

Please note: This is a transcription so there may be slight grammatical errors.

Rachel:

Hello, everyone, and welcome to today's presentation on saving for major purchases, which will be brought to you by CAPTRUST. CAPTRUST Financial Advisors is the independent financial advisory firm that works with your employer sponsored retirement plan. As an added benefit, you not only have access to these quarterly webinars, but also to financial advisors who will give you unbiased, customized investment advice. I would now like to introduce Debra Gates, manager at CAPTRUST Financial Wellness and advice team. Go ahead, Debra.

Debra Gates:

Thank you again for joining us, and thank you, Rachel, for that introduction. I just want to just remind you that as we give these presentations that this is intended for educational purpose only. Any [inaudible], any legal advice, any tax advice, everybody's individual needs and goals are as unique as they are, so please feel free to reach out to CAPTRUST at [inaudible].com, or you can schedule an appointment to discuss your personal needs by calling us directly at 1-800-967-9948. And once again, we don't offer any legal, tax, or accounting advice. So our normal cadence, I want to take a moment and introduce our panelists who have been so gracious to join us today.

First, we have Emily Wrightson. Emily has over 15 years of experience in the [inaudible] services industry. She's received numerous awards recognizing her as an industry expert. Thank you so much for joining us today, Emily. We also have Joey Payne. Joey has, my gosh, over 30 years of industry experience as a plan sponsor, as an advisor. He's also served as an adjunct professor teaching courses in personal finance, accounting, and family studies. So again, thank you both for joining us today and your willingness to share a wealth of knowledge and a wealth of information. So again, thank you so much for joining us.

So I want to get into this conversation that we're going to have. It can be exciting really to think about making a major purchase, like if you're putting down payment on a house, if you're buying a new car, if you're at that age where you're moving out of your parents' home, or that bucket list vacation, but it isn't as exciting to think about how to save for it, but any major expense, as we are going to discuss today, requires some major planning. And so before we get started on our discussion today, I just kind of want to see where the audience is. I want to poll the audience and see how many of us or how many of these major purchases are being considered right now.

So that is our polling [inaudible]. What major purchases do you have coming up in your life? So you can take a moment to just answer some of those questions, and so what are you thinking, Emily? What were your thoughts about that when saving for a major purchase? How excited were you about that?

Emily Wrightson:

Oh, it's an awesome time. I think everybody's at a different stage certainly, so hopefully we've covered where you might be in your life here, but I think whether or not there's something on this list that you're saving for, you're probably saving for something, be it a college education, or one of the items that we have on this list, but hopefully we're going to give you some great tips for how to approach that and some ideas and techniques you can use to meet your goals.

Debra Gates:

How about you, Joey?

Joey Payne:

Well, I think I've done everything that's on this list. Most recently, my younger son got married, and so we certainly didn't have the lions share of the expense as the bride's parents typically do, but we certainly had a number of expenses, and I was definitely setting aside money and budgeting as we were all waiting for that big day to come.

Debra Gates:

Oh, that's wonderful to hear that. Yeah, so that's been about 20 seconds or so. So we can see when we're looking at the results, 36% down payment on the house. The biggest one are something else. I mean, there are major purchases that may mean something different to everyone actually as to what that purchase is, but what I do want to say, irrespective of what your major purchase is, they're the process. I would say that the process is the same. So were you surprised by any of those results, Joey or Emily?

Emily Wrightson:

I-

Joey Payne:

No... Go ahead.

Emily Wrightson:

No, I was only going to say I think something else makes a lot of sense. I think maybe people are gearing up for travel. I know that that's something that's high on a lot of people's lists is that they took a pause from that during COVID, and the new car and the new house for sure is high up there as well I know for a lot of people.

Debra Gates:

Yeah. All right, so why don't we dive into this discussion. So what I want to say when we're looking at this process, it's important to make sure you think about what it is that you want, whether that's the vacation, the car, or if it's something else. But it's important to make sure that you're also financially ready to make this large purchase, and so we've concluded that the process should start with an assessment of your financial situation. You want to develop, and you want to execute that strategy. We're going to take a look at how you [inaudible]. And so I want to go to Joey, and in going to you, Joey, what questions should a person address so that they can prepare for this process?

Joey Payne:

Well, regardless, it could be as simple as a family vacation. It could be a down payment for a home, or on a car, or whatever. So I think the first thing you need to do is figure out how much is it going to cost, and I think you should do your research there and determine what that's going to be, and then I think the second question becomes, "Okay, how long do I have to save?" And for your family vacation for next summer, well, this summer is pretty much four, five months away, but look at how much time that you have, and then if this is a long-term goal that might be four or five years, then taking a look at potentially using a mutual fund or some other type of investment option to help you save is certainly something that you would want to consider, but items that are going to be inside of a year, that's not the most important thing.

