5 things every woman should know about… Financial literacy.

Financial literacy, or the understanding and application of basic personal finance principles, is an essential life skill that every woman should master.

Here are five tips to get you started on the path to financial literacy.

1. **Set S.M.A.R.T. financial goals.** Develop a plan to reach short- and long-term financial goals such as:

   - Setting a household budget.
   - Creating an emergency fund.
   - Paying off credit card debt or student loans.
   - Saving for a vacation, home, retirement or college.

   Prioritize your goals. Make sure each one is S.M.A.R.T. (specific, measurable, achievable, realistic, and timely.)

2. **Maximize pre-tax and tax-advantaged contributions.** Each year the employee contribution limit for 401(k) and similar employer sponsored retirement plans increases for inflation. The catch-up contribution limit for participants 50 and over increases as well. Those limits are $19,500 and $6,500, respectively, in 2020.[1] Check IRS guidelines to see if you are eligible for a tax-advantaged savings vehicle like a Roth, SEP or 529 account. Also, confirm your eligibility for child and dependent care credits.

3. **Protect your most valuable asset.** Human capital is unrealized salary, bonuses, and other forms of compensation that you will earn throughout your lifetime. It is likely a wage earner's most valuable financial asset. Yet most people fail to protect it.

You insure your home, automobile, and other valuables against damage, loss or theft. Similarly, you should consider protecting your human capital (or future earnings) with life insurance.

A financial professional can help calculate your human capital and implement a life insurance strategy that helps to protect your income (and your family) against the unexpected.

4. **Develop a savvy investment strategy.** Finding the right mix of investments is key to managing risk and volatility. Before you begin investing, it is important to assess your:

- Available assets
- Liquidity needs
- Investment goals
- Time horizon
- Risk tolerance

5. **Know your credit score.** Credit scores usually range between 300 and 850. They are one of several benchmarks used to determine creditworthiness. Credit card issuers, mortgage companies, and other lenders rely on credit scores to decide the amount, interest rate (borrower's fee), and other terms of a consumer loan.

Credit scores are calculated based on:[2]

- Payment history 40%
- Credit history 21%
- Credit utilization 20%
- Recent balances 11%
- New credit accounts 5%
- Available credit 3%

Group insurance may protect your finances during unforeseen circumstances. If you're interested in learning more about the group insurance options available to you, connect with your plan administrator using the contact information below for costs and complete details.

Association name

Third Party Administrator

Phone Numbers / Fax Numbers

Website

Email Address

CA or AR Insurance License # (if using in CA or AR)

New York Life Insurance Company

51 Madison Avenue
New York, NY 10010

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[1] "5 Benefits of Supercharging your 2022 401(k) Contributions", forbes.com, January 6, 2022.
[2] "Why your credit score is important", moneynews.com, December 22, 2021.