre-tax income, which translates to $2,139 a month in take-home pay [$2,500 - $200 pretax retirement contribution = $2,300 x (1 - 0.07) = $2,139].

The first thing she needs to do is track his monthly Essential Spending expenses. For her, this amounts to a bit over $1100 per month, or 52% of her take-home pay. Not exactly what she's hoping for, but not terrible.

Next, she turns her attention to Essential Savings. We already mentioned that Heather is deferring $200 per month as a pre-tax contribution to her company's retirement plan. That's $2,400 per year, equaling 8% of his pre-tax income, and was part of the calculation of her take-home pay.

And let's say she also decides to set aside $85 per month for emergency savings, which amounts to about 4% of her take-home pay.

Once she's got all that figured out, Heather can then make decisions about using his discretionary income for her Other Wants and Goals.

By writing all this down, heather can clearly see that, as long as she spends $949 per month or less on her discretionary costs, she'll be living within her means, and still saving for her future financial goals.

One thing Heather may want to consider is increasing her retirement savings by about $100 per month to be closer to that 15% retirement savings guideline.

BUDGET

Example scenario - Heather

Heather

Estimated Effective Tax Rate: 7%

Income: $30,000 a year

Pretax income: $2,500 a month

Take-home pay: $2,139 a month

Essential Spending

Rent	$695
Groceries	$85
Health care	$90
Transportation	$45
Utilities	$50
Credit card min.	$50
Student loans	$90

After-tax total: $1,105 or 52%

Essential Savings

Retirement savings $200

Pretax total: $200 or 8%

Emergency savings $85

After-tax total: $85 or 4%

Other Wants and Goals

- Takeout
- Shopping
- Travel
- Gym membership
- Car savings

Only considers federal taxes, not state and/or local taxes. Hypothetical examples are for illustrative purposes only.

Heather

From the previous example we know Heather earns $30,000 a year. She's paying off his student loans, and has recently started contributing to her employer's workplace savings plan.

Her monthly income before taxes is $2,500 and after-tax pay is $2,139.

Heather's essential spending total is $1,105 a month, or 52% of her take-home pay.

As for her savings, Heather is putting 8% toward her pretax retirement savings, for a total of $200 per month. She's also saving $85 per month for her after-tax emergency savings, with the goal of saving 3 to 6 months' living expenses.

Finally, Heather spends the rest (her discretionary income) on her other wants and goals. These include enjoying take-out food, going to the gym, and saving up for a new car. If Heather cut her spending just a bit, she could put that extra money toward her retirement savings to get up to the suggested 15% savings rate for retirement.

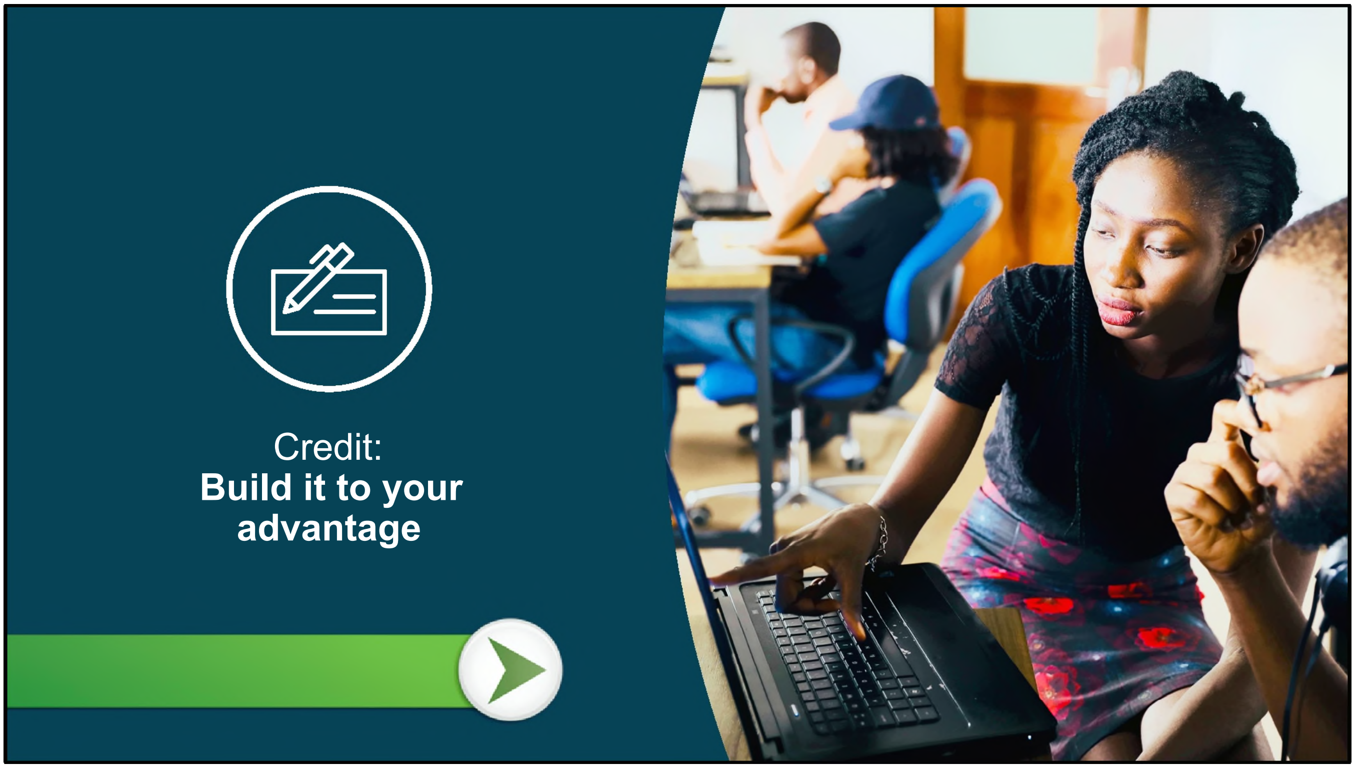
BUDGET

Download a Worksheet to Help You Track Your Budget:

