

# DEVELOPING FINANCIAL CAPABILITY

Financial wellness is defined as a person's financial knowledge, behaviors, attitudes, and plans. The good news is that it's never too early or late to begin improving your financial wellness. We've outlined how adults of all ages think and learn about money management throughout their lives. Each life stage features topical data paired with a practical tip on how you can advance your financial knowledge.

## Early Adulthood

### Understanding Your Student Loans

**90% of students sampled** felt they did not have the information they needed to pay off their college loans.



### Tip: Get ahead of interest!

If you can afford to pay more than your required monthly payment, you can lower the amount of interest you have to pay over the life of the loan.



## Major Purchases

### Tip: It pays to be first!

In addition to federal programs, many states offer assistance programs for first-time home buyers with perks such as tax credits, low down payment loans and interest free loans up to a certain amount.



### Buying Your First Car: Auto Loans

**107 million Americans** have auto loan debt. That's about 43% of the US.



### Buying Your First Home: Mortgages

**48% of all consumers** do not shop before taking out a mortgage.



## Starting a Family

### Understanding Costs: Baby's 1st College Fund

**Only 39% of families** had a plan for how to afford all two or four years of college.



### Tip: Start early and save!

Instead of asking friends and family for toys for birthdays and holidays, ask them to contribute to your child's 529 plan.

A state-sponsored 529 plan is an investment account specifically designed to finance higher education.

Unlike simple savings accounts, your earnings grow federally tax-deferred, qualified withdrawals are tax-free, and some states have other tax benefits as well.



## Retirement

### Tip: Grow as you go!

Ideally, contribute 15% of your annual income to retirement, including the amount that your employer matches. If you can't save that much right now, don't worry! Start small, and try to increase your retirement contributions by 1% each year.



### Understanding Expenses: Healthcare in Retirement

**72% of people over 50** underestimated how much a couple retiring at 65 will likely spend on healthcare in retirement

**32%** say that it's likely they will outlive their savings.