The most important thing is going to be trying to figure out how you're going to obtain what you need to meet your goal, and the last thing is, is it the right time? You have to look at where you are financially, where you are with your job, how secure is your job, and if you have a spouse or partner, consider their situation as well.

Debra Gates:

Okay, great points. The first thing we talk about... And I know we talk about this a lot. We talk about budgeting. There's so many different ways that you can go about budgeting, but what I have here up on the screen is I just kind of wanted to give a quick example. So this is actually a section out of a more exhaustive list, a more exhaustive spreadsheet, and this spreadsheet that I just kind of pulled this information from Excel, from an Excel spreadsheet, and it's a personal budget, so if you want to use something as comprehensive as this, you can. If you want to use an app, we'll talk about that, but what this is simply showing, this monthly budget is the only section I took out was housing. And so this is a projected cost and an actual cost budget.

So let's say that you project what your expenses are going to be for that month, and then you come back and you do a true up to see what your actual expenses were. So maybe if you're trying to estimate what that is, you can, and then you have the second column, so that you can actually see what that was, and see if there's a difference, because this is where you want to start. You want to start with your budget, and I'm telling you to thine own self be true about your budget. And budgeting, and all of this, and all of this process, it is if you're not going to do it, then you might have a harder time when you're trying to save up for this major purchase because you don't want to go into debt.

So can we speak a little bit more about this budgeting? I think I'll start with you, Emily, in looking at this budgeting, and what that actually means, and to give some comfort in knowing that it may be tedious at the beginning, but in the long term you're going to fare better.

Emily Wrightson:

Yeah, I think one of the best things you can do is know how you're spending your money, and budgeting will let you do that. And again, Deb mentioned this is just a snapshot of a broader... There's going to be much more than just housing. You're going to have food. You're going to have clothing, and commuting expenses, and car, and all of those things. So it's worthwhile to just sit down and understand what are your fixed costs looking like, and then what is actually happening, and really see where you are, because this is going to allow you to do a really good assessment, and then from that figure out, and we'll get to this of course, figure out where is there room to make changes in your budget to save towards these goals.

So noting too that things like electricity or what you're paying on gas may be variable during different times of the year. Right now, it's very cold, and I know I'm spending a lot more on electricity than I feel like I should be. So there's a lot of things, but having this, doing this process, whether it's looking back at your credit cards and getting a sense. A lot of your bank may be able to set this up for you, and really see where your money is going, and let you do a budget.

Debra Gates:

Absolutely. Joey, your thoughts on this? Joey, I know you teach personal finance, and so what are your thoughts on this one? I was trying to save you for a second, because I know that you are jumping at the bits to tell us.

Joey Payne:

Well, I haven't taught personal finance in a while, but when I did, the way that we asked students to get started is to track everything they spent money on for a month. So we would tell them to have a notepad, or my son would say, "I'll just put it in some app on my phone," but regardless of whatever method that you use, write down every single expenditure, and then at the end of the month, then you can put all your expenses into these different categories. And the holy grail is to have a written budget where you look at how much revenue you have coming in, and what the expected expenses are going out, and then as this illustration shows, to be able to compare your expected or projected costs versus actual.

And I'll just make one comment about budgeting. I'm a spender. I like to make sure that all of my required savings are in place for my retirement plan, for my medical HSA, FSA, et cetera, et cetera, but once I have all that covered, I pretty much want to try to spend all the rest of the money I have. I enjoy spending money on my family, on travel. I like spending money giving to charity, and so I make charitable expenses and goals for travel as I make them a line item expense inside my budget, so that I'm planning for those throughout the year.

Debra Gates:

That's wonderful. I think when we were talking earlier, you said something that was really profound, Joey. You said that people look at budgeting as restrictive, but it's actually empowering.

Joey Payne:

Yeah, I agree with that, because there's been points in my life. I had a family when I was young, and my wife and I got married when we were young and had kids right away, and there's times when you feel like your family, you just need that vacation. People have been working hard or out of school, whatever it may be, and I've personally taken vacations where it all went on my credit card, and then I spend the next 3, 4, 5, 6 months trying to pay it off, but I've also, more frequently than the case I just gave you, have determined upfront how much money do I need for my vacation looking at the hotel, food, gas, or air, rental car, Ubers, whatever, and really kind of come up with what I think the cost is going to be, and then set aside so much per month in advance.

And so when I've taken those kind of vacations, I feel much better about it, and I personally will allocate so much say for food per day, and when I'm doing that, I know if we go eat at a steakhouse and have really nice meal, that unless I've budgeted that much for each day, I might need to get some pizza, or fried chicken, or something the next day to kind of even things out, but I think that the budget is empowering. It lets you know it's okay to spend if you've got a game plan, and I think that's what a lot of people struggle with. They don't have a game plan, and so they spend either being frivolous, or ignorance is bliss, or they don't spend because they're not sure that they actually have the money.

