



Your Bottom Line

Your go-to resource for timely information about personal finance, college planning and student loan management

February 2020

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Love the Lifestyle You Can (Really) Afford

There's nothing wrong with buying new things or wanting the latest technology. However, when you're determined to save money, buying an item you don't need or one you already have works against you. There can be a constant battle between wanting new things and saving money.

Contentment in life is important, and becoming too rigid with your spending can lead to frustration. The goal is to strike a balance between having nice things and consistently building your savings. February is the month of love, and it's time to show appreciation for and own the lifestyle you can truly afford.

Try these steps to build positive momentum in both your lifestyle and finances this year.

Pay Yourself First. As you selectively make purchases, continue to plan for the future. Building your savings will take persistence, so consider treating

it like a bill. Similar to allocating money for utility bills each month, regularly set funds aside for your savings account. No matter the amount, determine how much you can save and budget for it to be deposited monthly. By making saving a top priority, you'll be actively pursuing your financial goals and creatively enjoying your current lifestyle.

Avoid Comparison. It's easy to look at others' lives and start the comparison game. Don't fall for it! Trying to keep up with the Joneses can be exhausting and expensive. Instead of comparing yourself with others, embrace your uniqueness. You've worked hard for your lifestyle. Proudly own what you have and only make purchases that you truly need or that truly reflect the life you want to live - not to compete with others.

Take Inventory. Wanting the finer things in life is a part of being

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human, but having nice things doesn't have to break your savings. Take inventory of your possessions and conduct an honest review; what still works? What needs an upgrade? If you need to make a major purchase, make sure you have the money to cover the expense fully. For items that don't necessarily need to be replaced, look for a solution that may save you money - like refurbishment.

Shop Smart. When looking to buy nice things while saving money, coupons, clearance racks and sale signs are a shoppers' best friend. Always peruse the clearance section to see what you can find. Secondhand stores may offer treasures, as well. Also, don't forget to comparison shop; research is key. Comparison shopping can help you purchase the product you want without busting your budget. Research can help you make sure you're buying a quality item. Quality over quantity is almost always the better choice, and a little research could help you determine which option is better for you.

Leap Year

February 29, 2020 is Leap Day!

The odds of being born on February 29th are 1 in 1,461.

Leap Days in History:

First people are accused in the Salem Witch Trials (1692)

Theodore Roosevelt appoints the Panama Canal Commission (1904)

Comic strip *Family Circus* debuted (1960)

The Beatles win their only 'Album of the Year' Grammy for Sgt Pepper's Lonely Hearts Club Band (1968)

Hank Aaron becomes the highest paid player in Major League Baseball with a salary of \$200,000 (1972)



Resources for Adult Learners

Adult learners have the opportunity to explore postsecondary career options using customizable tools that reflect their interests and capabilities through OKcollegestart.org, which allows users to review programs and majors, compare careers, prepare for tests, and find scholarships. OKcollegestart also allows adult students to build a lifelong learning portfolio.

OKcollegestart offers resources specifically for adult learners, including information about postsecondary institutions, financial aid, and tips for balancing schoolwork with other aspects of life. A one-stop shop for interactive college planning, OKcollegestart provides information about Reach Higher, the state system of higher education's adult degree completion program, and resources for student veterans and active duty military. OKcollegestart features high school equivalency exam practice tests, Graduate Record Exam (GRE) test prep, ASVAB practice tests, and Accuplacer practice tests, and the Career Planning section of OKcollegestart offers the ability to browse careers based on previous work history, a resume builder, and opportunities to practice interviewing for jobs.

For adults who are interested in a career change, OKcollegestart offers six career and interest assessments including Basic Skills Survey, Career Cluster Survey, Interest Profiler, the Career Key, Transferable Skills Survey, and the Work Values Sorter. While digging deeper into specific job categories and critical occupations, adult learners will see projected salaries nationwide and the potential for growth and stability in those professions. They will also look at the basic and transferable skills needed to match their career options.

To learn more about OKcollegestart, visit www.OKcollegestart.org. For more information on Reach Higher, visit www.ReachHigherOK.org.



Taxes: 2020 and Beyond

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Peter Terranova is a Certified Public Accountant for Peter A Terranova, CPA PLLC in Oklahoma City. In this month's Q&A, Terranova answers questions about taxes.

If someone has never filed taxes before, what advice would you give them?

First, determine if you even need to file. The standard deduction for individuals is \$12,200 for 2019—so if your income is below that, there's no need to file. The exception to this is if you had withholding from your income, from a part-time job for example. In that case, you'd want to file to get that amount refunded to you. If you do need to file, check out irs.gov to see if you'd qualify for the IRS's free filing program. If not, there's some good tax preparation software that will make filing easier or, if you can afford one, hire a professional!

