



Introduction

First things first. Congratulations! Whether you just graduated from college or have been in the “real world” for a while, you’ve done yourself a huge favor by reading *Your Financial Future*. Why? Because you’re about to accomplish something most Americans haven’t – financial literacy.

You’ve spent your entire life preparing for your future. However, if you’re like most recent graduates, there is one subject you have failed to prepare for – managing your personal finances.

Personal finance is one of the most important subjects we never learn about – except in the school of hard knocks called experience. And then the lessons are often very hard ones. They include incurring too much debt, failing to save, and ultimately having

no way to work out of a financial hole if something unforeseen happens in your life.

Your degree has prepared you for a career. No one has prepared you for life’s pitfalls like lack of planning, wasteful spending, procrastination, failure to do sufficient research before you make important financial decisions, and on and on. You’re turned loose on the world unarmed and uninformed.

Consider these facts:

- Americans today have a long life expectancy, but little job security and few benefits.
- The average annual personal savings rates for Americans are a paltry 3 to 5 percent of household income.
- Our desire for immediate gratification and exorbitant spending has created a society dependent on credit cards and other forms of high-interest debt.

- On top of mounting student loans, the average college student graduates with a credit card debt of \$3,000.
- 1.5 million Americans will declare bankruptcy this year. One-third of these people are in their 20s and 30s.
- Most Americans spend more time planning their one-week summer vacation than their 30-year retirement.
- Only 5 percent of people over 65 years of age have a yearly income over \$40,000.
- To have \$1 million for retirement, you will need to save \$300 a month for 30 years in an account averaging a return of 10 percent. Most financial experts say retirees need at least \$2 million to retire comfortably.
- Based on 2005 expenses, you'll need \$260,000 to send your first child to a four-year college in 2025 and \$285,000 to send your second in 2030.

Are you prepared to manage your personal finances? You will be after reading *Your Financial Future*.

Your Financial Future is organized in bite-sized chapters to give you the basics on things like getting the best deal on a new car, finding the best bank, managing credit, and what kinds of insurance you need. You'll establish your tolerance for financial risk and learn about investing versus saving. You'll find tips on buying a home, setting goals, and managing a budget. There are answers to questions about confusing topics like taxes, estates, and retirement.

Your Financial Future will make you literate, financially speaking. Financial literacy means knowing how to sort through the complex world of personal finance. It means knowing the vocabulary required to manage your personal finances successfully. It means not falling prey to obstacles like too many choices, lack of time, or the biggest obstacle of all: not knowing what to do. Being financially literate means you will feel competent instead of overwhelmed when faced with financial decisions, clear instead of confused when presented with choices, and confident instead of frightened about financial matters.

Your Financial Future will give you a sufficient foundation to control your personal finances, shed light on some very important subjects, and provide the tools and resources you need to become an effective manager of your personal finances.

A little time and energy spent on managing your personal finances now will reap you large rewards in the future. Don't wait. **Your Financial Future starts right here, right now!**