

The easiest way to know where to put your next dollar so that it's working hardest for you.

deardollars.com



1. Get Paid



2. Pay Your Bills



3. Money Left Over?



MAXIMIZE
MY MONEY



5. Your Extra Money Plan

Object

To figure out where to put your next dollar so that it's working hardest for you. You'll create a stack of cards, in the correct order, that guides you to where you should put your next discretionary dollar. This can literally save you thousands of dollars.

Setup

We all have bills that we must pay - mortgage, electricity, credit card minimum payments, food, etc. After you've paid these "must-dos", you can begin putting your extra money to work. But where? Do you pay down your mortgage? Invest in the stock market? Buy life insurance? Dear Dollars will help you figure out where you should put that next dollar to maximize its value.

Game Play

Lay out all 13 cards. Determine which cards you can use based on answering the following questions. If you answer yes to a question, you keep the card. If no, put the card in the discard pile. Do this again whenever a life event occurs - like having a baby, getting a new job, every new year with updated retirement contribution limits, etc.

Card 1: Life Insurance

Do you have anyone (wife, kids, etc.) who depends on your income?

Card 2: Disability Insurance

Do you work?

Card 3: Credit Cards

Do you have credit card debt that carries over month-to-month?

Card 4: Emergency Fund

Everyone has this card.

Card 5: 401k

Does your employer offer a 401k?

Card 6: HSA

Do you have any HSA (Health Savings Account) as your health insurance plan?

Card 7: 529 Account

Do you have kids with plans on attending college?

Card 8: IRA

Do you ever want to retire?

Card 9: Car Loan

Do you have a car loan?

Card 10: Extra Property Insurance

Do you have valuables (ex. engagement ring) that aren't covered by your homeowner's or renter's insurance?

Card 11: Student Loans

Do you have student loans?

Card 12: Mortgage

Do you have a mortgage?

Card 13: Taxable Investments

Everyone has this card.

Create Your Extra Money Plan

Order your cards in your "keep" pile by the order shown on each card. This is your to-do list to work your way through. For example, first buy life insurance, then pay off credit card debt, then save for an emergency fund, etc. Your money shouldn't be used for a card until all the cards in front of it have been completed.

1

Life Insurance

A safety blanket for your loved ones to cover lost income in case of your death.
Coverage: 10X annual income

11.7%

chance of a 30 year-old U.S. male dying in the next 30 years

\$15.17

average monthly cost for a \$250K, 20 year policy for a 30 year old male

deardollars.com/life-insurance

2

Disability Insurance

Lost income replacement if you get sick or injured for a sustained period of time.
Coverage: 60% of your paycheck

50%

chance for a 35 year old of becoming disabled for 90 days or longer before 65

\$25,000

income lost if you're out of work for 90 days based on \$100k income

deardollars.com/disability-insurance

3

Credit Cards

Some of the highest interest rates aimed at keeping you underwater.
Amount: Remaining balance

15% - 25%

interest rate

\$822

interest you owe on \$1,000 @ 20% over 3 years

deardollars.com/credit-cards

4

Emergency Fund

Cash set aside to cover those unexpected expenses
Amount: 6 months of living expenses

12%

of all car repairs are considered severe

\$652

cost for the average car repair

deardollars.com/emergency-fund

5

401k

Free money from your employer and tax-free growth. Good deal!
Amount: \$19,500 limit

4% - 8%

interest rate

\$38,107

amount you earn on \$10,000 @ 6% over 20 years with an employer 50% match

deardollars.com/401k

6

HSA

Tax-free savings, tax-free growth, and tax-free use, for those in good health.
Amount: \$3,550 self, \$7,100 family

4% - 8%

interest rate

\$22,620

amount you earn on \$10,000 @ 6% over 20 years

deardollars.com/hsa

7

529 Account

Grow your money tax-free and spend it tax-free on educational costs
Amount: \$5,000

4% - 8%
interest rate

\$22,620
amount you earn on \$10,000
@ 6% over 20 years

deardollars.com/529

8

IRA

Great tax-advantaged way to add to your retirement savings
Amount \$6,000

4% - 8%
interest rate

\$22,620
amount you earn on \$10,000
@ 6% over 20 years

deardollars.com/ira

9

Car Loan

Mid-to-high interest rates that can add thousands to your original purchase price.
Amount: Balance of loan

4% - 14%
interest rate

\$822
interest you owe on \$1,000
@ 20% over 3 years

deardollars.com/car-loan

10

Extra Property Insurance

Protection for valuable items you own that aren't covered by other policies.
Amount: Depends on property

11%
of couples have lost a wedding band or engagement ring

\$7,829
the average cost of an engagement ring

deardollars.com/property-insurance

11

Student Loans

Low-to-mid interest rates that really add up over time.
Amount: Balance of loan

4% - 7%
interest rate

\$27,320
interest you'll pay on \$100,000
@ 5% over 10 years

deardollars.com/student-loans

12

Mortgage

Interest rates that you can be paying forever.
Amount: Balance of mortgage

3% - 5%
interest rate

\$71,720
interest you'll pay on \$100,000 @ 4% over 30 years

deardollars.com/mortgage

13

Taxable Investments

The opportunity to grow your money in stocks and bonds, but you need to pay taxes.
Amount: Everything you have left!

4% - 8%
interest rate

\$44,142
growth you earn on \$20,000
@ 6% over 20 years

deardollars.com/taxable-investments



HSA

Financial first-aid

Because staying healthy can slim your waistline and fatten your wallet.



401k

Grow money like a weed

Because we don't want to work forever.



Emergency Fund

A financial shock absorber

Because hot water heaters break. And we like hot water.



Credit Cards

The snake of all debt

Because credit card interest is like trying to swim with a cinder block.



Disability Insurance

Keep the paycheck coming

Because getting injured and losing your pay is truly adding insult to injury.



Life Insurance

Taking care of loved ones

Because nobody is getting out of here alive.

Home debt-free home
 Because home ain't too sweet when you don't fully own it yet.



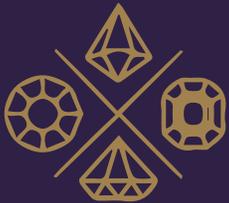
Mortgage

The cost of education
 Because you already paid your dues and they're still asking for alumni donations.



Student Loans

Wedding rings & sinks
 Because soapy hands cause rings to slip away.



Extra Property Insurance

Driving debt down
 Because driving a car is already too expensive.



Car Loan

Retirement tax blocker
 Because you need to protect your money when it's young from the tax man.



IRA

Tax-free college money
 Because you're smart enough to start saving while diaper changing.



529 Account

Mo' money, mo' problems
Because your money needs to
grow faster than prices do.



*Taxable
Investments*