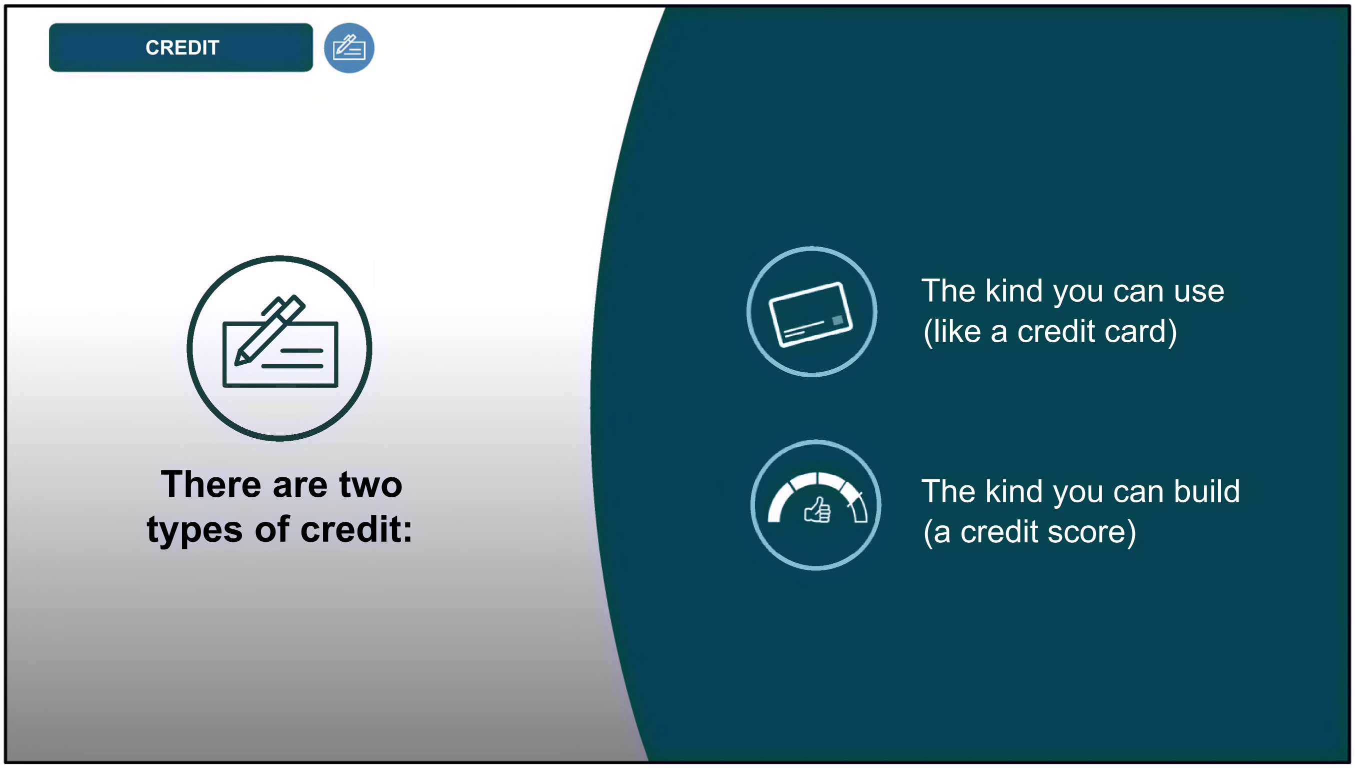
Fidelity.com/CreateYourBudget

Download the "Understanding Your Spending Activity Sheet" to help you track your budget.

Fidelity.com/CreateYourBudget



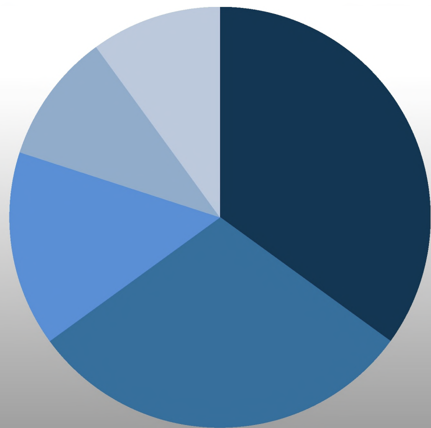
Credit is a bit confusing. But if you understand how it works, you can work it to your advantage.



Most of us get our first piece of plastic without really knowing the ins and outs of credit, and how it can affect other life decisions down the road—like buying a car or a house. Think of it this way: There are two types of credit—the kind you can use (like a credit card) and the kind you can build (a credit score).

CREDIT

What goes into a credit score?



H 35% = Payment history

H 30% = Credit utilization

H 15% = Credit history

Ц 10% = Inquiries

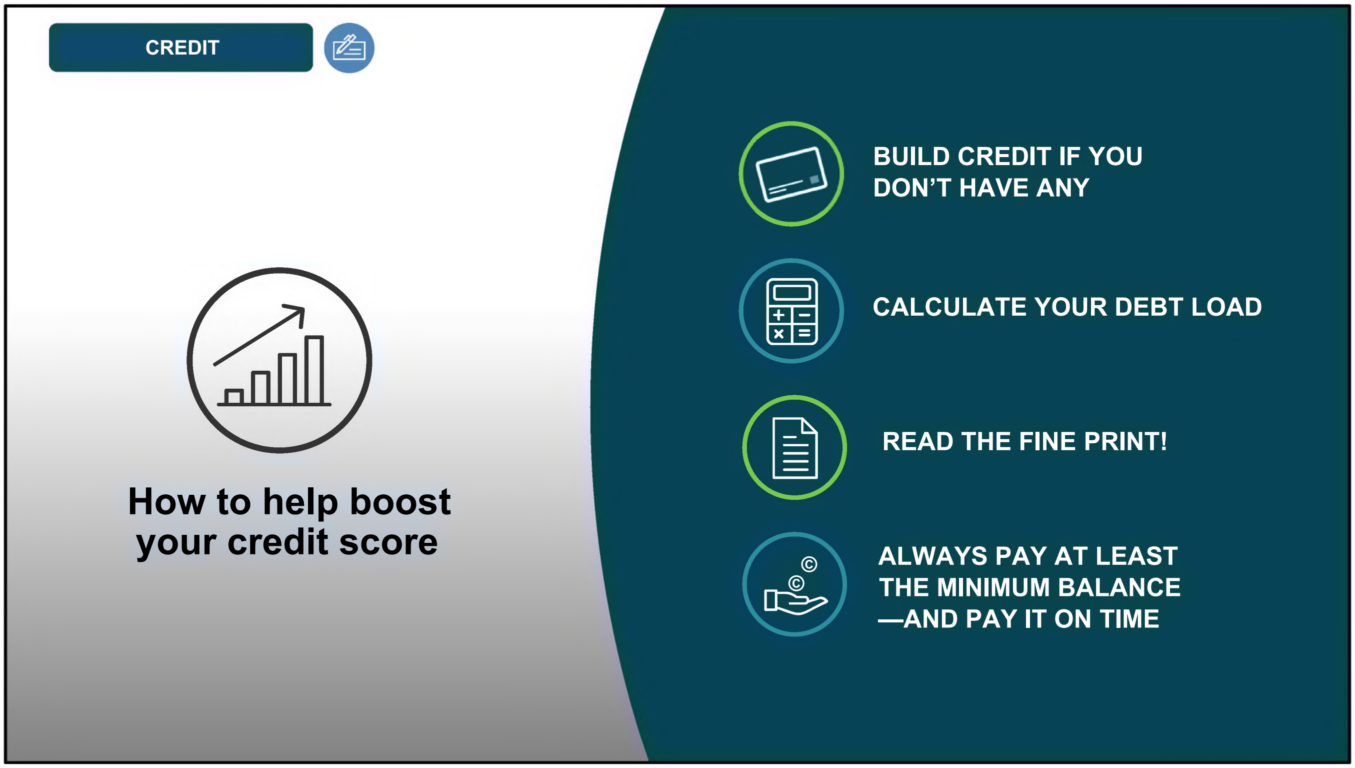
10% = Credit mix

Source: FICO

What’s a credit score?

