



The Nine Basic Rules for Building a Nest Egg

Building a nest egg to give you a secure financial future doesn't require a degree in economics, just a degree of common sense. The rules are easy and time-tested, and the smart players always abide by them.

- 1. It's never too late or too early to start.** Think back five or ten years and say to yourself, "Where would I be now if I had started saving a little each month back then?"
- 2. Get out of debt.** Payments on certain things such as a home or a car may be necessary, but pay off the charge cards. That alone is a sound investment with a return equal to the interest credit card companies charge you.
- 3. Establish a budget,** a realistic one that accounts for everything, including the big financial drains like taxes, vacations, and holiday spending. While you're drawing up a budget, streamline your finances. Don't buy things that give you nothing in return. Don't splurge; think about what you're buying. Be sure you are properly insured with the right types and amounts of insurance.
- 4. Set aside an emergency fund,** enough to live on for three to six months. Consider building your emergency fund in a low-risk investment that's easily converted to cash, such as a no-load mutual fund or a savings account.
- 5. Invest safely and simply.** Be cautious with your investments until you have built a portfolio and have some knowledge of how the financial world operates. Your first investments might be CDs, mutual funds, or savings bonds.
- 6. Stick with your plan.** Investing a fixed amount every month without fail is far wiser than waiting for a windfall from interest rate changes or a stock market jump. Inform yourself with periodicals, books, and television financial programs. Monitor your plan and gently steer it in a new direction if necessary.
- 7. Diversify.** Remember to diversify even within the broader markets. A mutual fund may provide a range of stocks, but you should diversify further by investing in different types of mutual funds, and in different "families."
- 8. Include your spouse in planning sessions,** or your spouse may live a nightmare trying to unravel your financial affairs if something happens to you. Also, input from a spouse gives fresh perspective for establishing realistic financial goals for the entire family.
- 9. Have patience.** You do not create financial security in a few months; you achieve it over many years. Seek professional assistance when you are in unfamiliar territory.



If you would like assistance in your financial planning, please call our office, or send your questions to us at: edf@moneyful.com