Debra Gates:

So that kind of leads us into our next topic. All right. So let's say that we have our budget in place. We've gone through. We've done the 30 days. We see where our money is going, and so what's the next step?

Joey Payne:

Emily, you want to take that or...

Emily Wrightson:

Sure. So I mentioned it on the other slide. I think you're looking at your fixed and your variable expenses, and that's what we have up here. Fixed are going to be pretty much the same every month, of course. There might be some differences. I talked about utility, and utilities might vary, and your insurance might change year to year, but these are roughly the same. And so variable is where you can really look and hone in for the most part and take a look and see what am I spending each month, and where may I be able to make some changes to my behavior in order to find more money to save towards my goals? And so it's really interesting to see. I know that for me, my grocery bill has gone up quite a bit. I think a lot of people can probably relate to that.

So I've made some conscientious changes when I go to the store, so really look at prices or to say, "Hey, do I need that bag of chips that is now 5.50 that was 3.50 before," or things like that. So I think looking at those expenses, and understanding where is my money really going, and saying starting to ask yourself those questions of where can I make I make changes? And there's some other things that are included here, things like for me personally, I have a coffee habit. I don't know about everybody else out there, but I like to go out. I like to drink my nice coffee, and that can add up if I look at what my spending was on coffee.

So investing, I think it's about finding a balance here when you're looking at your budget, and you don't want to totally restrict. I still like to go out to the coffee shop and buy my latte, for example, but most of the time I'm drinking coffee at home. So I just think getting a sense of where is my money going, what's fixed, what's variable, where can I possibly start to make some changes will give you a good start and an idea there, and that's where the difficult decisions start to happen, right? You want this more than you maybe want that. You want to move out of your parents' house. You want to buy the car. You want to buy the house. You want to go on the vacation. What does that translate to?

Debra Gates:

Yeah, I agree with that, Emily, and I'm going to come to you, Joey, but the one thing I want to add in there, some of those things that... We're in this age of technology. We're in this age of where everything is automatic payment, which is really great, Emily, that you said to track it, your expenses for one month, to actually do that, because then you can see. So you can see if you have Hulu, you have Peacock, you have Netflix. I mean, you have all of these streaming services. You have Apple TV and any other thing that's coming out, so if you have the extra gigabytes on your iPhone, and you've got that charge coming in, so looking at some of those little costs and seeing the duplication, and you might have cable, looking at those kinds of costs.

And the other thing that I want to say, when you're saving for a major purchase, it's kind of like this is a one time that you're saving for this major purchase, so making the sacrifices now, it doesn't mean that you'll never be able to go out and get a latte anymore, or you'll never get a chance to go to the movie again, or you'll never get a chance to dine out. It's making those sacrifices so that you can make this major purchase, and in making this major purchase, you also have to think about so if you're saving a down payment for a house, you're buying a house, you have to think about the other ancillary costs that come with that. So Joey, can you kind of speak to that too? And then I want to talk about needs versus wants.

Joey Payne:

Sure. Well, when you have a home, there are other fees that kind of come along with it. There might be an HOA fee. One of the things that you always kind of look at if it's a standalone home is the say the roof, for example. The best practice is to have a home inspection, and I know in the housing market in the last couple years, I mean it's been crazy in California forever, but the rest of the country has just

really experienced a big housing shortage, and I know my son was looking for a house, the one that got married, and people were waving home inspections, just trying to be able to close as fast as they can and to not have any strings attached to deals.

And so you assess the house when you buy it. At some point, I'm going to have to replace the roof. How old is that? And if it's 10 years or more, that's great, but could be three or four. It could be your hot water heater and other things, and you have maintenance on your yard, snow removal. There's just all kinds of different things that can pop up in repairs too.

Debra Gates:

Yeah. So that's all a part of your research that you're doing. So let's talk about these needs versus wants. Joey, can you continue with that as well?

Joey Payne:

Sure. I'm empty nest now, and that's a great feeling to be there and to have raised a family, and we have grandchildren now, but I can tell you when I said we started our family when we were young, and my wife and I ended up changing careers, going back to school. And so there were a lot of times that money was tight, and we, like most families, would like to eat out, and I would set a budget every weekend of how much money, and I would actually go to the ATM and take the money out of the bank instead of putting it on plastic to make sure that we didn't spend more than what we had, and I would get my kids involved, and I would say, "Okay, you guys want to get pizza on Friday night, or now if we go to Red Lobster, we can do that, but that might mean that we don't go somewhere else on Sunday or whatever."