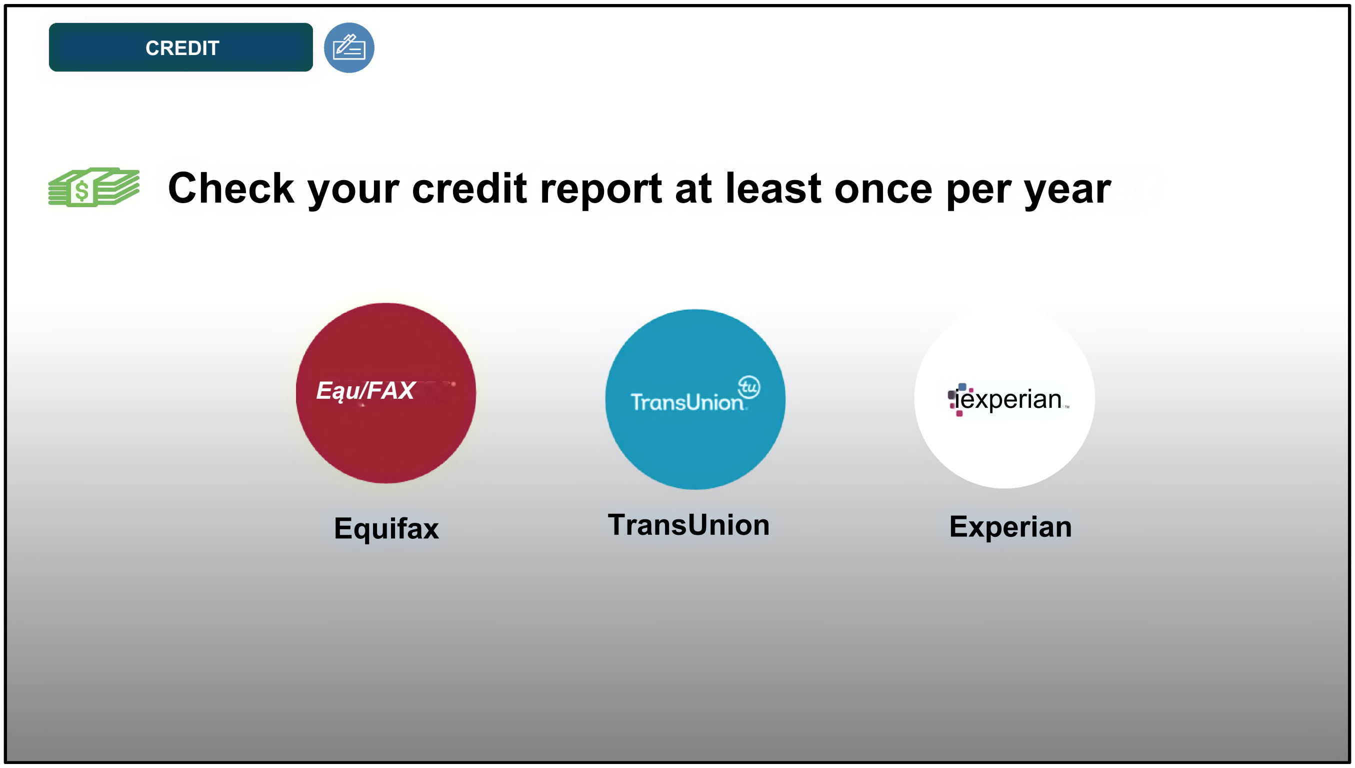
Here’s what you need to know:

- The biggest factor in determining your credit score is your payment history, or whether you’ve made your minimum payments on time, made them late, or missed them entirely. It also covers debts that have been turned over to a collection agency.
- The next most-important factor is credit utilization. That means how much of your available credit you’re using. So, if you have a card with a limit of $10,000, but you’ve only put $500 on it, your credit utilization is low (which is good).
- Next on the list is the length of your credit history. The longer, the better, as it shows you have a history of taking loans and paying them back. Keeping an old credit card open could help you here, since closing accounts effectively lowers your credit age.
- "Hard" credit inquiries, like those triggered by a credit application, can lower your score, but so-called "soft" inquiries, like those from an insurance company, shouldn’t affect you much at all.
- Finally, two categories are taken into consideration to determine your credit mix: revolving credit with varying payments such as a credit card, and installment accounts with fixed payments, like student loan, a car loan, or a mortgage.



So how can you boost your credit health?

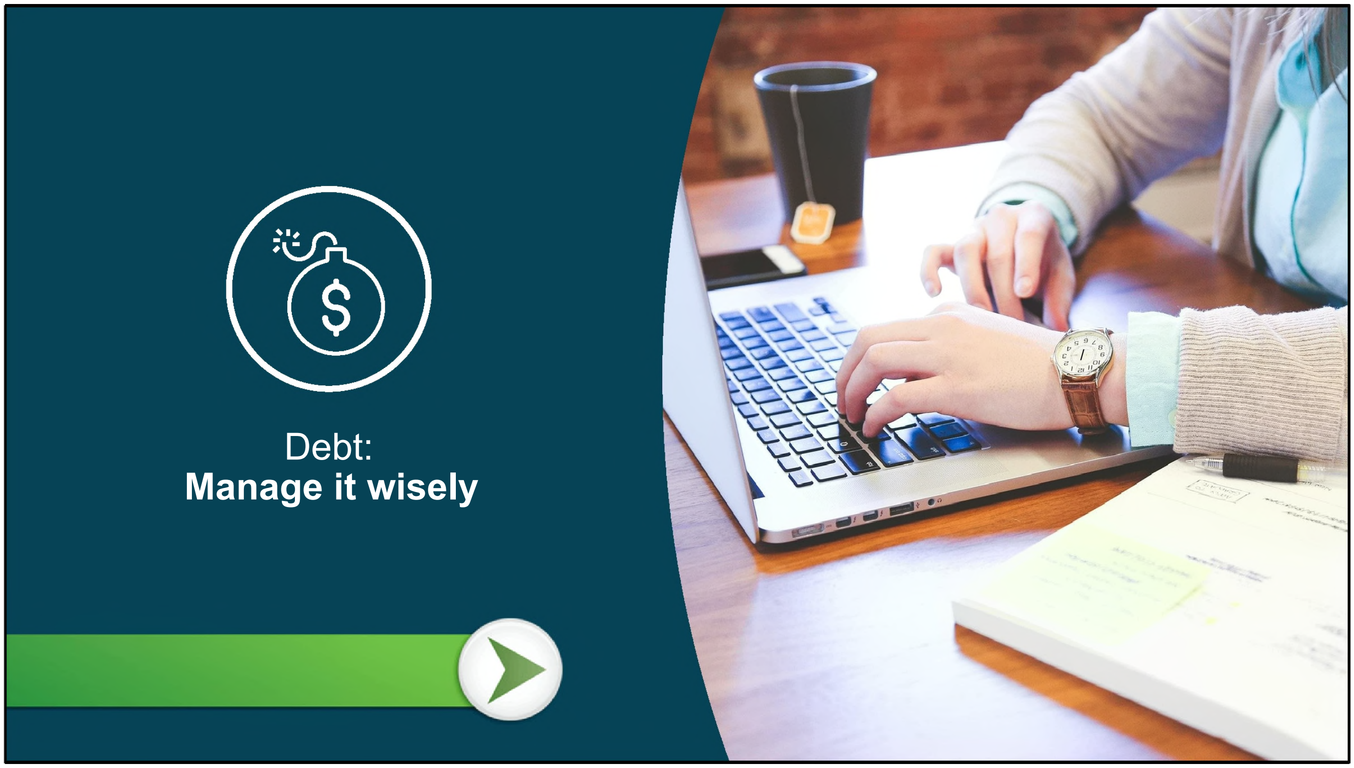
- Build credit if you don't have any.
- Calculate your debt load. Try to make sure your payments are less than one-third of your income.
- Read the fine print! Compare offers when you're shopping for a line of credit. Getting the lowest interest rate possible is key.
- Finally, always pay at least the minimum balance—and pay it on time.



