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Learn About Money Market Accounts

Learn the ins and outs of saving more with an MMA

Everyone enjoys saving money, but doing so is often easier said than done. Many Americans funnel a portion of their earnings into a savings account, creating a valuable cache of money for future use. Most of these accounts are static entities that are simply added to over time, giving you few opportunities for growing interest and, as a result, saving even more money. That's where money market accounts come into play. These accounts store your saved money but also add to it by accruing a large amount of interest. If you're interested in what one of these accounts can do for your finances but are unsure where to start, read on for an introduction to the benefits of opening your own MMA.

What is it?

A money market account can most easily be described as a savings account with unique properties. As previously mentioned, most savings accounts are simple repositories for your hard-earned cash. A money market account takes that cash and grows it via interest. While there are other types of savings accounts that can earn you interest, MMAs are well known for earning you higher rates. According to Jim Probasco at Investopedia, this extra interest is incentive for not only keeping the account, but growing it. Another unique aspect of money market accounts is that they can also function like traditional checking accounts. Instead of simply leaving your money in your account, you can access it through using a debit card and writing checks. In short, opening an MMA means you'll save money, make money, and have the freedom to spend that money with ease.

How does it work?

The inner workings of a money market account are quite simple. After opening the account, simply begin adding your savings to it. Although the rate at which you gain interest will differ depending on your account type, most accounts are compounded daily and paid monthly, according to a guide published by howstuffworks.com. In addition to the interest you will earn, other benefits to opening a money market account include insurance protection and the aforementioned ability to access your account via cards and checks. However, there are certain restrictions and prerequisites you may have to meet before opening an MMA. First, an upfront minimum deposit may be required. Second, depending on where you open the account, you may not be permitted to exceed a set number of transactions per month, which could be as few as six. Lastly, your account may require you to maintain a minimum balance in order to avoid fees.

Should I have one?

Before you rush to open your own money market account, it's important to take a look at your own finances and lifestyle. Despite the many benefits involved, MMAs aren't necessarily right for everyone. Being able to afford the upfront deposit and maintain the minimum balance is a big deciding factor. If you routinely lower your account below the minimum, expect to pay fees. A traditional savings account might be the better fit in that situation, and a normal checking account is recommended for those who make frequent withdrawals. On the other hand, if you already have a "rainy-day" fund or the required minimum balance sitting in another account, opening an MMA is a great way to earn interest with little upfront work on your part.

Now that you know the ins, outs, and benefits of opening a money market account, the only thing left for you to do is assess your situation and decide if saving with an MMA is right for you.

4 Unnecessary Expenses to Cut From Your Life

Four easy ways to spend less by cutting more

As a hard-working adult, you know that saving money is an important thing to do. Unfortunately, it can also be a difficult prospect. Life is expensive, and it often feels like our money is gone no sooner than we've earned it. But are all of life's expenditures necessary? Far from it; a close look at your budget is likely to reveal plenty of unnecessary spending. If you're looking to pocket a little extra cash, eliminating some of these less-necessary expenses could result in hundreds of additional dollars in your pocket at the end of each year. Here are four such expenses that may be worth cutting from your life.

Dinner out

When you've had a rough day at your job, picking up some greasy food at a drive-in restaurant can be a very appealing proposition. Likewise, treating yourself and loved ones to nice dinners out is a lovely way to spend an evening together. However, be sure that these occasions don't become frequent habits. Eating out can get expensive; whether it's a fast-food establishment or a fine-dining experience, you'll find that plenty of money is changing hands. Limit the number of times you eat out to once or twice a week, and you'll be surprised at how much cash you'll save.

A home phone line

Landline phones used to rule the world. If you grew up before the 2000s, you'll remember all the cords, cables, and expenses that went along with them. Many households in America still use home phone lines, which means they are paying fees for the service. With the advent and wide-spread use of cell phones, landline phones are largely obsolete. A cell phone can do everything that a home phone can do, so paying service fees for both is a massive waste of money. Ditch the home phone line, and your bank account will thank you.