So I got the family involved in the choices, because when you start spending money, a lot of the things you see in the bottom left-hand side in the short run, some of those things are going to be fixed in nature, and in the long run, most of it can be variable. You could choose to live in a less expensive home or something like that, but what we're talking about today, we don't expect anybody to sell their home or anything like that. We're talking about looking at your budget within your current situation, but also too when you're talking about traveling or other items is you have to live within your means, and look at the type of hotels that you stay at, or airfare, and different things, driving versus flying. There's so many ways that you can save money, but at the same time, you got to make sure that you're checking quality and what kind of trade-offs are you willing to make.

Debra Gates:

And sometimes it's difficult. It's complicated to understand what your variable costs are. That's why it's so important to take that first step in tracking what you spend for those 30, for that month, that 30 days or 31 days, however long that month is, and make sure that you're doing that. So first you want to assess your... See what you're spending. Once you see what you're spending, then you can identify what is a fixed expense, what is a variable expense. If you have another column that said, "Okay, this falls under a need, this falls under a want," and then you want to start. From there, we want you to look at developing a strategy. And so, Emily, in looking at starting to develop that strategy, what do we first want to look at? And based upon that slide that we just looked at, looking at those variable expenses and those wants?

Emily Wrightson:

Yeah. So there's a couple of things or points I'd like to make here. We have three of them on the screen around how to get started with developing your strategy, and obviously if you've gotten this far, you've looked at your budget, you kind of have an idea in mind of how much your goal is. What are you trying

to save? Is \$5,000 for a really nice vacation, or what is it? Then you're going to go back, and you're going to look at your budget to figure out where can I increase revenue? Can I skim over here to save towards that goal? And how much is that going to help out? There's different ways to increase revenue. You could get very creative. I know a lot of people that sell their own things. You know can go on online on Craigslist, or Nextdoor, or Facebook Marketplace, or you name it, Poshmark. You can sell your old clothes.

A lot of people have things that they're not using, or they don't want, and they can generate extra revenue that way. Obviously, you go out, and you can pick up your side hustle doing a part-time job. Lots of people have that as well. So explore those areas. What's the easiest way for you to increase your revenue? Whether that's changing your budget and your spending habits or maybe selling things, and that could serve two purposes. You CAN get rid of your clutter and things you're not using or that side hustle. So how could you then reduce your expenses? And that's where I think we can get creative, and we can talk about ideas that we personally have used, and you might have some as well.

And then what does that all... How do you kind of keep yourself on track? And Joey had mentioned this before, but just making it a family thing, telling your family that hey, I've got this goal that I'm saving for. If you're married or just telling your family, "Hey, I'm focused on this." I know that for a lot of people what's stressful is like the birthdays, and the holidays, and all of the spending that comes along with that. So telling people that you've got a goal and a target that you're saving for, and getting them to understand, "Hey, I'm going to give a birthday card this year, and I'm going to make you a gift, and I'm trying to save money." So I'll pause, and, Joey, see if you have anything else to add. I know we can get into this a lot deeper.

Joey Payne:

I know when we were prepping for this session, thinking about identifying revenue, my mind went one place, and Emily's mind went another. Emily started talking about selling things online and whatever. That never even crossed my mind. I went to thinking about how can I earn more money, but I was thinking about through work, and I would tell you, I mentioned earlier, I went back to school and changed careers. The first job that I took, it did not pay the amount of money that I really needed to support my family in the manner I wanted to, but I thought long term it would be good, and it proved to be very good. So I had a second job. These days, they call a second job a side hustle, so I had a side hustle for the first five years that I changed my career, and that allowed me to basically raise our standard of living a little bit more than it would've been if I would've just stuck to the base job that I have.

So I think that's where it's important looking at you really have to examine your revenue, and then go to expenses. And I know for people, especially if you have families, you're not the only one with wants or needs. Children tend to come first for their needs with school activities, and school clothes, and parties, and gifts, and parents sacrifice quite a bit in those situations. So some people can scrutinize expenses a little more than others, if you can find ways. Emily talked about the lattes or whatever. Early on, I decided I could make my coffee at home and take it to work. I bought the coffee for the office that I worked in and drank the black coffee that we made there, but my staff that made a lot less than what I made went across the street to Starbucks, typically once in the morning and once in the afternoon, and that same staff were ordering lunch out every day, and I was bringing a salad and always had some peanuts or other snacks in my office.

So like I told you, I'm a spender. I like taking my wife out to a nice dinner, to buy gifts for my children and grandchildren. So it's just a matter of how you want to choose to spend your money, what's important to you, and that's what you have to decide, but anyway, I think that the most important thing

you can do is to really document your revenue, document your expenses, have a written plan, and then you can figure out what can I change to actually make an effort to achieve our results?