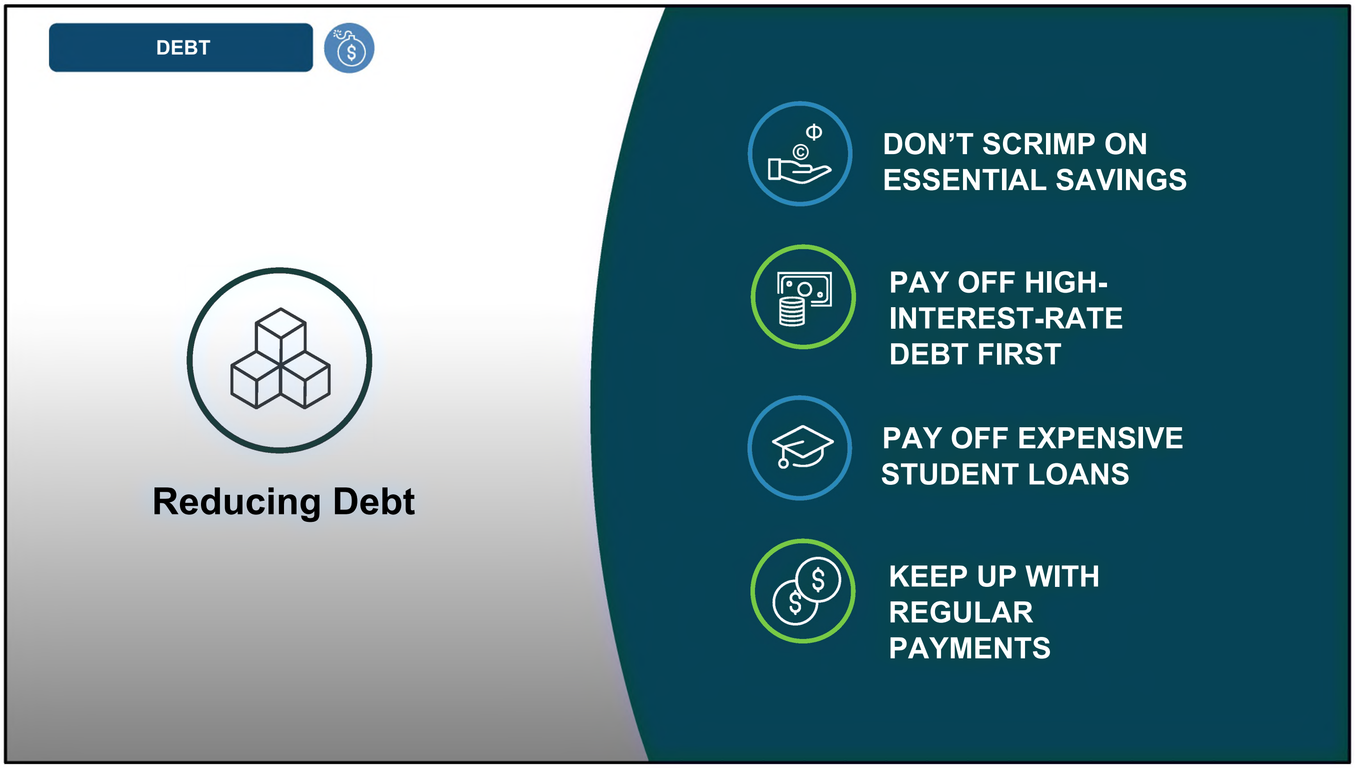
You can get a credit report each year from one of the three major bureaus:

- Equifax
- TransUnion
- Experian

They keep track of the credit you hold. You should check your report for inaccuracies like accounts that don't belong to you, or unknown addresses or employers. Mistakes like these can flag that your identity has been stolen. They also affect your credit score.



Debt can be tough to manage, but if you have a plan, you CAN get out of it. Managing debt is a two-part process: Paying off what you owe and avoiding going into greater debt.



4 Steps for Reducing Your Debt

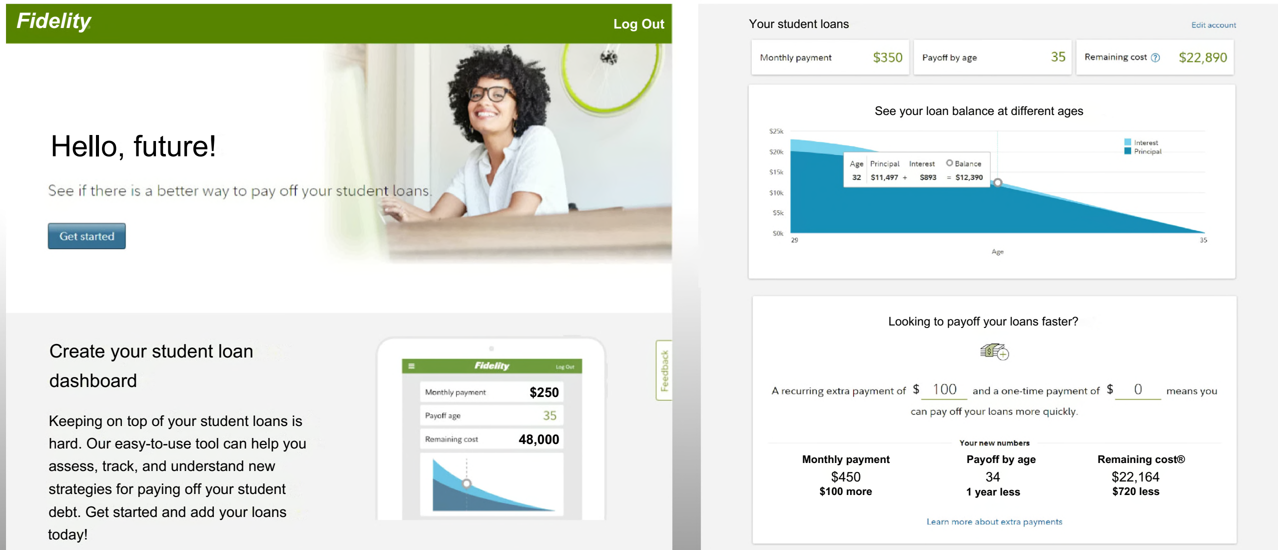
First, make sure you don't scrimp on essential savings. Saving can help protect you from the unexpected, and potentially put you on a path toward a more comfortable future. So even if you only give a bit each month, it should still be your top priority.

