Office of the Indiana Secretary of State

200 W. Washington St. Indianapolis, IN 46204

NEWS RELEASE **FOR IMMEDIATE RELEASE**

Indiana Secretary of State Connie Lawson helps Hoosiers tackle their finances in the new year

INDIANAPOLIS (January 2, 2014) – Indiana Secretary of State Connie Lawson knows many of you want to pay off debt and improve your financial situation in 2014. Many Hoosiers' New Year's resolutions involve money, and there's no time like the present to get started.

Over the next few weeks, as part of her focus on financial literacy, Secretary Lawson will take to Facebook, Twitter, and Pinterest to share helpful tips for starting a budget, paying off debt, and saving for the future.

Secretary Lawson's Top Tips for 2014

1) Create a budget and prioritize it! Cutting unnecessary expenses will allow you to pay off debt and build a bigger nest egg. Plus, understanding how your money is being used can lead to more responsible decision-making.

2) Try to negotiate lower interest rates with creditors. If you're in good standing with the creditor, it's possible they will give you a better rate and make it easier for you to pay back what you owe. There's no harm in asking.

3) After paying off a credit card, consider keeping it open! Your credit score is partially determined by how much credit you have, and how much of that credit you are using. It's called credit utilization. If you have a lot of credit, but are only using a small amount, your score will go up. Closing a card will lower your amount of available credit and potentially lower your score.

4) The new year is a good time to check on your credit report. You're entitled to one free credit report every twelve months from each of the three major credit reporting agencies. The official website to order these credit reports is www.AnnualCreditReport.com. We recommend you bookmark that site. Go over your credit reports carefully. Mistakes happen!

Secretary Lawson says, "The most effective form of investor protection is investor education. Her office teaches Hoosiers about investment fraud and financial literacy through Indiana Investment Watch. The education program is not funded by taxpayers, but with fines imposed on violators of securities laws. Indiana Investment Watch has educational materials covering the various types of

fraud, as well as general financial literacy tools. Workshops and outreach events held throughout the state provide more in-depth information on detecting and avoiding scams. For more information, visit www.IndianaInvestmentWatch.com.

Secretary of State Connie Lawson
Indiana Investment Watch
@SecretaryLawson
@INInvestWatch
pinterest.com/ininvestwatch/

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Media Contact – Valerie Kroeger 317-233-8655 or vkroeger@sos.in.gov

Creating a Budget

Indiana Secretary of State Connie Lawson wants to help you get your finances under control in 2014. The best way to begin this process is to create a budget. Here are some simple steps to get you started.

1) First, download our budget worksheet. Creating a budget plan is as simple as filling in the blanks. http://www.in.gov/sos/securities/files/BudgetEnglish.pdf

2) Next, you'll need to determine your monthly net income. This amount is how much you make after taxes and will be the total amount of money you work with in your budget.

3) Estimate how much you'll spend each month on expenses. In general, there are two types of expenses. Fixed expenses stay the same each month like rent and car insurance, and they are often due at the same time each month. It's a good idea to write down the dates your fixed expenses are due. Flexible expenses, like food and gas, may change from month to month.

4) Make a list of all the accounts in which you owe money. This should include your credit cards, car and student loans, and mortgages. Write down how much money you owe toward each and the interest rate associated with each account. This will allow you to calculate your debt-to-income ratio, and that will help you determine how much of your gross income can be put toward paying off debt.

5) Don't forget to save! Paying your bills and eliminating debt are important, but it's critical to your future that you save money as well. Once you know how much you're earning and spending, it's time to make adjustments and set some of that money aside each month. It's okay to start small, but aim to save ten percent of your income. In time, as you eliminate debts and trim expenses, you'll be able to save more. Just think of it as paying your future self!

6) It's not enough to just create a budget; you have to actually follow through with it each month. Create a master copy of your planned budget then create a copy that lists all of your expenses with blanks for you to fill in the dollar amount. Throughout the month, list how much you actually spend on each item. When the month is over, see how well you did! You may find that some adjustments are needed. If you spent too much, look at your flexible expenses for ways to make cuts and stay on budget.

