

## Household Budgeting Questions and Answers

	Question		Answer
1	Need to work on a updated Budget for my house and how to maintain.		Using one of the budget spreadsheets is a useful tool, but if you don't like the manual entry the available budget apps may be a better alternative
2	Best way to lower credit card debt		Work with creditors to lower your interest. Look at the Snowball or Avalanche Method of paying down debt, it's a good strategy to get you on track.
3	What are some good ways I can start saving even if its just a little bit here and there?		We can chose to have our payroll deduction deposited into a few different accounts. Have a portion of your check automatically deposited into a separate savings account. Look at your "wants" or non-essential spending and use that money for savings.
4	How to use budgeting to set financial goals. How to use budgeting to prepare for retirement, i.e. changes in incoming funds, etc.		The 50/30/20 rule will help you set your goals. If for example a goal was a vacation, add that to your budgt while trying to keep your non-essential spending to 30%. This rule will also help you prepare for retirement. The normal rule of thumb is 15% retirement and 5% savings, however being a UAMS Employee if you put 10% into retirement and receive the 10% match, you're well beyond the recommended 15% so you could put 10% rather than 5% into your savings.
5	How much should you have in a savings account to protect yourself should an unexpected tragedy occur?		The general rule of thumb is 3 to 6 months of your monthly net income.
6	Due to Covid-19, annualcreditreport.com is allowing 1 credit report a month through April 2021.		Thank you for the information.

7	<p>What are the Cons to a Reverse Mortgage to help with expenses?</p>	<p>Some of the Cons to a reverse mortgage are that many don't qualify if they are under 62 years old and if their house isn't either completely or almost paid off. The closing costs tend to be higher than regular mortgage loans as well as the interest rates. You're still responsible for home insurance, taxes, repairs and maintenance. When you leave the home, it will most likely have to be sold to pay what is owed to the lender so won't be left to your children, etc.</p>
8	<p>could you talk again about taking a loan from your retirement</p>	<p>When you take a loan from your retirement plan, it's usually a short-term loan with a fairly low interest rate. The principle balance of the loan will be put into a separate account that doesn't grow but the interest you pay on the loan goes back to you. Your payments on the loan will be moved back to the growth funds. The risk is that if for some reason you can't make the payments, it will be considered an "early withdrawal" and subject to a 10% penalty and federal and state taxes.</p>
9	<p>When I check on my credit will it reflect negatively on my credit score?</p>	<p>Checking your credit will not have any impact on your credit score.</p>
10	<p>Do you have any tips on improving your credit score in addition to paying off credit cards (e.g., leaving cards open after you've paid them etc.)</p>	<p>Number 1 - Make payments on time. This has the biggest impact on your score and late payments stay on your credit report for 7 years. If you have any late payments, as you work toward more ontime payments it will continually increase your score. The debt utilization (debt used to available debt) is also a factor so try to keep as much unused balances as possible. The length of credit is another large factor so it's good to go ahead and keep credit cards open after you've paid them off.</p>