Next, go after those high-interest credit cards, and try to get the balances down to zero. Then do the same with the lower-interest-rate cards.

After that, target your most expensive student loans—especially the ones with interest rates over 8%—and pay them off.

While you're doing all this, make sure that you keep up with your regular mortgage, auto, and lower-rate student loan payments.

DEBT



Visit: **Fidelity.com/mystudentdebt**

Screenshots for illustrative purposes.

The Student Debt Tool is a great resource that lets you use your personal loan numbers to model out different repayment scenarios, like federal income-based repayment plans, making extra payments, and refinancing, and then decide how best to tackle your debt. The tool also includes action plans so you can take control of your loans and find a better way to pay them off.

DEBT

Download a Worksheet to Help You Manage Your Debt:

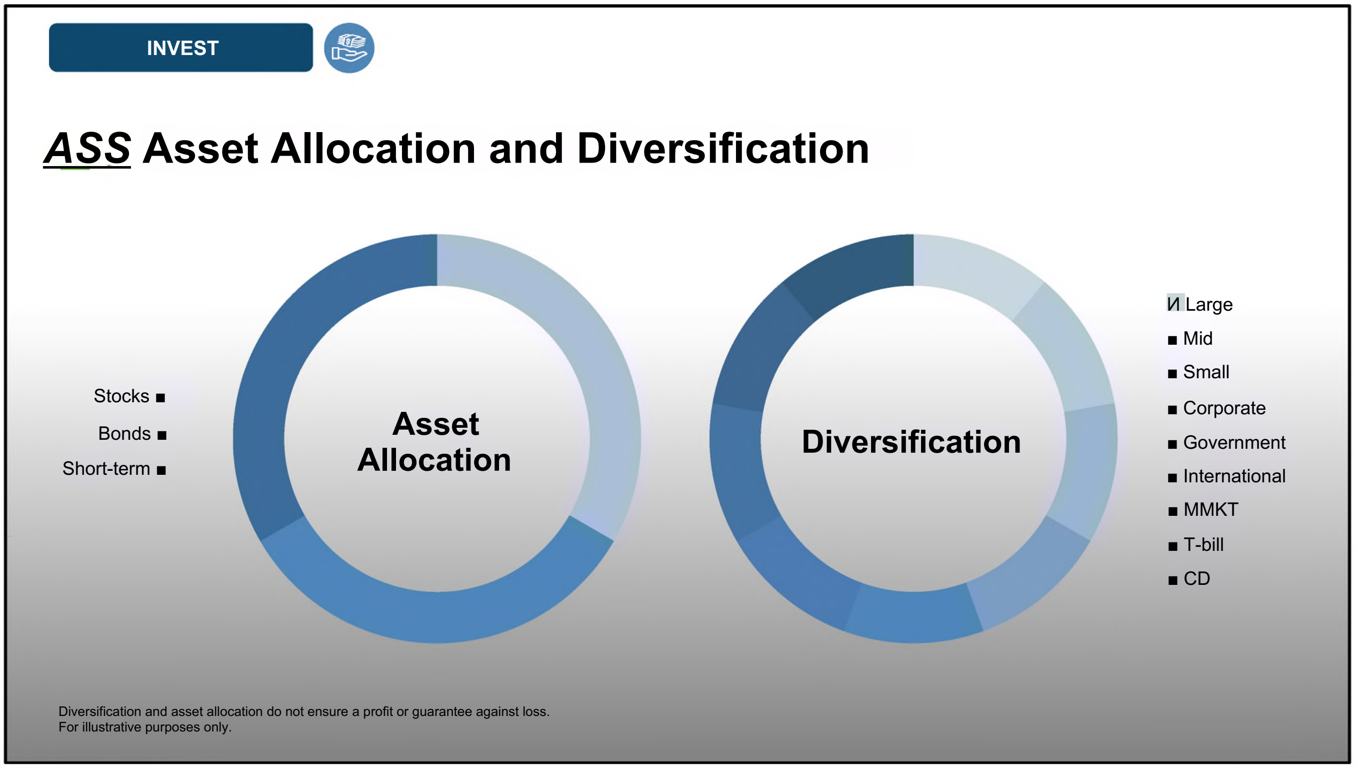
Fidelity.com/ManageYourDebt

Download the "Managing Your Debt Activity Sheet” to help you manage your debt.

Investing can be one of the best ways to reach your long-term financial goals.

Unlike with a savings account, there's risk involved in investing your money. There's always a chance that the market could go down and you could lose a good portion of your investment.

Saving and investing can both have benefits depending on your financial goal.