Debra Gates:

Very good points. And I was just thinking while you were speaking, Emily. In my head, I was going through my garage, and I was just thinking about the things that I could sell, because remember one man's trash is another man's treasure. So you might want to take a look to see. I was going through my closet. I think I have 15 black dresses that I could probably get rid of a couple of those, just looking at my clothes and some of the things, because I kind of wear the same things all the time. And so you start kind of going through, and that is more passive, and you can sell those items and have income coming in. I think the main point, one of the things about the common thread through what you both have said really is discipline. It's discipline. It's how much this means to you. How bad do you want it?

And one of the great things is getting your family involved. Get the buy-in from your family, get the buy-in from your children. Your children know that they're going to go on vacation, or they're going to move into a new home. Especially if that vacation is something that might be centered around them like Disneyland, or some other amusement park, or any of those places, you can usually get their buy-in, so that they can start helping, and make it fun, make it a game, and make it that an event to get your family's buy-in, which will make it a lot less stressful on some things when you have to say, "No." And you could say, "Oh, but remember we're planning for a vacation next year," or, "We're planning for that cruise."

Yeah. So that's looking at ways, and your major purchase, that discipline, everything is going to mean something different to everyone, what your needs are, what those wants are, those variable expenses, but you definitely... We want to give you some things to think about, and then finally, once you have done that, you've assessed your financial situation, you have practiced for 30 days, you know what your needs, your wants, your fixed expenses, your varietal expenses, and now it's time to execute, because doing all of this, all of this research, doing all this background and not executing, you're falling short. So let's talk about that. You had a great idea that we talked about, Emily, as far as executing that strategy.

Emily Wrightson:

Yeah, so I think we talked about a couple of the bullets here, but opening a separate account and doing an automatic transfer in is something that you could consider doing, just you can easily set that up with your bank to have that account open for you. You can choose a different budgeting tool to keep yourself on track, and some of the things I know, again, this is going to vary for everyone depending on where you're spending your money, what's the hard... For me, I'll give some examples. I, like probably many of you out there, get a lot of marketing emails in my email saying, "Oh, we've got a sale going on. Oh, 50% off here and there." And I look, and that's how Debra probably ended up with 15 black dresses.

I too have ended up with a lot of clothes that maybe I don't need because I say, "Oh, I'm getting a deal." So for me, I unsubscribed from those marketing emails. We're living in such a society of consumerism, and the new thing, and the new technology, and I totally get it, and I think it's hard for the younger generation too when they're on TikTok, and they're looking at these influencers that have the new things, and it makes you want things that maybe you don't need, or that aren't in your budget, or aren't aligned with your goals. So unfollowing those or doing all of those, kind of implementing those techniques that you've said, "Okay, I'm going to pack my lunch like Joey does and not spend \$15 a day on a salad that you could have brought from home." What are you going to do? How are you going to implement all of these things? So setting yourself up for success, figuring out what you can do, and then obviously doing it.

And that's where the discipline comes in, and we talked about it before. It's like we certainly don't want anybody to feel deprived. Nobody wants to walk around saying, "Oh, I can't have that latte," or, "I can't eat that salad out with my coworkers." I think it's about finding some balance and figuring out if there's... Do you have a streaming subscription, three of them, or do you have a gym membership that you're not using, and you can switch to a lower cost monthly membership somewhere else? What could you do that could help you and change those spending habits?

And Deb, you referenced my idea. I think one of the things that when I go out, sometimes I just leave my credit cards at home because then I'm not tempted to window shop and say, "Oh, I could go get that." I have an allotted amount of cash, and that's what I'm going to spend. I'm not going to make a major purchase without really thinking about it.

Debra Gates:

Absolutely.

Emily Wrightson:

Joey, do you have anything, tactics?

Joey Payne:

Well, I think that just looking at expenses, I was sitting there thinking that when my younger son went away to college, I gave him my vehicle that I was driving to take. He went to school out of state. So we went down to one car between me and my wife, and in the south or Midwest and where you're not in a big city, most people don't use public transportation. If you live in the suburbs, you tend to drive a car everywhere that you go. I was lucky that my wife and I had the same employer, but our office hours were different. Sometimes she would have to go in early because I had early meetings, or I would have to stay late because she had to stay late or vice versa.

So there's a lot of sacrifice there, but I think that if you find like-minded people that... Sometimes you might use the word frugal, but people that are just really thoughtful I think is a better word about how they spend money, and you don't succumb to all the peer pressure. The old days they used to say, "Keeping up with the Joneses," meaning that if your friends or neighbors have something then you want or need to have that too, and you know may get that, or you may get something better, but going back to I think what Debra said is it's all about discipline and making good choices. And it's easier if it's just you, but I say that, and I know that, and I used to help some colleagues look at the cost of living for employees and things like that. And it's really hard when you're single, and you have one income, and you have rent, and car payment, and things like that.