Subscriptions you're not using

From streaming services and magazines to cable and more, subscription services are everywhere. It can be hard to let one or more of these services go, but keeping all of them at once can be a drain on your finances. One of the biggest appeals of streaming services is their low price; most cost less than $15 a month, which is more than affordable. It's when these services and their fees begin to stack up that problems arise. Bottom line: if you have a service you're not using on a regular basis, cancel it and save your money. Eliminate cable charges by streaming your entertainment, and only pay for the streaming services you watch frequently. If you end up changing your mind in the future, reactivating your canceled account is always an option.

The newest technology

The allure of the latest phone, tablet, or vehicle can be hard to ignore. Most people want the best technology at their disposal, but new tech comes at a price. If you're looking to save money, rushing to the store to buy the latest smart phone on release day is the last thing you should do. If your current phone still works, continue to use it until getting a new phone is a necessity instead of a luxury. The same goes for all forms of technology; from TVs and cars to game consoles and cameras, use what you already own for as long as you can. A little patience can go a long way toward saving you money.

By taking the initiative and eliminating these unnecessary expenditures from your life, you'll be one step closer to increasing your savings and pocketing some well-deserved extra cash.

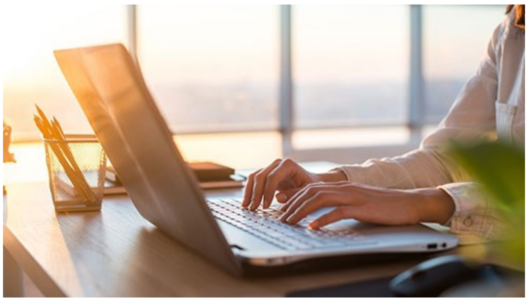
Questions to Ask Before you Hire a Financial Advisor

Make sure you know what you're getting into

When you hire a financial advisor, you are putting your nest egg in their hands. But with so many financial advisors out there, it can be hard to know if you've picked the right person for the job. Below, you'll find a few pointed questions you should ask that will help you determine whether you can trust them with your financial life and if they understand what you need as a client.

What are your credentials?

Susannah Snider, senior editor for Personal Finance at U.S. News, reports from her sources that just about anyone can call themselves a financial advisor even if they have virtually no training or experience. If you're going to be trusting someone with your money, you'll need more than that. Ask your potential advisor about their credentials, whether they are, for example, a certified public accountant or a certified financial planner.



"For most consumers, looking for an advisor who is a certified financial planner, or CFP, will help them locate a financial professional who has met certain educational, ethics and experience standards and has passed an exam," Snider writes.

If you're not sure what kind of advisor you need, check the Financial Industry Regulatory Authority's database, which lists over 200 professional designations that fall under the category of financial advisor. It lists what the designations mean as well as the qualifications required, which should help you decide what to look for.

How do you get paid?

Financial advisors get paid in a variety of ways that can impact the decisions they make. "Understanding of how a financial advisor gets paid will help clear up whether they are working in your best interests or not," says Charles Ho, certified financial planner and CEO of Legacy Builders Financial.

For example, an advisor paid via commissions for selling products is incentivized to sell those products whether they fit your needs or not. Confirm your advisor works for you and you alone by ensuring their payment is a flat fee, hourly rate, or percentage of your assets.

Are you a fiduciary all of the time?

There is only one right answer to this question: yes. According to financial reporter Casey Bond, "a fiduciary is a person who is legally and ethically required to act solely with your best interest in mind." This requires them to disclose all of their fees, explain how they're compensated, reveal potential conflicts of interest, and place your interests over their own — even if it causes them to make less money. Your financial advisor should always be held to a fiduciary standard.

Who is your typical client?

