

# Financial fitness worksheet

Answer these 8 questions to assess your level of financial fitness.  
Use the motivational tips on the back to set your financial goals.

1	T / F	I'm clear about how much money is coming in, how much is going out and where I spend my money each month.
2	T / F	If I became ill or injured and couldn't work, I know exactly how much my workplace disability income insurance would pay and for how long.
3	T / F	If my car needed \$1,000 in repairs or my dog needed emergency surgery, I have savings to cover the unexpected expense.
4	T / F	I know how much I need to save for retirement.
5	T / F	I know how much credit card debt I have and how much I pay each month in interest.
6	T / F	I know the difference between term and permanent (whole) life insurance.
7	T / F	I know my credit score.
8	T / F	I know what I want for my future and have a written financial plan outlining what it will take to make it happen.

## HOW DID YOU DO?

Give yourself one point for each "True" and zero points for each "False" answer.

**7-8 Total Points:** You have an extremely high degree of financial security and well-being. You are very "Financially Fit."

**4-6 Total Points:** You are on the right path to being "Financially Fit." You have made some wise choices and could benefit from making additional smart money moves.

**0-3 Total Points:** You are a good candidate to take some initial steps to get "Financially Fit."

## WHY FINANCIAL FITNESS IS ESSENTIAL FOR WOMEN

- Women typically earn less than their male peers, so women have less to save.<sup>1</sup>
- Women are more likely to interrupt their careers to become caregivers, so during these time periods they lose out on the opportunity to save.<sup>2</sup>
- Women, on average, live longer than men and need to support a longer life in retirement.<sup>3</sup>

These factors combine to create considerable financial planning challenges for women.

<sup>1</sup> Source: U.S. Census Bureau, 2015

<sup>2</sup> Population Reference Bureau, 2016 <http://www.prb.org/pdf16/TodaysResearchAging33.pdf>

<sup>3</sup> CDC, 2016 <https://www.cdc.gov/nchs/data/databriefs/db267.pdf>

## GET MOTIVATED: 8 WAYS TO ACHIEVE YOUR GOAL OF FINANCIAL FITNESS

- 1. Budget:** Having a budget – and following it – is the best way to get clear on where your money is going. Download a budget app, track your spending for a couple months, and then adjust your spending to follow the **20/60/20 rule**:
  - ✓ **20 percent** for saving and investing
  - ✓ **60 percent** on essential expenses
  - ✓ **20 percent** on discretionary expenses
- 2. Protect your paycheck:** One in four employees will become disabled at some point during their career.<sup>4</sup> If you were diagnosed with cancer or suffered a stroke and couldn't work, employer-sponsored disability coverage typically caps payments at 60 percent of your income. You can help close the gap with individual disability income insurance.
- 3. Build an emergency fund:** American's greatest financial fear, according to a 2016 Northwestern Mutual survey, is having an unplanned financial emergency. Save yourself from worry by establishing an emergency fund. With three to six months of living expenses in an account you can access easily, you can avoid having to borrow money, sell something or use high-interest credit cards to cover an unexpected expense.
- 4. Save for retirement:** One of the most important steps you can take on your journey to financial fitness is to commit to saving for retirement. Start early, and contribute at least enough to get your company's 401(k) match if there is one (it's free money!). Then increase your contribution by 1 percent each year. If you're self-employed, consider opening a SEP-IRA or other qualified retirement savings plan.
- 5. Pay down credit card debt:** Credit card interest rates are typically very high. That's why reducing or eliminating credit card debt is a common financial fitness goal. Start by making minimum monthly payments on each card; and when you can, pay more than the minimum on the card with the highest interest rate. By paying it down faster, you'll save money because you'll be paying less interest over the long run.
- 6. Safeguard with life insurance:** Term life insurance is temporary; coverage ends at the end of the term (number of years). Permanent life insurance stays with you for life and accumulates cash value, as long as the premiums are paid.
- 7. Manage your credit score:** Having good credit puts money in your pocket. When you pay your bills on time and keep your level of debt in check, you'll improve your credit score – which, in turn, gets you better rates on everything from cellphone plans to insurance to car loans and mortgages. That's why it's so important to take the time to build great credit and check your credit regularly.
- 8. Talk to a professional:** As you start down the path to a greater level of financial fitness, do you know exactly where you're headed? When you have a road map to get from where you are today to where you want to be in the future, you're much more likely to reach your destination – and with more confidence. A financial professional can help you develop a comprehensive financial plan.

## GET STARTED NOW: ESTABLISH YOUR PRIORITY GOALS

My #1 financial goal for the short term (1-2 years from now) is: \_\_\_\_\_

My #1 financial goal for the medium term (3-10 years from now) is: \_\_\_\_\_

My #1 financial goal for the long term (11+ years from now) is: \_\_\_\_\_



**You don't have to go this alone.** Based on your goals, a Northwestern Mutual financial professional can help you develop a financial plan to achieve your goals.

<sup>4</sup> U.S. Social Security Administration Fact Sheet, February 2013

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