If you have a spouse or partner, two incomes, or even a roommate, somebody to share expenses with, that sometimes makes it easier. And that might be another way to look at your situation is that you may have a house or an apartment if you're not married or have a partner that you may want to consider do I take on a roommate or something like that as a way to... And Emily, you never mentioned Airbnb. So I can mention that as a way that you could raise revenue in the short run if you can figure out some place to stay. I have friends that they live in a old house in the downtown area where I live, and they Airbnb their house all the time, and they'll go stay with a friend, or they actually have some rental property, and they'll go stay in a small apartment while somebody is renting out their house, so that there's another situation there that you may be able to explore.

Debra Gates:

Absolutely. And so these budgeting tools, I showed you a sample of an Excel spreadsheet, and I just really was showing you that for the concept of seeing how you could categorize it. You could have a category for housing. You could have a category for entertainment once you do that 30 days, and then you categorize what that falls under. And once again executing your strategy is you need to do something. Most of us have direct deposit, and so sometimes automating things helps with discipline as well. So more times than not with direct deposit, you can have two accounts, so maybe you funnel \$25 or \$50 into another account toward that savings goal. So there are all kinds of ways you can do that. And if you want to use a budgeting app, there's so many things out there that you can use.

Oh my gosh, we are starting to run up against time, because I do want to leave some time for some questions, but I kind of want to wrap this up and kind of look at some next steps. I want you to have a takeaway, something to take with you and just to remind you you want to budget towards, you want to prioritize what those financial goals, and some of you may have more than one goal. Maybe you're saving for a couple of goals. Some of you said, "Something else." Whatever that something else is, you need to budget toward it.

And then this next one, avoid the temptation to tap into expensive sources of alternative revenue. And I know you're probably wondering what does that mean. Joey, you had a very succinct answer for that. Let's talk about that a little bit.

Joey Payne:

Well, you can always, and I mentioned earlier about borrowing money to achieve what your goal is. You could take out loans from your retirement plan or put it on credit cards, and we're advocating that you don't do that, especially for the kind of things that we're talking about potentially saving for. We don't think that's a good idea. Item number three listed below, you should be saving enough for retirement. Most financial planners would tell you that you should be saving 15% of your income over your career. Now, that 15% includes what you put in and what your employer matches. So hopefully at a minimum you're putting in at least enough to get the employer match.

If you have credit card debt, you may only put that much in because you're trying to pay off credit cards, but if you've gotten yourself out of debt, at a minimum you want to make sure you're doing all the right things. And like I said, I make sure I'm doing all the right things, and once I've got that covered, then that's when I'll become a spender, but it's tempting. You've got payday loans. You've got credit cards and a variety of ways that you could come up with money that you have to pay back, and you'll know that we've spent the last 40 minutes talking about how you could afford this on your own by looking at your revenue, by looking at your expenses, and we think that's the way to go for the kind of items we've been talking about.

Debra Gates:

Absolutely, and if it takes you a little bit longer to hit your goal, that's okay too, because eventually you will get there, and if you need help in trying to prioritize, you can call CAPTRUST. We are the independent financial advisor on your plan. You can call us, and you can call us about retirement. You can call us about making contributions. You can call us about budgeting. We can talk about various budgeting types of budgeting plans or types of budgets. If you want to call and talk to us about debt management or credit management, or I've listened to this presentation, and how do I really get all of this together? We can help you with that.

And if you want to see where you are, what you've saved up until this point, where are you as it relates to your financial goals, where are you as it relates to your saving for your retirement, CAPTRUST is here to help you. You can call us as often as you want, as many times that you want. You can schedule an

appointment. You can go online to Captrustadvice.com to schedule an appointment. We have evening appointments available, so Monday through Thursday 8:30 AM until 8:00 PM Eastern Standard Time, Friday 8:30 until 6:00 PM Eastern Time, and we're going to reach out to you. So you'd go onto that site. You'll open up a calendar. You can see the times that are available, schedule that appointment, or if you just want to call us directly, call us at 1-800-967-9948 Monday through Thursday, 8:30 until 5:30, on Friday, 8:30 until 4:00 PM and that's Eastern Standard Time. So please reach out to us.

I'm going to leave that information up, and I have seen the little panel lighting up, so I'm sure there's some questions out there. We have my colleague, Wes Collins, who's a senior manager in our financial wellness and advice area, and he's been in the background manning questions. And so, Wes, what do you have for us?

