



Getting a grip on spending can help adults save more for retirement and ensure their golden years are not compromised by lack of funds.

How to get and keep your finances in order

Analysts with the Government Accountability Office found that the average American between the ages of 55 and 64 had accrued roughly \$104,000 in retirement savings, a shockingly low figure that would make it very difficult for men and women nearing retirement to maintain their quality of life into their golden years. Things don't look much better north of the border, where the Global Investor Pulse Survey from the asset management firm BlackRock found that the average Canadian in the same age group had amassed an average of just \$125,000.

While many people fear retiring with small nest eggs, that fear has apparently not been enough to inspire men and women to commit to saving more money for their golden years. But retirement saving is essential, especially since life expectancies are rising. According to the United Nations Department of Economic and Social Affairs, global life expectancies at birth are expected to rise to 76 years by the mid-21st century. That's a far cry from the mid-20th century, when global life expectancy from birth was roughly 48 years.

Longer life expectancies mean men and women will have to find ways to make their money last throughout their retirement. The earlier adults figure out how to keep their finances in order, the more money they will have when the time comes to retire. The following are a handful of strategies men and women can employ to rein in their finances in the hopes of saving more for retirement.

• **Review your finances at**

Did you know?

Those looking to rein in their spending may want to take inventory of their dining habits. The budgeting resource The Simple Dollar says the average American eats roughly 4.2 commercially prepared meals per week. This equates to around 18 meals eaten outside of the home in a given month. That can cost diners roughly \$232 dollars per month or more. Budget-conscious diners looking to curtail their spending can be pickier about when they choose to dine out. Simply eating at home a few more times per month can add up to considerable savings.

least once per month. Hectic schedules or fear of the financial unknown make it easy for adults to ignore their finances for long stretches of time. But adults should review their financial situation at least once per month, examining how they are spending their money and if there are any ways to cut costs and redirect dollars going out into their retirement accounts. Redirecting as little as \$100 per month into a retirement account can add up to a substantial amount of money over time.

• **Pay monthly bills immediately.** Many adults receive monthly bills for utilities, rent/mortgage, phone, and television/Internet. If you have the money in your account, pay these bills the moment you receive them. Doing so is a great way to avoid overspending on other items, such as dining out

or shopping trips, and then finding yourself scrambling to pay bills come their due dates. Once all the monthly bills have been paid and you have deposited money into your savings/retirement accounts, then you can spend any leftover money on nights out on the town or new clothes if you feel the need.

• **Buy only what you can afford.** It sounds simple, but many adults would have far more in their retirement accounts if they simply avoided buying items they cannot afford. According to a Harris Poll conducted on behalf of NerdWallet, the average credit card debt per indebted American household was \$15,762.07. Adults who want to get their finances in order and start saving more for retirement should put the plastic away and only make purchases with cash or debit cards that take money directly out of their bank accounts once the card is swiped.

• **Downsize.** Downsizing is another way to free up more money for retirement savings. Empty nesters can save money by downsizing to a smaller home or even an apartment. Drivers who no longer need room for the whole family can downsize from SUVs or minivans to smaller, more fuel-efficient vehicles. Adults also may be able to downsize their entertainment, switching from costly cable packages to basic plans or cutting the cord entirely and subscribing to more affordable streaming services.

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Why payday loans are dangerous

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If you're looking for ways to get quick cash and have found yourself asking, "What is a payday loan and how do I get one?" then stop. Payday loans are usually short-term loans that you have to pay back within a few weeks, typically on your payday. They sound like a simple way to get cash fast but they can get complicated and can cost you so much in interest that you can end up deep in debt you can't afford to repay.

Payday loans are generally loans for \$500 or less, according to the Consumer Financial Protection Bureau. Sometimes payday loans are referred to as bad credit loans because they're available to people with less-than-stellar credit. People who earn between \$15,000 and \$25,000 per year make up the largest demographic of payday loans recipients, according to the Pew Charitable Trusts' most recent data on the subject.

You can take out these loans in person at payday loan lenders or online from lenders like ACE Cash Express, National Payday and CashNetUSA, to name a few. To qualify, you must be 18 years old and have a checking account, valid ID and proof of income, according to the CFPB. Some lenders will run a credit check, but many offer payday loans with no credit check. If you're trying to figure out how to get a loan with bad credit, check all of your options.

WHY PAYDAY LOANS CAN BE FINANCIALLY DANGEROUS

Payday loans can be risky. The interest they carry can be extremely high, according to the CFPB. The most expensive payday loans are offered in Ohio with an average annual percentage rate of 591 percent, according to the Pew Charitable Trusts, which is four times higher than Colorado's average payday loan APR of 117 percent.

Some payday loan contracts explain that the lender will charge \$15 per \$100 borrowed, which can appear to equate to 15 percent interest. But there's a catch.

You pay a credit

card's interest rate per year, which is why it's called an annual percentage rate. A payday loan interest rate works like this example from the CFPB: In two weeks from the date you get the loan, you'll pay \$115 for every \$100 you borrow. That two-week payday loan — at \$15 for every \$100 borrowed — equates to 400 percent APR.

If you can't pay your loan back on time, some payday lenders will offer to "renew" or "rollover" your loan. For example, if you renew a \$300 payday loan with a \$15 fee per \$100, you'll owe \$45 plus the \$300 in principal for the initial term. If you roll it over for another term, or two weeks, you'll owe another \$45 on top of the original \$45. Roll it over a second time, and you'll owe a total of \$135 plus the initial \$300. That translates to paying back a total of \$435 for a six-week loan of \$300.

PAYDAY LOANS CAN BE A SECURITY RISK

Another risk associated with payday loans is security, especially if you are using online payday loans. Many sites you might think are direct lenders are actually "lead generators," according to the CFPB.

Lead generators take your sensitive information — like your Social Security and bank account numbers — and send them to a variety of lenders. Your information will get into many hands, which is a major reason to be careful if you're considering payday loans online.

PAYDAY LENDING LAWS

Laws regarding payday loans vary by state. Some states don't allow payday lending storefronts at all, according to the CFPB. Check the Payday Loan Consumer Information website to discover the laws and limits of payday loans in your state.

The website lists the specific limits payday lenders can charge. For instance, lenders in California can charge 15 percent of the loan amount with a maximum fee of \$17.65 per \$100. The website calculates the APR for a 14-day, \$100 loan — which in this case would be 459 percent — and provides other information on these types of loans.

PAYDAY LOAN ALTERNATIVES

If you have an account with a bank or a credit union, you might be able to get a short-term loan there — especially if you have direct deposit — according to the CFPB. Some employers, nonprofit organizations and community groups offer emergency loan options, as well. Other alternatives to payday loans include pawn loans and borrowing money from family and friends.

You also could apply for or opt for a cash advance through your credit card. The interest might seem high, but remember, that's a yearly interest rate.

If you need money fast, explore all your options before you sign up for a payday loan.

Your local hometown **HERO**

Your local independent agent is your neighbor — someone you can trust and someone who's here for you when it matters most.



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