Many financial advisors have experience working with people in specific financial situations. Edward Wacks, a CPA and CFP, says that one of the ways to find an advisor who is familiar with your needs and understands your issues is to look for someone close to your own age. "Most advisors tend to focus on people within 10 years of their age," he says.

What is your track record?

All investment advisors are required to file Form ADV with the Securities and Exchange Commission, and must update it annually. This form acts as a track record for the advisor that you can use to view their investment strategies and past disciplinary action, if any.

"Potential and current clients of an investment advisor should always review the Form ADV on file, as it provides transparent evidence of the asset mix within the firm, as well as the professional background of key personnel," writes Adam Barone, financial reporter for Investopedia.

Check Form ADV before meeting with your potential advisor and ask them about anything you found noteworthy.

Finding the right financial advisor can be a major help to your financial life. Asking these five questions is a good starting point to get a sense of whether an advisor will be a good fit for you.

Top Small-Business Loan Tips

How you can give your business the best chance at securing a loan

Whether you're starting up, expanding, or need a quick injection of cash, a small-business loan can be a lifesaver and a dream-maker. Given the gravity of what a loan can do for your business, it should come as no surprise that the process of securing one takes a careful, intelligent approach. If you know what lenders are looking for and how to deliver, you can boost your business easily and with as little stress as possible.

Put everything into your business plan

When applying for a small-business loan, you'll need to present several key documents. None of these may be more important than your business plan, which shows lenders your pathway to success and your vision for getting to the finish line.

According to the United States Small Business Administration, an effective business plan will project the next three to five years of your business. The SBA notes that you have two basic formats to consider: a traditional plan, which can be dozens of pages long, and a lean startup plan that typically covers one page and takes as little as an hour to complete. Entrepreneur Leadership Network writer Anna Johansson says that there's simply no such thing as overpreparation, so the traditional plan is generally the best choice.

A traditional business plan contains nine elements: an executive summary, company description, market analysis, outline of organization and management structure, description of your products or services, marketing and sales strategies, outline of funding required, financial projections, and an appendix. This may sound exhaustive, but every component of your plan is crucial and should get due focus. Fortunately, there are several examples of successful business plans online, so you have a baseline to start from if you're at a loss for how to make your plan stand out.

Reconcile with your credit history

You keep your finances separate from your business, but as Johansson notes, lenders will not see it that way when considering you for a loan. If you have bad personal credit, your likelihood of getting a loan for your business suffers.

Steve Nicastro and Jackie Veling, writing for NerdWallet, suggest starting by checking up on your credit report. You can get a free annual credit report from Equifax, Experian, and TransUnion by visiting AnnualCreditReport.com. Most credit card providers and personal finance websites also provide less detailed reports as a service for customers. Checking your credit report allows you to find irregularities that might suggest your identity has been compromised and deal with them accordingly.

According to finance specialist Suzanne Darden, who spoke with Nicastro and Veling, financial institutions prefer that borrowers seeking small-business loans have a credit score of at least 680. Johansson suggests that threshold is as high as 720, but the true number ultimately depends on several factors. To give yourself ample cushion, make an effort to boost your score to a satisfactory number before applying for your loan.

Johansson notes that there are five key factors that make up your credit score: payment history, total credit utilization, credit age, account mix, and credit inquiries. As payment history and utilization make up nearly two-thirds of your score, you can see a major impact right away by making timely payments and paying down or paying off open lines of credit.

Don't take the loan application process lightly. When you're considering getting a loan for your small business, turn to a trusted financial expert and empower yourself with the right tools. With the right knowledge, you can submit your loan application confident that you'll come away with what your business needs to succeed.

Essential Financial Lessons For Kids

The money lessons your kids need to learn from you

As a parent, you are your child's first and most enduring teacher. The example you set, the lessons you teach, and the instruction you neglect will live in your child's psyche forever. And, that includes how to handle money. Help your kids develop good money habits now and throughout their lives with the following financial lessons.