Wes Collins:

So thanks a ton, Debra. A common question we've got is, "Will this be recorded and emailed out?" Certainly. We always record these sessions, and we will be sending it out in the next day or two with some links to some other articles and videos. So you'll be getting that, and if you ever don't for one reason or another, yes, it always goes out onto our website, so be on the lookout for that in case you want to go back and listen to this, or you have colleagues who may have missed it and want to go back.

So the first question I do want to pose, and we got a few questions on this is, "So this money that we're saving for maybe it's the house, maybe it's the car, where should we be putting this money? Any thoughts on the type of vehicles that you may recommend, and then kind of to piggyback on that, what if that goal isn't for another maybe three to five years? How does that change where that money goes?" So Emily or Joey, whoever wants to take that first.

Emily Wrightson:

Yeah, so I'll start, and, Joey, feel free to chime in. So right now, there's a lot of high yield savings accounts out there that you could take a look at, and that could hold the money and pay you a rate of return for a short term period of time. So it's pretty easy to search that online and do some research. Your bank may have one. You might want to just explore, and you want to explore the terms and conditions associated with it, so that would be a good place to look. Obviously, again, if it's short term, and you already have an account open, you could use a money market fund.

Again, similar kind of idea, a money market mutual fund could pay you a higher rate of return than just holding the cash in a bank account, especially if you need the money in the short term, so you need liquidity, and you don't want to lock it up, but you also don't want to be subject to market volatility. So Joey had mentioned this earlier, if you have a little bit of a longer period of time, you could look at a mutual fund. Bear in mind that when you invest in the market, you're taking risk. There's risk and reward for that risk.

So if you're the kind of person that says, "I want to make sure that I have this money," investing in the market right now when it's a volatile period may not be the right decision for you. You might want to gear more towards the savings accounts and the money market type investments. So everybody is a little bit different. Hopefully that helped answer the question, but again, if you do want to talk to somebody about your personal situation, please do call the number that Debra had up or schedule an appointment.

Joey Payne:

Yeah, great answer, Emily. When you're looking at talking to your bank or credit union, and you have money in savings, if you don't want to tie it up as you start to accumulate money, having a money

market account you can get higher rates of return if you have a minimal balance in your account, so that's one thing to look at. And if we were talking three or four years ago, I wouldn't even mention certificates of deposit, but these days you can get over a 4% return by being willing to tie up that money for three months, six months, nine months, a year. So I think a lot of it depends on how long your window is.

If you are going to invest in stock and mutual funds, you have to be very careful, like Emily said. If you have a long term time horizon, five years or more, then looking at stock funds that tend to be less volatile than others could be a way to go, but I think for most of the kind of things we've been talking about that you might be looking at trying to save for in a one, or two, or three year period, probably not utilizing the market is probably the best approach.

Wes Collins:

Excellent, thanks. And I know many in this audience are probably budgeting or balancing multiple goals. You're probably trying to build your emergency savings while saving for retirement, while saving for your first home purchase. So maybe you can talk about how do we prioritize all of these conflicting savings goals that we have and make sure the money flows to them accordingly? Any thoughts on prioritizing multiple savings goals? Joey, we'll start with you on this one, and then, Emily, maybe you chime in on that.

Joey Payne:

Sure. So I think for me, the house would probably be the priority, but a lot of that depends on what your current situation is. If you are still living in your parents' house, if things are very comfortable there, you may not be in such a big hurry to get out of there, and saving to take a trip with your friends or whatever might be something good to do, but on the other hand, maybe you recently got married, and there's a lot of pressure to get out of your parents' house, or it could be if you're married or have a partner, and you have a home, your situation could be that you're not in a great neighborhood, or you would like to move closer to your job.

You want to make sure that you are saving for retirement first, and that then from there I think you want to make sure that you have some emergency savings, and then from there, I would say focusing on a house would be the most important thing, and then I think from there, looking at special vacations or other luxury type items can kind of come downstream. That's how I would kind of prioritize it. Emily, what are your thoughts?

Emily Wrightson:

Yeah, I agree. I think don't rob future you for a savings for today, please. I mean, we're retirement consultants, so we'd be remiss if we didn't say please save for your retirement. That's what we do for a living, so I would definitely say if you have an employer contribution in your retirement plan, especially a match, to make sure you're contributing to your retirement plan and save. The time and the compounding is just really critical to get money in there, so prioritize that as well. And then I think if you have multiple goals, retirement, and I'll echo Joey's sentiment, the emergency savings is also really key to make sure that you have a little bit of a cushion there just in case. You just never know what might happen.

So that's building that up is critical, and you're going to have to look, and make some hard decisions, and say, "What's the most important thing to me?" But from my perspective, just don't sacrifice your retirement and your future in that regard. Make sure you're saving, and at least enough to get your match.