Secretary Lawson is committed to financial literacy education, because she believes it is the most effective form of investor protection. She and her staff travel the state, teaching Hoosiers about investment fraud and financial literacy through Indiana Investment Watch. For more information, visit www.IndianaInvestmentWatch.com.

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@INInvestWatch
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Cutting Expenses

Indiana Secretary of State Connie Lawson wants to help you get your finances in order in 2014. Last week, you learned how to create a budget. This week, it's time to cut expenses.

1) Look at your cable or satellite bill. Entertainment can be expensive! A growing number of people are cutting the cord or at least considering it. This option might not work for you, but it's worth exploring. If you don't watch a lot of live television or mostly watch programs that air on the major broadcast networks, it's possible you're throwing away money on a subscription. A lot of the shows and movies you enjoy may be available through internet streaming services like Netflix, Hulu, and Amazon, and those services cost less than traditional cable and satellite. Finally, don't forget about the library! It's filled with books, music, movies, and TV shows that you can borrow for FREE!

2) Do you have a land line telephone, a cell phone, and internet? If so, do you need all three? In today's telecommunications age, there are many ways to communicate, but it can be costly. Picking one or two sources of communication can greatly reduce your monthly bills.

3) Review the budget you created and see how much money you're spending on food. We're not just talking about meals at restaurants and fast food joints, though less of those visits will save you money. Is your pantry packed, but you still can't figure out what to make for dinner? Use sites like Recipe Key, Recipe Matcher, and Super Cook to search for recipes based on what's already in your pantry. Pinterest is also a great place to find food inspiration. Finally, learn the art of meal *planning*. Make grocery lists with items that can be used to make multiple meals. You'll waste less food and save more money.

4) We know that it's cold outside, but are you doing all you can to save on your energy bills? Simple fixes include turning off lights and electronics when you're not home, and keeping your thermostat at a reasonable level. But money could still be escaping through your vents, windows, and drains! Consider requesting a FREE energy assessment. Visit https://energizingindiana.com/ to sign up. Energizing Indiana will send a technician to your home to analyze your energy use, recommend repairs to improve efficiency, and even install new CFL bulbs and energy efficient sink aerators and shower heads.

5) Finally, pick up the phone! Call your cable, phone, and internet providers to see if they have better deals to offer. Negotiating with them is often easier if you know of specific offers being made to new customers. These providers are usually willing to trim your bill if it means keeping you as a customer.

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Tackling Your Debt

Indiana Secretary of State Connie Lawson wants to help you get your finances in order in 2014. Tackling your debt is key! It's amazing how good it feels to pay off your creditors and start paying yourself instead. Secretary Lawson offers suggestions this week for eliminating debt in the new year.

1) When you put together your budget, you made a list of all the accounts in which you owe money. Now it's time to organize those debts. How you organize them is entirely up to you, just remember to keep paying at LEAST the minimum balance on all your other debts. Here are two methods of repayment:

    a. Tackle the debt with the highest interest rate first, because it will grow the fastest. Check out the "Spending Fast" plan at www.AndThenWeSaved.com.
    b. Personal finance expert Dave Ramsey takes a different approach with his "Debt Snowball Plan." He suggests paying off small debts first, because getting those debts off your list will help motivate you.

2) Try to negotiate lower interest rates with creditors. It's possible they will give you a better rate and make it easier for you to pay back what you owe. There's no harm in asking.

3) Know your rights! Debt collectors have to obey federal law. They're not allowed to call you before 8 a.m. or after 9 p.m. They also can't call you at work if they know your employer doesn't approve of the calls. Collectors may NOT harass you, lie, or use unfair practices when they try to collect a debt. They also must honor a written request from you to stop further contact.

4) Some people feel their debt is too large to tackle alone and look to credit counseling organizations for help. Make sure you research the service first and beware of scams! The Indiana Attorney General's Office can tell you if any consumer complaints are on file about the firm and if the company is licensed to work in Indiana. Find out how much the company charges, how long it will take them to get results, and get it all in writing!