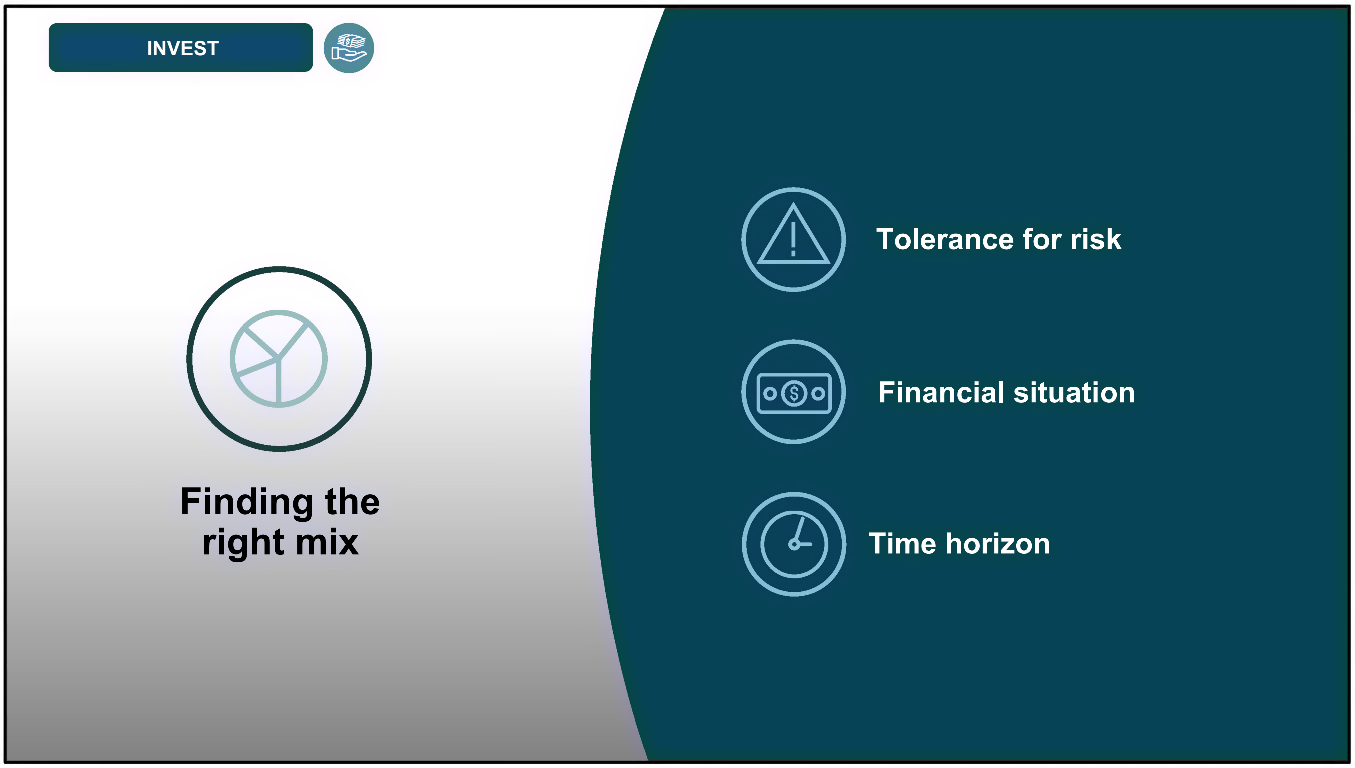


An important part of investing is finding a mix of investments to help meet your needs and goals. Fidelity recommends a blend of types to balance risk and reward. Your personal needs and time horizon determine the mix that's right for you. There are two main principles that can help you do this: asset allocation and diversification.

Asset allocation means putting your money into a combination of investment types to help manage risk. Typically, this includes stocks, bonds, and short-term investments.

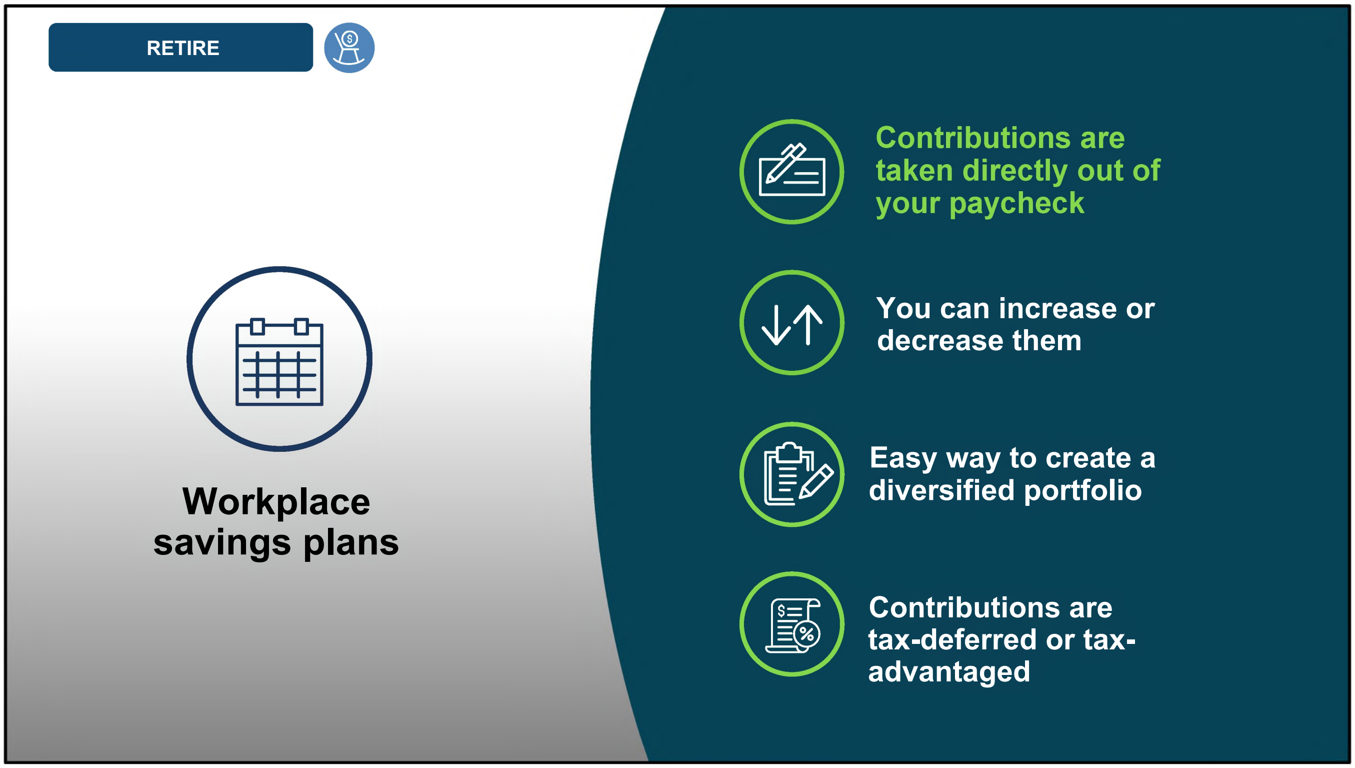
Diversification means spreading your money within each of the different investment types. By investing across different companies, industries, countries, and business sizes, you'll have greater potential for growth because your overall portfolio isn't dependent on any one type of investment.

Diversification and asset allocation do not ensure a profit or guarantee against loss.



When selecting your investments, it’s important to consider your risk tolerance, your financial situation and goals, and your timeline. Your financial situation is unique. This is why understanding your short- and long-term financial needs will help you choose an approach to help you meet your goals.

You only need to do a few small things today to help your future self retire.



Your workplace savings plan is hard to beat for its ease and convenience.