Wes Collins:

Yeah, it's about finding that happy medium between tomorrow and today, and also reevaluating over time as things change, as priorities change, as you reach certain goals and new goals come up. This is not a one-time set and forget it type of thing, and that's great is you have access to independent advice and guidance on your retirement and other financial goals as well. CAPTRUST is here for you as part of your benefits. So Debra, to you, we did get some questions about what are the types of conversations CAPTRUST can have? So maybe give some examples of the conversations, Debra, that we have with people, retirement and beyond.

Debra Gates:

Absolutely. So we can speak to you about your retirement plan. We will know about your employer's plan, if there's a match, how much you can put in. We'll know what the features of that plan are, but when you're calling us, what I do want to say and what I really want to stress is that when you call CAPTRUST, we don't speak in a lot of financial jargon. We are here to help you. So we want to speak to you in layman's terms. You're going to guide that conversation, and we can speak to you about all things financial. It's a holistic conversation, so we want to look at your household.

So you can bring information about your finances. We want to... your spouse or your partner, looking at your household, and so that conversation can range from, "I'm not really sure about this budgeting piece, and how do I budget? Assess my financial situation. I hear about budgeting, but what does that actually mean? What's that line item? How do you put that in your income and your revenue? What does that mean?" So we can have an in-depth conversation with you about your finances, and it's all things financial, credit management, debt management, 529 plans. If you want to talk about college planning for your children or for yourself, we can speak to you about 529 plans. We can all things financial is what we can speak to you about, so we can run the gamut.

Wes Collins:

So one last question as we're getting close on time. And if we didn't get to your question as they're coming in fast and furious, we had over 1700 registered for this event, so you can imagine. Give us a call, set an appointment, let's talk through the question that you have in your personal situation, but I did get this one quite a bit, and it was around the purchase of a home. How much might you typically need to put down for the purchase of a home and any other costs people should be thinking about when saving money for that home purchase?

Joey Payne:

Yeah, I would say that it's going to depend on what type of loan you get. I know I think some loans you might be able to get into with a 3% down payment. Other loans may require more. I know typically you have to have what is called private mortgage insurance if your down payment isn't at least 20% of the purchase price. So thinking about you have closing costs that could be several thousand dollars that some people will roll into the cost of the house and borrow that. If you do that, you're paying for that over a 30 year period in most cases. Some people will try to have enough money down so that they're actually covering that plus their down payment, so that they're not financing those closing costs over 30 years.

Debra Gates:

That brings up a very good point too, Joey, that you're saying. So while you're saving and you're setting aside money for this major purchase, now is the perfect time to pull your credit report, because your

credit report, your credit score, all of that is going to have a major impact on what type of loan you can get as to how much you're putting down. So call us at CAPTRUST if you need help with that, or walk through that, or how do you, or if you need to pay down debt, maybe there's some things while you're saving and setting a few dollars aside, maybe there's some other things that you might need to do as well before you make this major purchase. Emily, did you have something to add to that?

Emily Wrightson:

Yeah, I was only going to suggest there's a lot of mortgage rate calculators out there. There's all of those tools on the internet, so use those to play around. I think 20% is kind of the standard of what you might want to shoot for as far as a down payment, but to the point, there's also taxes, right? There's insurance that you need to budget for. And so playing around with one of those calculators to figure out if I put down this much, what is monthly mortgage payment going to be, and can I afford that? What does that look like? And then kind of budgeting in your taxes. Your property tax might go up every year, or you might... If you're buying a fixer upper, and you end up putting in a bunch of new enhancements, guess what? Your property tax is going to go up, and you're going to need to budget for that as well. So just some things to keep in mind, but definitely mess around with the calculators and see if you can figure out a good fit for you.

Wes Collins:

Excellent. And with that I'm going to thank everybody and then turn it back to Debra. I have been putting some links in the chat around different articles around all these topics. We'll try to include these with the link to the video as well or at least below the video on our webpage just for reference, but with that I'm going to turn it back to Debra to wrap us up, and again, call us, let's talk through your questions if we didn't get through them.

Debra Gates:

Again, thank you so much, Emily, Joey. We could not have done this without you. Thank you so much for your time, for volunteering your time, your wealth of knowledge, your expertise. This has been great. Thank you, Wes, for your input, and thank you, everyone, that joined us today, and don't forget, give us a call, set an appointment, Captrustadvice.com. Call us at 1-800-967-9948, and with that have a great day and stay safe.

DISCLOSURE:

CAPTRUST Financial Advisors does not render legal, accounting, or tax advice. It has been prepared solely for informational purposes and it is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Any performance data quoted represents past performance. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results.

All publication rights reserved. None of the material in this publication may be reproduced in any form without the express written permission of CAPTRUST: 919.870.6822.