Do students need to file taxes while they are in school?

If the student is working or meets the income requirements while they are in school then yes, they will need to file.

Is it beneficial for students to be claimed by their parents for financial aid purposes?

Yes! Their parents will benefit from a dependent credit for having them claimed on their taxes as well.

What filing status should I choose?

The IRS treats tax returns differently depending on the filer's household status. There are five different ones:

single, married filing jointly, married filing separately, head of household and qualifying widow(er) with dependent child. Your tax rate, standard deduction amount, eligibility for certain deductions and credits are dependent on your status. If you aren't sure the best status for your situation, [use this tool from the IRS](#) or talk to a tax professional.

How do you know if you should hire a tax professional? What questions should you ask before hiring them?

Hiring a professional to help is always a good idea but if you have income from sources other than wages or interest, you should definitely hire a tax professional. Look for credentials and experience—are they a Certified Public Accountant, an Enrolled Agent or licensed to practice in some way by the IRS? The Internal Revenue Code is a maze, with pitfalls everywhere. You want someone who knows their way around. Also, fees are a given—and can be quite high depending on who you use—so find out exactly which services you're paying for. Are you being charged for tax prep only, IRS representation should you get audited, an additional fee for a refund anticipation check, etc.?

What are some things that people can do to get organized before preparing to file their taxes?

Gather all your income documents - W-2s, 1099s, interest statements. With the standard deduction so high, deductions for things like mortgage interest, state and local tax, medical and charitable contributions have

less impact. Therefore, unless these items total more than the standard deduction amount, there is less need to gather information for them.

What actions would you recommend consumers take now to improve their tax situation for 2021?

The simplest change that you can make is to review your withholdings from your employer. Any additional money being withheld that doesn't need to be is an interest free loan to the government for money you could have available throughout the year. Also, be sure to take advantage of a retirement plan—employer plan, IRA - fund it until it hurts! This will lower your annual taxable income as well as help you prepare for the future.

Once taxes have been filed, how long do you suggest consumers save their tax documents?

The statute of limitations for an IRS audit is three years, unless there is fraud involved, so keep records at least that long but no more than five years in most cases.

For more information about taxes visit Oklahoma Money Matters at <https://oklahomamoneymatters.org/Consumers/Taxes.shtml>.



America Saves Week

Since 2007, America Saves Week has been an annual celebration as well as a call to action for everyday Americans to commit to saving successfully. America

Saves is a non-profit organization of the Consumer Federation of America (CFA) that encourages communities to take the America Saves Pledge. Last year's campaign reported over \$500,000,000 in deposits from participating banks and credit unions. Commit to taking a financial step each day by setting and carrying out goals for the week of February 24-29 at AmericaSavesWeek.org.

Monday: Save Automatically. It's hard to miss money you don't see. Set up automatic transfers to a savings account for college expenses, emergencies or other financial goals.

Tuesday: Save with a Plan. What does financial success look like to you? It's not enough just to have a savings goal in mind. Develop your financial goals further by creating a written savings plan.

Wednesday: Save for the Unexpected. Nearly half of all Americans have failed to set up an emergency fund. Don't be one of them. It's recommended to have 3-6 months of your household expenses in an emergency fund. Start with what you have, even if it's only \$5 to contribute towards saving this month.

Thursday: Save to Retire. Retirement ages may have changed, but the need to eventually retire hasn't. Many don't have enough retirement income to live comfortably while others have no retirement funds at all. The average monthly Social Security retirement benefit as of the end of 2019 was about \$1,400 a month. Can you live the way you'd prefer with that amount?

Friday: Save by Reducing Debt. The more debt you eliminate, the more you can save. Your credit score will rise by paying on time and paying the full amount you owe. Remember you're saving yourself time and money when you attack a balance until it's gone! One way to fast-track debt elimination is by using the "Debt Snowball" technique. Oklahoma Money Matters can help you craft your own. See https://oklahomamoneymatters.org/documents/Debt_Snowball_Worksheet.pdf

Saturday: Save as a Family. Involving your family in your financial goals, accomplishments and pitfalls prepares your children for independent adult life. Being open about money, how it's earned, spent and saved allows your children to work with you and begin to make family financial goals.



The Oklahoma College Assistance Program, an operating division of the Oklahoma State Regents for Higher Education, provides college access and financial aid awareness, financial literacy and student loan management programs and services that benefit students, parents, schools and community partners.