Save, spend, and share

Financial literacy is on ongoing conversation, and it should start at an early age. Start with the basics — rattling coins in a piggy bank. The Balance writer Madison Dupaix suggests a clear piggy bank so your kids can see the amount grow before their eyes. This is their first foray into saving.

As they get older, and are eager to start spending their coins, introduce them to the save, spend, and share concept, advises MoneyCrashers.com writer Jacqueline Curtis. They can divide their money into these categories, which allow them to save for the future, purchase an item they want right now, and then put some money aside to help others.

Working hard pays off

No matter what store you and your child go into, they will want you to buy them something. And, most likely, you'll spend most of the time shopping saying no to the cavalcade of items they present to you, increasing your blood pressure and your child's whining. Instead of losing your cool or cutting your shopping trip short, use the opportunity to teach a lesson about the value of a dollar.

"Any time that they want to buy an extra item you could have them do a chore or odd job around the house. They should learn that there is a cost involved anytime that they want to purchase an item," according to MoneyCrashers.com writer Mark Riddix.

Budgeting 101

Doing chores to earn money for a toy takes time. Kids are notoriously impatient, so you need to help them construct a budget so they can see it's possible to earn their reward. Learning the basics of budgeting and the importance of setting a goal are lessons that will serve them well now and throughout their lives.

"By giving your child something to look forward to, chores become a priority, and your kids are less likely to waste their allowance on cheap stuff," according to Curtis. "Don't over-complicate their budgets. A simple chart indicating how much money is coming in and how much goes out is enough to help your kids understand and plan for future purchases."

Savings accounts are for kids

In your kid's eyes, financial institutions are for grown-ups. But, in reality, they are for money, and when your child sees their name on a savings account, they'll see that their savings and earnings are just as important to the world as yours are.

"Explain to kids how compound interest works and show them how their money grows in a savings account. Expand to a checking account once they're ready," advises Dupaix.

Making money a regular topic of conversation with your child will help them grow into finance-savvy people. From toddlerhood to adulthood, you can help your kid understand the value of hard work, saving, and setting and reaching their financial goals.

How to Plan Your Retirement Using Age Banding

Following this simple model can save you money during retirement

Even if you're nowhere near retirement age, chances are you've been — or have recently begun — preparing for the eventuality of leaving a working lifestyle behind. A lot goes into retirement planning, and knowing where to start or how to make sure everything goes as planned can be daunting. That's where the concept of "age banding" comes into play. This easy-to-understand model can help you plan ahead for your retirement, and ensure that you have plenty of money when you need it most. Whether you're looking to start preparing for retirement or have already begun that exciting new stage, consider this your guide to how age banding can help you prepare smarter.

Understanding age banding

Before you can fully understand how age banding benefits you, it's important to first know what exactly this model is and what it means. Financial planner Ben Harvey, writing for Investopedia, defines age banding as the idea that annual spending levels will vary throughout a person's retirement years. In other words, the amount a retiree might be spending at 65 will differ from what they spend at 75, 85, and so on. Many financial advisors warn people planning for retirement that a "replacement ratio" may be needed to ensure that you have more money later into retirement, and the age banding model is an extension of this idea.

The model divides a person's retirement into three distinct stages based on relative age and spending. The first stage is commonly referred to as the "go-go years," during which time retirees are often healthy, active, and spending more funds on things like traveling than they are on health care. After that comes the second stage, called the "slow-go years," and sees the retiree slowing down with recreational activities as they age. During this stage, the amount of money being spent on fun things and on health care tend to even out a bit more. The final stage is called the "no-go years," and sees the balance fully tip in favor of health care spending. When this data is put into a graph, the result is a curve in which spending goes up in stage one, falls in stage two, and rises again in stage three.

