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A Financial Planning Tool for Every Stage of Life

FAMILY FEATURES

From heading off to college to marrying the love of your life to taking those dream vacations, life's biggest moments are often tied to being financially responsible.

While memories of your first dance as newlyweds don't often include the cost of the band, money is frequently front and center when planning for some of life's larger events. From early adulthood through retirement, a credit card is one tool that can help you achieve your financial goals while offsetting some costs along the way.

"No matter your stage in life, it's important to plan ahead and have the right tools to meet your financial needs," said Jason Gaughan, credit cards executive at Bank of America. "A credit card offers flexibility, convenience and an increasing amount of rewards that can make your budget go even further."

These tips from financial experts can help you maximize financial tools like credit cards throughout life's milestones.

College Years

For many, college represents the first instance of being responsible for personal finances. During this time, some students apply for their first credit cards to cover a wide range of costs such as books or travel expenses to and from school. Experts agree it's important to start building credit at this age, but only if you can handle the responsibility associated with a credit card.

"Though credit can be a somewhat foreign topic for beginners, online resources such as Bank of America's Better Money Habits offers tips to help young adults learn about things like how your credit score is calculated, the difference between a credit report and credit score and explains why it's important to understand before signing up for a credit card," said Lysandra Perez, a relationship manager for Bank of America who is responsible for educating clients on establishing strong financial habits including managing and building credit."

According to BetterMoneyHabits.com, an important rule for building strong credit is to spend no more than 30 percent of your available credit line. The online resource also recommends that students look for credit cards that offer low interest rates and no annual fee to help minimize finance charges if they aren't able to pay their bills in full each month.

"Establishing strong financial habits early on can help set you up for future credit opportunities later in life," Perez said.

Early Adulthood

As people become more established professionally, they often become more comfortable financially, allowing them to pursue their passions.

Using a credit card that offers rewards tied to interests is a strategy some young adults utilize. According to a Bank of America survey, 91 percent of Millennials ages 23-29 plan to use a rewards card to help pay for upcoming travel.

"It's common for people in their mid-to-late 20s to prioritize maximizing credit card rewards," Gaughan said. "They understand using a card for smaller, everyday purchases like coffee and groceries can be an easy way to earn points to pay for fun events like a trip abroad or home for a college reunion."

Saving and tracking rewards is key during this period, too. Digital tools like My Rewards provide new visibility into the rewards you earn and how to maximize their value. Also look to explore banking rewards options like Preferred Rewards, which can offer special perks and benefits like credit card rewards bonuses, discounts on home and auto loans, interest rate boosters and no-fee ATM transactions.



Marriage and Parenthood

A seismic shift often occurs when entering the marriage and parenthood stage of life. The individually minded spending of early adulthood transitions to down payments on homes and saving money for children's educations.

These years typically require more financial savvy to make every dollar count as large expenses requiring loans, such as houses and cars, are more prevalent during this stage.

Along with larger purchases, these years also often come with grocery store trips, filling up the gas tank for carpool duty and buying new clothes as your kids grow. Look for a cash back card that lets you earn rewards on your everyday purchases and offers redemption for cash back to cover expenses or invest in a savings account.

Retirement

By retirement age, you've likely spent decades saving and are looking to enjoy the fruits of your years of labor. While the amount saved for retirement varies greatly depending on your situation, it's always important to

spend wisely during retirement, and a credit card that reaps high rewards can help.

"There are many ways to continue saving and investing once in retirement," said David Poole, head of Merrill Edge Advisory, Client Services and Digital Capabilities at Bank of America. "Credit cards that allow you to invest rewards back into your retirement fund is an easy way to continue contributing to your 401(k)."

Credit cards can also help retirees fulfill long-standing travel goals. Some like the Bank of America Premium Rewards card offer lucrative travel benefits such as earning two points for every dollar spent on travel and dining purchases. Look for points that are flexible and can be used toward future travel purchases or as cash back.

"With so many credit card options available, it's important to understand what your current needs are," Gaughan said. "Do your research, develop a strategy and work with your financial institution to determine the best card for your lifestyle."

Find more information and credit card options at bankofamerica.com/creditcards.