

Note: Due to production lead time, this issue may not reflect the current COVID-19 situation in some or all regions of the U.S. For the most up-to-date information visit [coronavirus.gov](https://www.coronavirus.gov).

IRAs: Traditional vs. Roth



Traditional and Roth individual retirement accounts (IRAs) are great options for retirement planning. Both have the same contribution limits. For 2020, your contribution to all of your IRAs can't be more than \$6,000 (or \$7,000 for individuals age 50 and older) by the end of the year; or your taxable compensation for the year if it's lower than the contribution limit.

The biggest differences between the two account types are how and when taxes are paid. Traditional IRA contributions are tax-deductible in the year they are made. You make Roth IRA contributions with after-tax dollars, but your withdrawals are tax-free in retirement.

Determining which type of IRA is best will depend on the tax bracket you anticipate during retirement. If you expect your tax rate to be higher in retirement, choose a Roth IRA. If you expect it to be lower, go with the traditional IRA.

In most cases, financial advisers recommend a Roth over a traditional IRA for these reasons:

1 The Roth has fewer restrictions for retirees.

Roth IRAs do not have required minimum distributions at any age. With a traditional IRA, you must start required minimum distributions (RMDs) at age 72.

2 Roth early withdrawal rules are more flexible,

allowing you to withdraw contributions made without having to pay taxes or early withdrawal penalties. Traditional accounts have a 10% early withdrawal penalty, and you will be taxed (at your current tax rate) on the amount withdrawn.



Grocery Store Tips

Grocery shopping takes a big bite out of your budget. Here are several ways to stretch your food dollars further.

Tip 1: Study weekly ads.

The easiest way to save money and plan your meals is to look at weekly grocery store ads before shopping. It'll not only help you see what's on sale but also give you ideas for things to cook based on ingredients that are being featured. And don't forget to use paper and digital coupons. Some sales may be advertised for digital coupons only, but ask the checker if you can get the discount if the coupons don't work on your phone.



Tip 2: Make weekly meal plans.

Figure out what you'll be preparing before you grocery shop. Account for how much you want to cook each week.

Tip 3: Stock up on easy meal items.

Sometimes you won't want to cook, so it's good to have simple things on hand to prepare when one of those nights rolls around. You don't want to get takeout constantly, especially if you're watching your spending and trying to eat healthy.

Tip 4: Buy smaller portions of perishable foods.

Though it makes financial sense to buy larger portions of food with a short storage life, you should purchase what you'll actually consume.

Tip 5: Schedule your grocery shopping.

Try to develop a food shopping routine. You may go once or twice a week, but going or ordering online on regularly scheduled days will keep you from popping into the store and needlessly spending.



Reducing Debt 2 Ways



Debt stacking and debt snowball are two common methods for paying off debt.

The basic premise is the same for both methods. A person lists their debts, including the minimum payment, the interest rate, and the balance of each debt. The second step is determining how much money can be used toward paying off debts in total. Each month the minimum payment is made on each of the debts.

The difference between the two occurs at this next step.

Here you determine which debt to focus on paying off first. For **debt stacking**, you put all extra money toward the debt with the highest interest rate. With **debt snowball**, you focus on the lowest balance first. **Example:** \$500 total per month to pay toward debts.

Name of Debt	Minimum Payment	Interest Rate	Balance of Debt
Credit Card	\$75	14.99%	\$2,000
Store Card	\$25	29.99%	\$3,500
Personal Loan	\$50	18.99%	\$6,000

For **debt stacking**, pay the minimum payments on all three debts and put the remaining funds toward the store card debt because it has the highest interest rate. You do that each month until you have the debt paid off. Then you would move to the personal loan debt because it has the next-highest interest rate.

For **debt snowball**, you would pay the monthly minimum on each loan but put the remaining funds toward the credit card because it has the lowest balance. Deciding which method to follow depends on your personality. If you don't need to see results quickly to stick with your plan, choose the stacking method. If you need to see results quickly or you give up, choose the snowball method.

TOP DOLLAR DICTIONARY: PROBATE

Probate is the legal distribution of property after a person dies.

It serves to prove the validity of an existing will, supervise the orderly distribution of a person's assets to heirs, and protect creditors by ensuring that valid debts of the estate are paid. Probate also prevents one heir from taking inappropriate priority of assets.



September Savings

September is a great time to score some big deals. Here are a few:

1. Cars — In late summer, dealerships are trying to clear out inventory to make room for the new models. Car manufacturers usually release new models in August and September, so September is a great time to save on 2019 models.



2. School and office supplies — Since school starts in August in most states, school and office supplies will be on clearance by September. Stock up for the year.



3. Outdoor items — As the warm weather fades, retailers are clearing inventory to make room for winter weather items. Outdoor products, such as patio furniture, will be deeply discounted.



4. Plants and trees — Indulge in your green thumb when nurseries mark down trees, shrubs and bulbs to get rid of inventory before winter arrives.



TOP DOLLAR TIP: DIY DRYER SHEETS

Dryer sheets have felt the heat due to the harmful chemicals they contain. If you are concerned for your health but don't enjoy static in your clothes, make your own dryer sheets for pennies.

What you will need:

6 x 6-inch **cotton fabric** squares

1 **glass jar** with a screw-top lid

1 cup **white vinegar**

10 to 15 drops of your **favorite essential oil(s)**

Directions:

Place your cotton fabric squares into the glass jar. **Pour** vinegar over the fabric. **Add** essential oil drops. **Screw** the lid tightly on the jar. **Shake** well. **Toss** one square into your dryer with your clothes.



Your clothes will be free from static and will smell fresh.



The Smart Moves Toolkit, including this issue's printable download, **Cool Meals for Hot Days**, is at personalbest.com/extras/20V7tools.