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**SESSION 2: FUTURE PLANNING**

**We will be discussing the following:**

1. **Saving Money**
2. **Investment Strategies**
3. **Home Purchasing**

*Please make sure you have a pen and paper for notes*

**SAVING MONEY**

**How to start saving money**

Saving money begins with your mindset.

Avoid thinking of money-saving techniques as restrictive — although they can often feel that way. At Streams2Success, we think about a budget as a spending plan because saving money doesn’t mean you have to quit spending altogether. It just means you must prioritize some financial goals over others.

Depending on how much you want to save, here’s how to do it.

**Get serious about a budget**

Ready to get started? We recommend the 50/30/20 budget for smart money management. Devote 50% of your income to necessities, 30% to wants and 20% to savings. If you find one of your allocations exceeds these percentages, make some adjustments to fit the formula.

**Daily savings**

Simple tweaks to your daily routine can yield small savings that add up over time. Check out the links below to find ways to save on everyday activities like grocery shopping, dining out and entertainment.

**Monthly savings**

Lowering recurring payments may require some legwork, but the potential savings make the effort worthwhile. You could save as much as $40 per month by changing your cable package or more than $50 per month by refinancing your car loan. Keep reading for more ways to save on monthly expenses.

**Long-term savings**

Saving over the long term — to build an emergency fund, take your dream vacation or make a down payment on a new home — doesn’t just happen. It requires planning and discipline. Learn how to set goals, track spending and save on your biggest expenses.

**Set savings goals:** Think about why you’re saving. Is a wedding on your horizon? Are you getting ready to buy your first home? Keep that picture in mind. It’ll help keep you motivated. Then set a specific but realistic goal. It may be “save $5,000” or “pay off my credit card debt faster.” It’s OK to start small. Little steps add up.

The best ways to save money

Our 16 steps can help you save on expenses big and small. Here’s a quick recap:

* Use an automated tool
* Take manual savings actions
* Prep for grocery shopping
* Order smaller servings at restaurants
* Get discounts on entertainment
* Map out major purchases
* Restrict online shopping
* Make your own gifts
* Lower your car payment
* Bundle cable and internet
* Switch your cell phone plan
* Monitor your electric bill
* Lower your student loan payments
* Track spending
* Refinance your mortgage
* Set savings goals

**INVESTMENT STRATEGY**

The best investing strategies are one where you can maximize your return while minimizing your risk, and while you can invest in literally anything, the best investments I’ve found are stocks, bonds, and real estate.

**Start Your 401k Early**

It's never too early or too late to start saving in a 401k plan. Even if you're in your 40s or 50s, there's still time to build a significant nest egg for retirement. Therefore, there's not a magical age to start saving in a 401k plan but rather this simple savings advice: The best time to start saving in a 401k plan is yesterday, the second-best time to start saving in a 401k plan is today, and the worst time to start saving in a 401k is tomorrow.

**529 Plan Overview**

A 529 plan is an education savings plan sponsored by a state or state agency.

Savings can be used for tuition, books, and other education-related expenses at most accredited two- and four-year colleges and universities, U.S. vocational-technical schools, and eligible foreign institutions. Savings may also be used for tuition expenses at eligible public, private, and religious primary and secondary educational institutions (K-12).

U.S. residents of any state, who are 18 years of age or older (or the age of majority in some states), may invest in most state plans.

Other investment strategies we will discuss

1. 403b
2. Life insurance
3. Annuities

**HOME PURCHASING**

**What credit score do you need to buy a house?**

While it varies by area and type of loan, generally lenders will look for a credit score of 660 or higher to grant a mortgage. Although you certainly can get a mortgage with a good credit score, you’ll need a credit score of 740 or higher to get the best interest rates.

And an excellent credit score translates to real savings. In fact, one report by credit site Lending Tree found that if home buyers get a 30-year fixed-rate mortgage averaging $234,43, home buyers with very good credit scores (of 740 to 799) will save $29,106 more in interest payments over the life of the loan than those with a so-so credit score (of 580 to 669).

Got bad credit? There's still hope: Federal Housing Administration loans allow borrowers with credit scores as low as 500 to qualify for a mortgage with a 10% down payment; their credit scores must hit 580 to snag loans that require only 3.5% down payments.

**Why to check your credit score long before you buy a home**

It's important to check your credit score many months before you buy a home. The reason? It takes time to improve your credit score. In fact, one survey by credit bureau Experian found that 45% of people wait for their credit scores to improve before applying for a mortgage.

But they don't just kick back and wait and pray that their credit score improves. It takes some work to improve your credit score—and knowing what to do.