

Five Tips to Keep Your Finances from Going Off a Cliff

While the new year is beginning with improving economic conditions, the financial situation of many Americans remains fragile. Recent changes to the tax code, along with continuing economic uncertainty, make this a challenging year for many consumers and investors. The FINRA Investor Education Foundation has put together 5 tips that can help Americans successfully navigate changing conditions and avoid a personal financial cliff.

1. Lower your tax burden by saving to the 401(k) max.

No matter what your tax rate is, saving for retirement in a 401(k) can help you save money on taxes and boost your retirement security. Contributions to a traditional 401(k) are not subject to income tax withholding and are not included in your taxable wages—and earnings on Roth 401(k) contributions are tax-free. The good news for savers is that in 2013, 401(k) limits go up to \$17,500 and employees aged 50 or over can contribute an additional \$5,500 for a total of \$23,000. FINRA's new 401(k) Save the Max Calculator (www.finra.org/max401k) does the math for you and helps you determine whether you are doing all you can to reduce your tax burden by saving for retirement.

2. A rainy day fund can lead to greater financial security.

Building up a rainy day fund may be one of the most important things you can do to maintain solid financial footing. Set aside at least one month of your current salary (and work your way up to three months) in a federally insured savings account. Start small if you find saving daunting. If you started saving just 10 dollars a week, by this time next year you will have a rainy day fund of over \$500. A rainy day fund will give you a cushion to handle a short-term job loss, a surprise car repair or other financial emergency. FINRA can help you set up a rainy day fund (www.finra.org/investor/EmergencyFund).

3. HARP can help you refinance your mortgage. While current home mortgage rates are at an all-time low, many Americans have seen the value of their home decline. If you haven't fallen behind on your mortgage payments, but have been unable to get traditional refinancing because the value of your home has declined, you may be eligible to refinance through the Home Affordable Refinance Program (HARP) (www.makinghomeaffordable.gov/programs/lower-rates/Pages/harp.aspx). HARP refinance loans require a loan application and underwriting process, and refinance fees will apply. More information is available at MakeHomeAffordable.gov, an official program of the Departments of Treasury & Housing and Urban Development.

4. Avoid credit card debt. Digging yourself out of credit card debt is a lot harder than getting into it. Try to pay all of your credit bills in full and on time. If you cannot pay your whole monthly bill, every dollar you pay above the minimum payment can reduce your interest payments. Women in particular should make a point to be careful with credit. A recent FINRA Foundation study found that, compared to men, women were five percentage points more likely to carry a balance, four points more likely to pay the minimum payment on their cards and six points more likely to be charged a late fee. Resources at SaveandInvest.org can help you track your spending (www.saveandinvest.org/getStarted/TrackYourSpending).

5. Do a yearly background check on your investment professional.

Only 14 percent of investors who have used an investment professional in the last five years reported checking that professional's background with a state or federal regulator, according to a FINRA Foundation survey of more than 28,000 American adults. Investing a few minutes of your time to take this free and easy step could save you money and trouble down the road. And even if you have checked on your investment professional before, make it a habit to do a yearly check to see if there is any new disciplinary or other information you should know about. FINRA BrokerCheck® (www.finra.org/brokercheck) is a free tool that allows investors to check the professional background of brokerage firms and individual brokers, and investment adviser firms and representatives.

What to Do if You Have a Problem

If you believe you have been wronged or see a mistake in your account, act quickly. Immediately question any transaction or entry that you do not understand or did not authorize. Don't be timid or ashamed to complain. The securities industry needs your help so it can operate successfully. Here are the steps you should take:

- ▶ If you think it's a minor mistake, talk to your investment professional. This may be the fastest way to resolve the problem.
- ▶ If you can't resolve the problem with your investment professional, or you believe he or she engaged in unauthorized transactions or other serious misconduct, report the matter to the firm's management or compliance department in writing.
- ▶ If you and your firm still can't resolve the problem, contact us. You can file a complaint about a **broker** using our complaint form available online at www.finra.org/complaint. If you are seeking to recover money, you may want to consider arbitration or mediation.

You can file a complaint about an **investment adviser** with the SEC or your state regulator. For the SEC, go to www.sec.gov/complaint/tipscomplaint.shtml. Find contact information for your state at <http://www.nasaa.org>.

To receive the latest Investor Alerts and other important investor information sign up for Investor News at www.finra.org.

1735 K Street, NW
Washington, DC 20006-1506
www.finra.org

© 2013 FINRA. All rights reserved.
13_0030.1—01/13



Investor Resources

FINRA Investor Information—Investor Alerts, tools and much more to help you invest smarter and safer.

- Investor Alerts
- Smart Saving for College
- Fund Analyzer
- Smart Bond Investing
- Smart 401(k) Investing
- Financial Calculators

Website: www.finra.org/investor
Phone: (202) 728-6964

FINRA Market Data—Data on equities, options, mutual funds and a wide range of bonds, including real-time corporate bond prices and FINRA-Bloomberg Bond Indices.

Website: www.finra.org/marketdata

FINRA BrokerCheck—Check the background of an investment professional or firm.

Website: www.finra.org/brokercheck
Toll-free: (800) 289-9999

FINRA Investor Complaint Center—If you feel you've been treated unfairly.

FINRA Investor Complaint Center
9509 Key West Avenue
Rockville, MD 20850-3329

Website: www.finra.org/complaint
Fax: (866) 397-3290

FINRA Dispute Resolution—If you seek to recover damages.

FINRA Dispute Resolution
One Liberty Plaza
165 Broadway, 27th Floor
New York, NY 10006

Website: www.finra.org/ArbitrationMediation
Phone: (212) 858-4400
Fax: (212) 858-4429

FINRA

FINRA, the Financial Industry Regulatory Authority, is an independent regulatory organization empowered by the federal government to ensure that America's 90 million investors are protected. Our independent regulation plays a critical role in America's financial system—at no cost to taxpayers. We register brokers and brokerage firms, write and enforce rules governing their activities, examine firms for compliance, and foster market transparency and educate investors. For more information, visit www.finra.org.