5) Avoid NEW debt! Your quest to pay off your credits cards and loans will only drag on if you continue to spend money you don't have. The book The Missing Semester, by Matt Kabala and Gene Natali Jr., offers some wise words. "Do not let your lifestyle determine your debt. Instead, let your debt determine your lifestyle."

6) Finally, stay positive! There's no magic wand you can wave to make your debt disappear. It's a process that takes time. Remember that others have been in your shoes, and they found a way out of debt. Look to people like Indiana's own *Queen of Free*, Cherie Lowe. You can even send her a tweet if you need inspiration!

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Investing 101

Indiana Secretary of State Connie Lawson wants to help you get your finances in order in 2014. Investing is a great way to build wealth over time.

Investing is putting money into a securities product with the expectation it will grow over time. While nothing is guaranteed, there are different types of investment products to consider. To help you get started, Secretary Lawson has some questions for you to answer.

1) Why are you investing? In answering this question, you can decide on an investment product that caters to your needs. Are you saving for a down payment on a house, a college education for your child, or retirement? The most suitable investment product will differ based on each scenario.
2) How long do you want your money to be invested? Some investment products are designed for short-term goals, such as Certificates of Deposit. An annuity might better suit your needs if you plan on keeping your money invested for a long period of time.
3) What is your risk tolerance level? Your risk tolerance level is essentially how comfortable you are with big gains and losses versus smaller gains and losses. If you're in a relationship, it's even more important to discuss risk tolerance levels, because yours may be different from your partner's.

Many people turn to financial services professionals to help with investing. But before choosing a financial planner, investment adviser, or broker-dealer, you should ask these questions.

1) What are your qualifications? Verify licensing and registration by calling the Indiana Securities Division at 1-800-223-8791 or use the searchable databases online at www.IndianaInvestmentWatch.com.
2) How are you compensated? Fee-based professionals charge an hourly rate or a fee based on the performance of the funds they are managing. In comparison, commission-based professionals earn a commission each time they buy or sell a product for their clients.
3) Do you have a fiduciary duty? Fiduciary duty requires that a financial professional offer products in the best interest of the client, meaning they put the needs of the client before the needs of their employer and themselves. It is the highest standard of care in the industry.
4) Do you understand our needs? Legitimate financial professionals want to understand your unique needs, goals, and risk tolerance levels before offering advice. They will likely ask you to complete a suitability assessment to better understand your financial goals.
5) Can I get it in writing? Every investment opportunity should come with a prospectus or circular outlining the details of the investment. If an investment professional doesn't want to put it in writing, or is hesitant to answer any of your questions, walk away! Those are red flags indicating possible fraud.

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How to Start Saving

Indiana Secretary of State Connie Lawson wants to help you get your finances in order in 2014. Paying off debt is great, but make sure you also save for the future!

A recent survey conducted by the American Savings Education Council (ASEC) revealed that 77% of Americans are concerned about the impact of the economy on their personal savings, but they are not necessarily changing their saving habits as a result. Here are some ways you can start saving today.

1) Try to budget 10% of your monthly income for savings. This is when the "Cutting Expenses" section of Secretary Lawson's "Tackling Your Finances in 2014" series comes in handy.

2) Build a "rainy day" fund to cover expenses in the event of an emergency. This money should be stashed in a savings account where you can access it quickly when a real emergency strikes. Indiana's own *Pete the Planner*, Peter Dunn, suggests saving three months living expenses. So multiple your monthly budget by three and aim to save that much.

Start small by cutting that $5 a day coffee at Starbucks. This could help you save $35 a week or $1,825 a year! If you don't drink coffee, there is something else you can cut such as a daily soft drink or snack, trips to the driving range or shopping.

If your weekly entertainment is going to the movies, try renting a movie and making popcorn at home instead. This could save you around $15 a week, or $780 a year! Savings like that add up, especially if you use the money to pay off debt. According to TransUnion, the average American carries more than $5,200 in credit card debt.

Try switching from name brand products to generic products. They often work just as well and can save you a few dollars here and there which adds up over the year.

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