Five steps closer to financial freedom

Planning your way to financial freedom

Creating a personal financial plan and understanding how your workplace benefits fit into that plan are two of the most important steps to helping you achieve financial peace of mind. Whether you're taking action to manage your finances for the first time or are revisiting your plan as part of an annual check-up, consider the following simple steps to help you on your journey to reaching your goals and achieving financial freedom.

1 Put together a plan for tackling competing financial priorities

Whether it's paying down student debt or credit cards, saving for your first home, helping to finance a child's education, or providing support to your community, church, or loved ones, we know that you have many financial commitments. When every dollar counts, it can be hard to know where to start. If you're finding it difficult to balance competing priorities, you're not alone.

The Saving and spending check-up is a good place to start creating a budget, while the Managing my money webinar can help you create a plan for managing your budget and saving for your future goals.

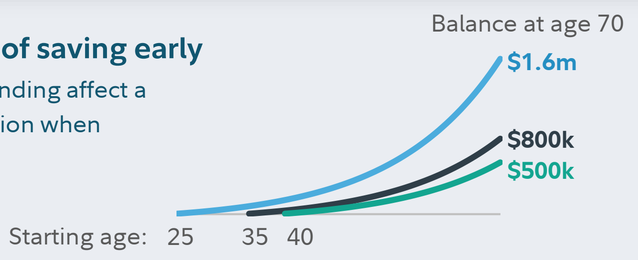
2 Enroll and engage

Your workplace retirement plan is an important part of a healthy, long-term financial strategy, and the earlier you begin investing, the more time your money has to potentially grow.

For the 56% of Black Americans who are not yet taking advantage of their workplace retirement accounts,[1] this is a significant opportunity to build a safety net for long-term financial needs.

You can see the effects of saving early

Here's how time and compounding affect a $5,000 yearly pretax contribution when saving starts at various ages.[2]



3 Meet your match

Are you leaving (free!) money on the table? Most employers offer a match for their employee contributions, but 1 in 5 people contributing to a 401(k) are not saving enough to get their full company match.[3] Many companies will auto-enroll employees at the minimum contribution rate (typically around 3%) but will offer a higher match than that minimum.

Take advantage of the full investment your employer is making in you: consider increasing your contribution rate to meet your match today.

4 You work hard for your money; make sure your money works hard for you too

As your savings goals, timelines, or retirement plans change, it's important that your investments stay aligned with them. Whether you value an active, hands-on approach to choosing your investments, want someone to do it for you, or prefer something in between, make sure you're setting an annual reminder to check in on your investments and ensure they're still meeting your needs.

Visit NetBenefits to learn more about what options are available to help keep your investment plan on track.

5 Step it up

If your plans allows you to set up an automatic yearly increase, consider doing so. If you usually get a raise each year, you may be able to time the increase to take effect when you get that bump in pay so you won't feel the impact in your paycheck. Those gradual increases—even just an additional 1% each year—can go a long-way toward reaching your savings goals.

See how a small change can make a big difference with Fidelity's Power of Small Amounts tool.

With resources and tools designed to help you take meaningful steps toward your financial goals, Fidelity is here to help—no matter where you are in your journey to financial freedom.

Investing involves risk, including the risk of loss.

1Federal Reserve Board, 2019 Survey of Consumer Finances.
2This hypothetical example assumes the following: (1) pre-tax contributions of $5,000 annually, starting at ages 25, 35, or 40 at the beginning of the period; (2) An annual rate of return of 7%. (3) The ending values do not reflect taxes, fees or inflation. If they did, amounts would be lower. Earnings and pre-tax contributions are subject to taxes when withdrawn. Distributions before age 59 1/2 may also be subject to a 10% penalty. Contribution amounts are subject to IRS and Plan limits. Systematic investing does not ensure a profit or guarantee against a loss in a declining market. This example is for illustrative purposes only and does not represent the performance of any security. Consider your current and anticipated investment horizon when making an investment decision, as the illustration may not reflect this. The assumed rate of return used in this example is not guaranteed. Investments that have potential for 7% annual rate of return also come with risk of loss.
3Fidelity analysis of 4.9 million participants contributing to 401(k) plans that offer an employer matching contribution as of 9/30/2020.

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