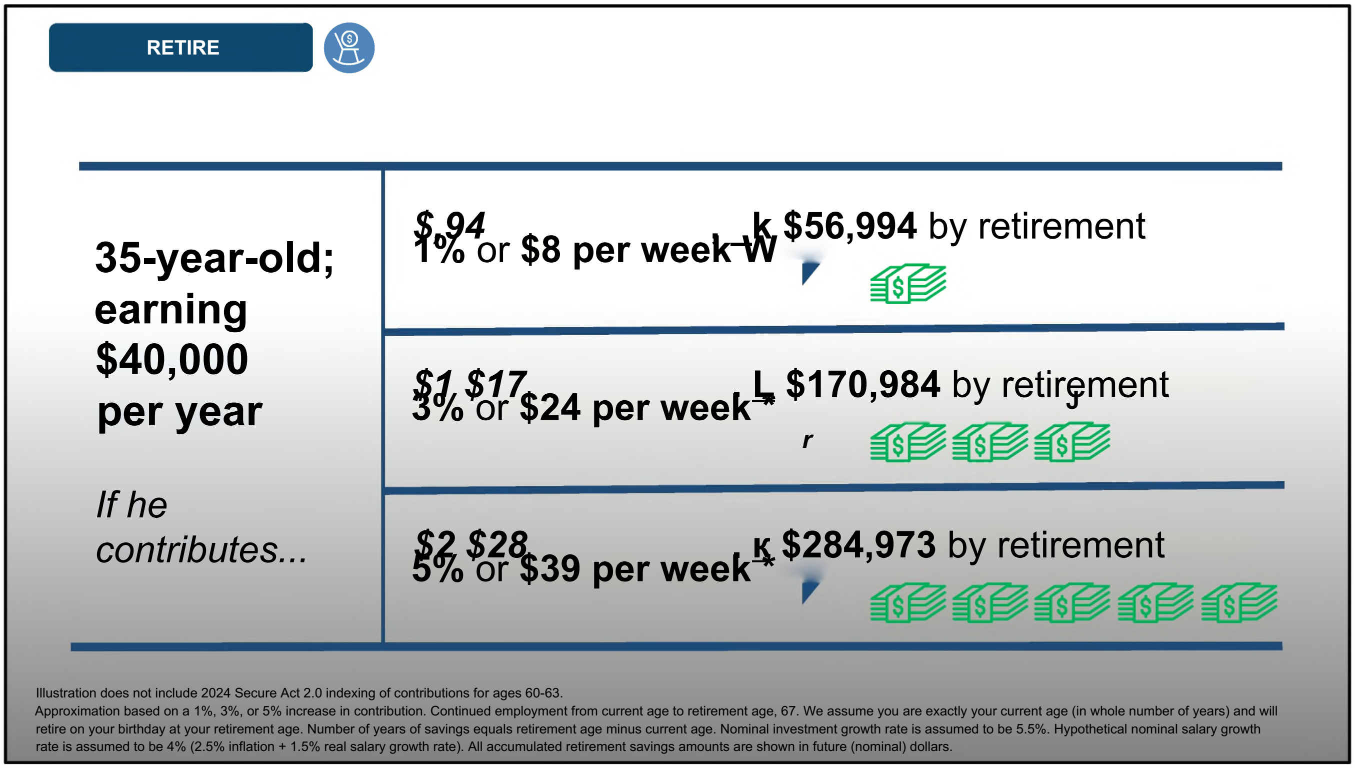
Your contributions are taken directly out of your paycheck and you can increase or decrease them as you see fit. Your plan might even offer the option of automatically increasing your contribution amount annually.

Workplace savings plans are also an excellent way to create a diversified retirement portfolio. You don't have to do the work of picking individual companies or funds to invest in.

The contributions to your savings plan are tax deferred. You may actually lower your current taxable income if you contribute to the plan.

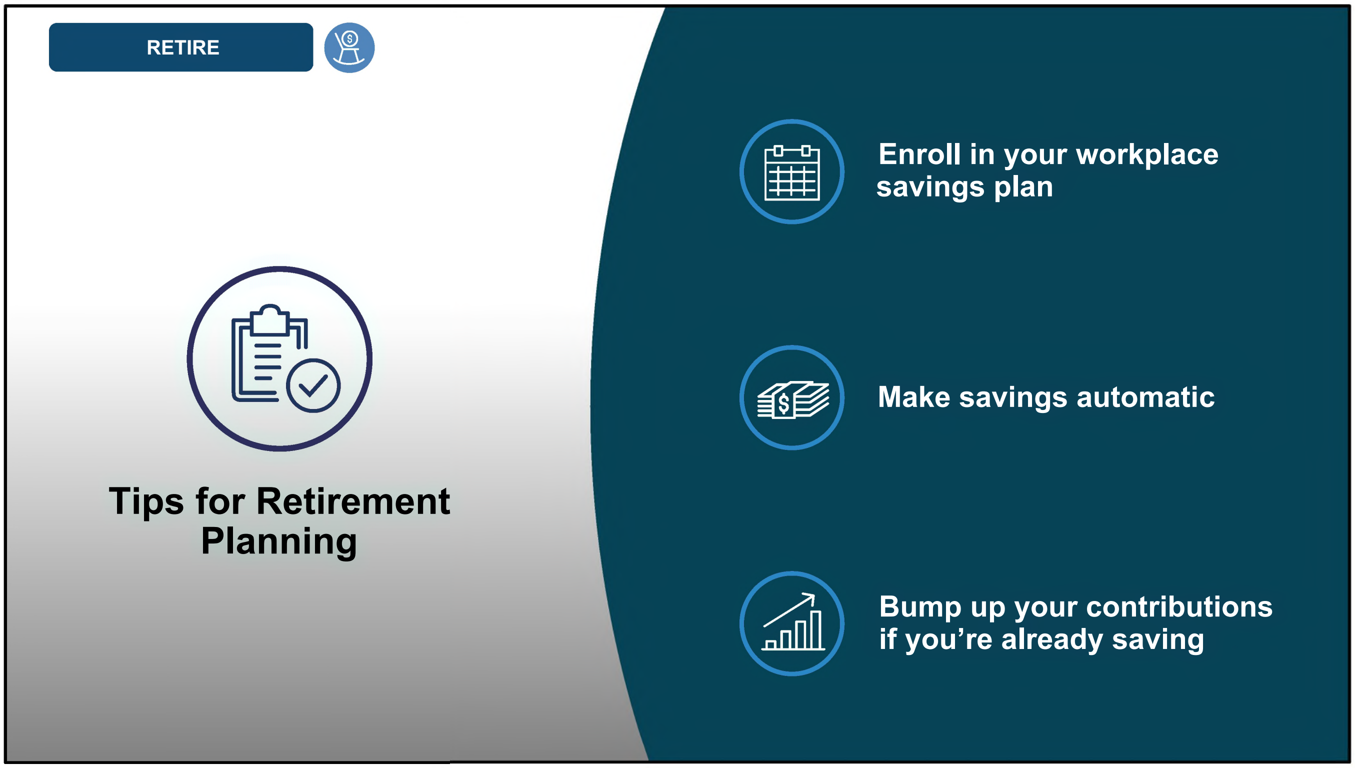
The Roth contributions to your savings plan are tax advantaged.

Finally, there is the potential for compounded growth: Any earnings on your savings are reinvested right back into your account, where they can produce additional earnings. The longer you keep the money in your account, the harder each dollar can work for you.



