TD TOP DOLLAR®

Helping You Make the Most of Your Money. 09.2015

Mortgage Affordability

Your home is one of the largest purchases of your lifetime. The ensuing mortgage, taxes and maintenance expenses will impact your finances for the next 15 to 30 years.

It's critical that you choose a home you can afford. There are numerous home affordability calculators online that estimate home purchasing costs. Here are a couple of rules you should follow:

Your total mortgage payment should be no more than 28% of your gross monthly income, and your total debt payments (existing plus the new mortgage) should be no more than 40% of your gross monthly income. Most calculators do not take into account factors that will increase your monthly housing payment — namely property taxes, homeowners insurance and, if you put down less than 20% of the home value, private mortgage insurance (PMI).

However, aim to keep the ratio of your mortgage payment as low as possible. The more money you aren't spending on your home, the more money you have to save. This won't be possible in all real estate markets, and it's possible you may have to spend more than the calculators suggest to be able to buy at all.

Finding Coupon Codes

If you look hard enough, you can find a lower price for almost anything. Stores often issue these discount codes through email, their website or through other websites that highlight information on current deals and coupons. Here are a few tips to help you search:

Do a general search. Try the product name, or model number, to find offers.

Search coupon sites. Websites offering discount codes are plentiful. Search for the product you want or type in a store name.

Sign up for newsletters or join social media groups. Many companies offer discounts to newsletter subscribers or members of social media groups. Membership can offer additional discounts you can't access anywhere else.

Back-to-School Savings

The total cost for starting a new school year continues to increase. According to the National Retail Federation, in 2014 families spent on average $682.99 to send students back to K-12.

Here are a few ideas on how to start a new school year and have money left in your pocket:

1. 
Many states waive sales tax during events called tax holidays. You can pick up clothing, computers and school supplies tax free. Find the dates for your state's sales tax holiday, and determine item eligibility online. Sales tax holidays often occur in the first week of August, although some states have tax holidays in July, and towards the end of August.

2. **Buy in bulk.** When pens, crayons and glue go on sale in late summer, buy enough to get you through the school year. If you don't need an entire 100-pack of pens, try pooling your money with friends, neighbors or other parents to buy supplies, and then divide them equally. Or donate what you don't use to schools in need.

3. **Find coupons online and in your Sunday paper.** Keep in mind that many stores offer price and coupon matching. If there **is** an item you need to get at a specific location, call ahead and ask if they price match, or have upcoming sales. **It never hurts to ask.**

Great Deals for September

November and December are not the only months to score great buys. You can also find good deals in September. Here are a few:

1. **Cars —** You can find some great deals as dealerships are trying to clear out inventory to make room for new models. Car manufacturers usually release new models in August or September, so September is a great time to score a great price on the previous year's model.
2. **Outdoor gear —** As warm weather fades, retailers deeply discount outdoor items to move them out of the store.
3. **Plants and trees —** Nurseries will put trees, shrubs and bulbs on clearance in September to clear inventory before winter arrives.
4. **Travel —** With kids in school by September, people are traveling less for fun. Airlines need to move tickets so many offer great deals during the month. Also, most airline prices go up starting in October before the holidays begin.

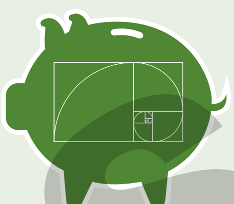
Did you know that slow cookers cost around $40 and use just 100 watts of electricity? If you used it once a week for 8 hours at a time, it would cost approximately $1 a month in electricity.

But that's only the beginning of the savings. Slow cooking is a great way to transform inexpensive ingredients — including cheaper, less choice cuts of meat — into tender, delectable, one-pot meals.

If you eat meat, consider trying recipes that incorporate inexpensive cuts of meat: whole fryers, pork hocks, and tougher cuts of pork, lamb and beef.

Since most slow cookers hold between 4 and 6 quarts, they're also perfect for batch cooking. You can freeze the leftovers and save even more on groceries and dining out down the road.

Because most slow-cooker recipes rarely call for adding extra oil, most dishes can be relatively lower in fat compared to frying or other cooking methods, which often add fat.



TOPDOLLAR DICTIONARY: Financial Ratios

You can evaluate your financial strength by using *financial ratios.* These numerical calculations can also be used by financial institutions to analyze the household's finances when making loan or credit decisions. Two important ratios are:

Liquidity Ratio

Liquidity is the ease at which an asset can be converted to cash. The liquidity ratio provides an idea of how many months a household could continue to meet expenses should income stop. Experts suggest a minimum liquidity ratio between 6 and 9 months.

$$\text{Liquidity Ratio} = \frac{\text{Cash On Hand} + \text{Money in Checking} + \text{Money in Savings}}{\text{Monthly Expenses}}$$

Debt to Total Assets Ratio

This ratio provides a measure of a household's ability to pay its debts and determines solvency. Solvency is when your assets are greater than your liabilities. If a person's liabilities are greater than their assets, they are insolvent. Experts suggest having a ratio below 1 (e.g., .2 or .3), as 1 indicates insolvency. The lower the calculated number the more solvent you are.

$$\text{Total Debt to Total Assets Ratio} = \frac{\text{Short-Term Debt} + \text{Long-Term Debt}}{\text{Total Assets}}$$