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Time to Take a New Look at Your Money Habits

Pay down that old debt in the new year

The New Year holiday creates a feeling of starting fresh and encourages us to set new goals. While diets come to mind, setting new financial goals should be on the top of our lists. As you reflect on the past year, focus on your experiences – build on what worked and what didn't – to shape this year's money habits. Here are some ideas to consider as you set your financial goals for the New Year.

New Year, New Savings Account

Think about what you want to save for the coming year and commit to opening a savings account to reach that goal, whether it's creating an emergency fund or setting money aside for your kids' future college tuition. There are many types of savings accounts available to save for both short term and long term goals.

Small Step: Decide on the type of savings account that will meet your goal and commit to depositing a set amount on a regular basis to get into the habit of saving. For example, if you open a basic savings account, deposit \$25 every month and sign up for direct

deposit or automatic withdrawals from your checking account to ensure that amount is saved. Once you're comfortable with saving a small amount consistently, you can increase it.

For information about the various savings accounts available, visit:

<https://www.fdic.gov/consumers/consumer/news/september2018.pdf>

<https://www.investor.gov/introduction-investing/basics/save-invest>

<https://www.irs.gov/newsroom/529-plans-questions-and-answers>

Pay Down That Old Debt in the New Year

Confronting your debt and thinking about how to pay it off can be scary and overwhelming. Use the New Year to face your fears. Make a list of your debts, noting the monthly payment, current balance, and interest rate, and make a plan to start paying down the debts. Many experts recommend focusing on either debts with the highest interest rates or debts with the lowest balances to pay off. While you will likely save more money paying off debts with the highest interest rates, it may be faster to pay off the smallest balances first, and seeing this progress may help keep you motivated.

Small Step: Whichever method you choose for paying down debt, start by adding a small amount to one of your current payments. For instance, if you are focusing on paying off a credit card with a minimum monthly payment of \$100, add \$25 to that amount to start (for a total monthly payment of \$125). Once you are comfortable with that new

amount, add more when you're able and stay focused on the goal.

For more information about paying off debts, visit:

<https://www.fdic.gov/consumers/consumer/news/cnfall17/debt.html>

<https://www.consumer.gov/debt#!what-to-know>

Get Organized

Keeping your finances organized will help you control your money and achieve your financial goals. Some basic tasks to help you get organized include making a budget, tracking your spending, and putting a system in place to ensure you pay your bills on time every month. Be sure to monitor your credit card and bank statements for any unexpected fees or unusual activity too. The sooner you find mistakes or unauthorized transactions, the easier it is to correct those issues.

Small Step: Like dealing with debt, organizing your finances can be daunting, so start small by picking one organizational task and focus on that task for one month before adding another. For example, you might start by making sure your bills are paid on time by setting up automatic bill pay from your bank account, giving yourself one month to learn about it, set it up, and get comfortable using it. Next month,

focus on creating a budget, which gives you several weeks to learn about budgeting and working on it.

For more information on organizing your financial life, visit:

<https://www.fdic.gov/consumers/consumer/news/cnfall14/financialcheckup.html>

<https://www.consumer.gov/section/managing-your-money>

<https://www.consumer.ftc.gov/articles/pdf-0054-focus-on-finances.pdf>

Protect Your Money All Year, Every Year

With so many financial transactions occurring electronically, it's important to proactively protect your personal information, including your credit card and bank account numbers. Use the New Year to take charge of protecting your money. Never provide your personal information in response to an unsolicited request, whether it is over the phone or over the Internet. Always track your bank and credit card statements and your credit reports for unusual activity.

Catching abnormal transactions early will allow you to take steps to prevent more harm if your information has been stolen.

Small Step: One important step to protect yourself from online scams and theft is to change your passwords regularly. If you have been using the same passwords for your financial accounts for a while, create new difficult-to-guess passwords and change them often to keep your money safe.

For more information about protecting your money from online scams and theft, visit:

<https://www.fdic.gov/consumers/consumer/news/cnsum17/scams.html>

<https://www.consumer.ftc.gov/articles/0060-10-things-you-can-do-avoid-fraud>

<https://www.nist.gov/blogs/taking-measure/easy-ways-build-better-p5w0rd>

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