

# For Your Benefit

DECEMBER 2017

## Questions to Ask Before Buying That Thing You've Always Wanted

Even if you're generally comfortable with your finances, you may occasionally worry about how much you're spending, especially if you consistently have trouble saving for shorter long-term goals. Here are a few questions to ask that might help you decide whether a purchase is really worth it.

### WHY DO I WANT IT?

Maybe you've worked hard and think you deserve to buy something you've always wanted. That may be true, but are you certain you're not being unduly influenced by other factors such as stress or boredom?

Take a moment to think about what's important to you. Comfort? Security? Safety? Status? Quality? Thriftiness? Does your purchase align with your values, or are you unconsciously allowing other people (advertisers, friends, family, neighbors, for example) to influence your spending?

### HOW WILL BUYING THIS NOW AFFECT ME LATER?

When you're deciding whether to buy something, you usually focus on the features and benefits of what you're getting, but what are you potentially forgoing? When you factor this into your decision, what you're weighing is known as the opportunity cost. For example, let's say you're trying to decide whether to buy a new car. If you buy the car, will you have to give up this year's family vacation to Disney World? Considering the opportunity cost may help you evaluate both the direct and indirect costs of a purchase. Ask yourself how you will feel about your purchase later. Tomorrow? Next month? Next year?

### WILL THIS PURCHASE AFFECT YOUR FAMILY?

Couples often fight about money because they have conflicting money values. Will your spouse or partner object to your purchasing decision? And what about your children? Children learn from what they observe. Are you comfortable with the example you might be setting?

### DO I REALLY NEED IT TODAY?

Buying something can be instantly and tangibly gratifying. After all, which sounds more exciting: spending \$1,500 on the ultra-light laptop you've had your eye on or putting that money into a retirement account? Consistently prioritizing an immediate reward over a longer-term goal is one of the biggest obstacles to saving and investing for the future. The smaller purchases you make today could be getting in the way of accumulating what you'll need 10, 20, or 30 years down the road.

Be especially wary if you're buying something now because "it's such a good deal." Take time to find out whether that's really true. Shop around to see that you're getting the best price, and weigh alternatives. You may discover a lower-cost product that will meet your needs just as well. If you think before you spend money, you may be less likely to make impulse purchases and more certain that you're making appropriate financial choices.?

### CAN I REALLY AFFORD IT?

Whether you can afford something depends on both your income and your expenses. You should know how these two things measure up before making a purchase. Are you consistently charging purchases to your credit card and carrying that debt from month to month? If so, this may be a warning sign that you're overspending. Reexamining your budget and financial priorities may help you get your spending back on track.



# What can I learn from looking back on my financial situation in 2017?

If your financial plan for 2017 didn't work out the way you wanted it to, don't beat yourself up. Instead, ask yourself the following questions to determine what you can learn from reflecting on your financial situation in the last year.

**Did you meet your financial goals and expectations for 2017?** Perhaps you started the year with some financial goals in mind. You wanted to establish a budget that you could stick to, or maybe you hoped to build up your emergency savings fund throughout the year. If you fell short of accomplishing these or other goals, think about the reasons why. Were your goals specific? Did you develop a realistic timeframe for when they would be achieved? If not, learn to set attainable and measurable goals for your finances in the new year.

**How did your investments perform?** A year-end review of your overall portfolio can help you determine whether your asset allocation is balanced and in line with your time horizon and goals. If one type of investment performed well during the year, it could represent a greater percentage of your portfolio than you initially wanted. As a result, you might consider selling some of it and using that money to buy other types of investments to rebalance your portfolio. Keep in mind that selling investments could result in a tax liability. And remember, asset allocation does not guarantee a profit or protect against loss; it is a method to help manage investment risk. All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

**Are your retirement savings on track?** Did you contribute the amount you wanted in 2017? Or did unexpected financial emergencies force you to borrow or withdraw money from your retirement savings? In that case, you can help your savings recover by contributing the most you can to your employer-sponsored retirement plan and taking advantage of employer matching (if it's available to you). Contributing to a 401(k) or 403(b) plan can help you save more consistently because your contributions are automatically deducted from your salary, helping you avoid the temptation to skip a month now and then.

# December is National Safe Toys and Gifts Month

In recent years, the U.S. Consumer Product Safety Commission (CPSC) has created a robust toy safety system, by requiring testing by independent, third party testing laboratories around the world; enforcing stringent lead and phthalates limits for toys; imposing some of the most stringent toy standards in the world; and stopping violative and dangerous toys at the ports and in the marketplace before they reach children's hands. These combined efforts continue to foster the confidence of American families as they prepare to shop for toys this holiday season.

## **SAFETY TIPS TO KEEP IN MIND THIS HOLIDAY SEASON:**

### **BALLOONS**

Children can choke or suffocate on deflated or broken balloons. Keep deflated balloons away from children younger than eight years old. Discard broken balloons immediately.

### **SMALL BALLS AND OTHER TOYS WITH SMALL PARTS**

For children younger than age three, avoid toys with small parts, which can cause choking.

### **SCOOTERS AND OTHER RIDING TOYS**

Riding toys, skateboards and in-line skates go fast, and falls could be deadly. Helmets and safety gear should be worn properly at all times and they should be sized to fit.

### **MAGNETS**

High-powered magnet sets are dangerous and should be kept away from children. Whether marketed for children or adults, building and play sets with small magnets should also be kept away from small children.

## **ONCE GIFTS ARE OPEN:**

- Immediately discard plastic wrapping or other toy packaging before the wrapping and packaging become dangerous play things.
- Keep toys appropriate for older children away from younger siblings.
- Battery charging should be supervised by adults. Chargers and adapters can pose thermal burn hazards to young children. Pay attention to instructions and warnings on battery chargers. Some chargers lack any mechanism to prevent overcharging.

## **TOY SAFETY GUIDES**

The CPSC provides free safety alerts, guides, posters, brochures, handbooks and other materials which you can use to help spread consumer product safety information in your community.

- [Choking Hazard: Plastic Film on Toys and Other Children's Products »](#)
- [Strings and Straps on Toys Can Strangle Young Children »](#)
- [Ingested Magnets Can Cause Serious Intestinal Injuries »](#)
- [Balloons Can be Suffocation Danger to Kids »](#)
- [Caps for Toy Guns »](#)
- [Electric Toy Safety »](#)
- [Child Safety Protection Act Fact Sheet »](#)
- [CPSC Warns Consumers of Dangers with Toy Chest Lids »](#)
- [Button Battery Safety Quiz »](#)