How this model can help you

With the age banding model now defined, the next big question to answer is how it can help you prepare for retirement. While age banding will affect everyone's retirement spending projections a bit differently, there's plenty you can do using this model to make your planning go smoother. First, understand the amount of money you're are likely to spend in each stage. This may be hard to predict exactly, but having an understanding of the averages is a great help in understanding what your future may hold. There are many expenditures to keep in mind, including leisure activities, possible emergencies, and taxes. Wade Pfau at Forbes suggests that, thanks to a 3-percent tax inflation rate, "at age 65, the lifestyle adjustment factor for taxes is an assumed drop to 50% of their pre-retirement level." By taking these expenditures into account early on, you'll be better prepared for how each stage effects your life and finances.

It's also important to monitor these expenses during your retirement years, and not just before. Financial writer and planner Michael Kitces suggests on his website that keeping track of spending during each retirement stage as its happening is a great way to combat spending decreases and changing inflation rates. He also recommends projecting your needs based on a gradual decline in spending, allowing you to better prepare for possible unforeseen shifts.

Now that you understand age banding and how it can help you plan smarter for your retirement, you're better equipped to prepare for entering the next, exciting stage of your life, no matter how far away it might be.

Basic Tips to Keep Your Account Safe

Simple ways to protect your personal information

Criminals are crafty, smart, and — for the most part — lazy. They are looking for accounts they can easily hack and information that is easy to steal. By putting up barriers, even simple ones, you can help protect your account from thieves.

Think like a detective

Whether you receive online or paper statements of your account's activity, it is important to read them line by line. It may seem tedious and time-consuming, but thoroughly reviewing your statements will reveal discrepancies and charges that are not yours. To help make sure you receive full fraud protection from your financial institution, Investopedia writer Michele Lerner advises checking your account every day or at least once a week.

Build strong locks

A unique password acts as a deadbolt on your account. If your password is too hard to crack, a hacker will move on to another victim. To build a strong password, you need to include elements such as a mix of upper and lowercase letters, special characters, and numbers, according to Forbes Contributor Rebecca Lake. Longer passwords that include a phrase are more secure than short passwords, and even though personal info like birthdates are easier to remember, it will weaken your password, she adds.

"Remember to update your online banking passwords regularly. Changing them every three to six months could help lower the odds of your password being stolen or decoded by hackers," according to Lake.

If available from your financial institution, you can increase the security of your account with a two-factor authentication code, she adds. Although it is an extra step to take to access your account, it is a step worth taking to help keep your account safe.

Avoid public Wi-Fi

Using public wireless access to check your account, manage or pay bills is a risky move, warns Lerner. Anytime you access your account for any reason, you need to use a wireless signal that is password-protected.

For times that Wi-Fi is your only connection to take care of business, The Balance writer Justin Pritchard recommends keeping your operating system running with updated software, disabling the "connect automatically" default on your smartphone or laptop, and installing and updating anti-virus programs. You will also want to heed warnings from your browser.

"When visiting secure sites, make sure that 'https:' appears in the address bar and look for the padlock icon," says Pritchard. "If you get any warnings (such as untrusted certificates or similar) — especially unexpected warnings while using Wi-Fi away from home — wait until you're on a secure network to access bank accounts."

Opt for alerts

Keeping your account safe is a group effort. If your financial institution offers them, it's a good idea to sign up for alerts and notifications. This way, your account is constantly monitored.

"The kinds of alerts you may want to set up include notifications for new credit and debit transactions, failed login alerts, password change alerts and outgoing wire transfer alerts," advises Lake.

Do not let thieves steal from you or compromise your personal information and identity. Use these tips to help manage and protect your account.

Are Shopper Loyalty Programs Worth It?

Understanding the risks and benefits

Shopper loyalty programs may seem like an easy way to save money on your favorite products. The choice to sign up for exclusive savings and customized coupons may seem like a no-brainer — however, these savings come at the cost of your personal data being sold to marketers. Here’s what to know about the benefits and risks of these store loyalty programs, so you can decide whether you’re comfortable with participating.

Understanding loyalty programs