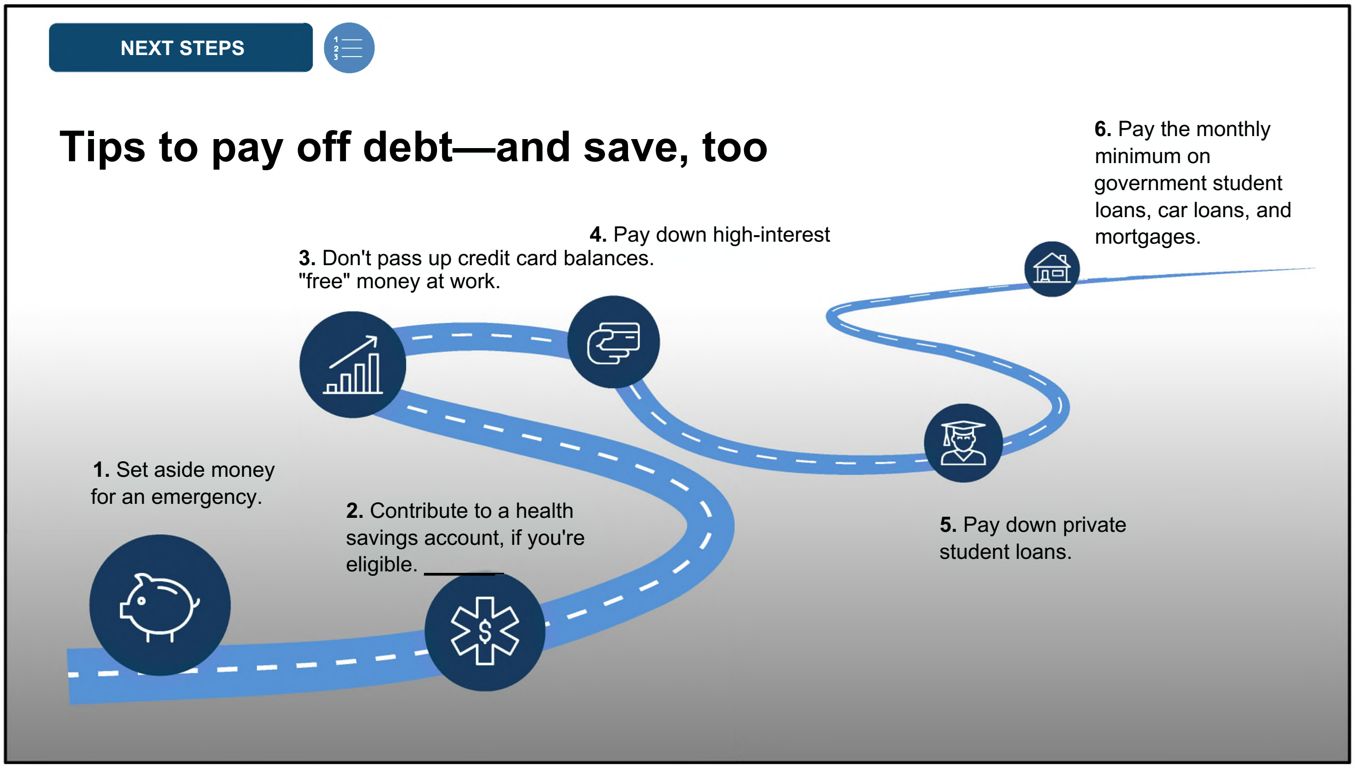
Let’s consider a hypothetical 35-year-old who is earning $40,000 per year to show an example of compounded growth potential.

- If he contributes just 1% or $8 per week, he could have $56,994 by retirement.
- If he contributes 3% or $24 per week, he could have $170,984 by retirement.
- And if he bumps that up to 5% or $39 per week, he could have $284,973 by retirement



- Make sure you have a place to start saving for retirement— consider enrolling in your workplace savings plan if you haven't already.
- Make savings automatic and you'll build up your retirement without even thinking about it.
- Finally, bump up your contributions to your retirement fund if you're already saving.

You only need to do a few small things today to help your future self retire.



Balancing paying off debt and saving can be tricky. Here's some helpful tips:

1. **Set aside money for an emergency.** Losing your job—or being hit with an unexpected expense—could force you into a financial hole. In general, saving for 3 to 6 months of expenses is a good starting point. (**Tip:** Set up automatic payments from your paycheck or checking account into a separate emergency fund account.)

2. **Contribute to a health savings account if you're eligible.** If you have a high deductible health plan (HDHP), consider contributing at least enough to your health savings account (HSA) to cover your anticipated health care expenses. If you're not sure how much you need, then at least contribute enough to cover your deductible.

3 **Don't pass up "free" money at work.** Paying down debt is important, but if your employer matches your contributions to a workplace savings plan, such as a 401(k) or 403(b), don't pass it up.
Tip: Help this money grow by taking advantage of the investment options offered through your plan.

4. **Pay down high-interest credit card balances.** Paying just the minimum required amount means those high interest rates are being applied to the remaining balance. So if you can, consider paying more than the minimum each month.
Tip: Check your credit card statement to see how long it will take to pay off the balance—and how much it will cost you—if you make only the minimum payment.

5. **Pay down private student loans.** Private student loans carry higher interest rates than government student loans. If you have a private student loan, paying it down can save you quite a bit.

Tip: In general, it's a good idea to pay down student debt that carries an interest rate higher than 8%.

6. **Pay the monthly minimum on government student loans, car loans, and mortgages.** Because these loans have lower interest rates—and some offer tax benefits—it generally makes sense to make only the minimum monthly payments.

Tip: If you have federal student loans, you may qualify for an income-based repayment plan or public service loan forgiveness. If you don't qualify for a loan forgiveness program, refinancing your loan could be a money-saving option.

- **Pay down:** It makes sense to pay off high-interest debt (private student loans above 8% interest) first, especially if you cannot deduct the interest.
- **Toss up:** It may be beneficial to pay down medium-interest-rate debt, such as Direct PLUS and Direct Unsubsidized loans for graduate students, in certain situations and not others. Many factors can affect this decision, such as current and future tax rates, how comfortable you are with risk, and your goals.
- **Pay monthly minimum:** Low-interest-rate debt, such as Direct loans for undergraduates and Perkins loans, or medium-interest-rate debt that is tax deductible, may not need to be paid down early because of the tax benefits and low interest rates.

We covered five core money concepts: budget, credit, debt, investing, and retirement.

NEXT STEPS

Helpful resources

Download Tools to Help You
Track Your Debt and Budget:

Fidelity.com/ManageYourDebt Fidelity.com/CreateYourBudget

NEXT STEPS

Helpful resources

View Additional Workshops on NetBenefits:

Get a Handle on Your Student Loan Debt

Take the First Step to Investing

Here are some helpful resources that can help you take the next step after today's presentation. Login in to NetBenefits for access to

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Let an experienced Fidelity representative, dedicated to the **Duke Faculty and Staff Retirement Pla**n, help you develop a comprehensive retirement and investment plan that aligns with your overall financial goals.

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Thank You!

Thank you!

Investing involves risk, including risk of loss.

Recently enacted legislation made a number of changes to the rules regarding defined contribution, defined benefit, and/or individual retirement plans and 529 plans. Information herein may refer to or be based on certain rules in effect prior to this legislation and current rules may differ. As always, before making any decisions about your retirement planning or withdrawals, you should consult with your personal tax advisor.

In general, the bond market is volatile, and fixed income securities carry interest rate risk. (As interest rates rise, bond prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities). Fixed income securities also carry inflation risk, liquidity risk, call risk and credit and default risks for both issuers and counterparties. Lower-quality fixed income securities involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Foreign investments involve greater risks than U.S. investments, and can decline significantly in response to adverse issuer, political, regulatory, market, and economic risks. Any fixed-income security sold or redeemed prior to maturity may be subject to loss.

Stock markets are volatile and can fluctuate significantly in response to company, industry, political, regulatory, market, or economic developments. Investing in stock involves risks, including the loss of principal.

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