

Backpack to Briefcase Financial Planning

4/24/2018

6:00 p.m. – 7:30 p.m.

Outline:

- Establish Goals
- Cash Reserves
- Debt Management
- Insurance
- The Power of Saving
- Taxes
- Investing Building Blocks
- Estate Planning
- Knowing your Financial Professionals

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Introduction:

- Who I am
- What I do

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Establish Goals:

- Many financial decisions are based on timeframe

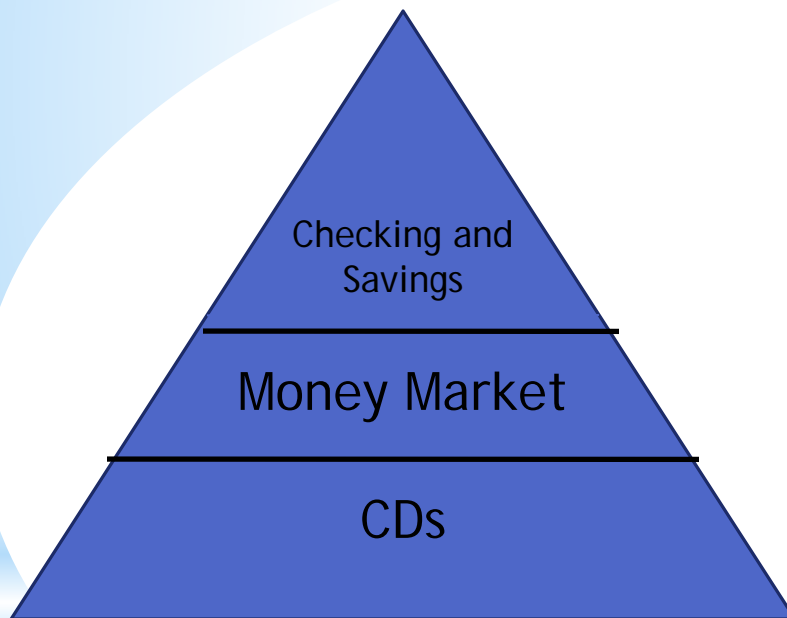
- To efficiently allocate your dollars, you need to understand your goals
 - ❖ Do you want to go back to school?
 - ❖ Do you want to buy a house?
 - ❖ Do you want to retire early? Late?
 - ❖ Do you want to pay for someone else's education?

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Cash Reserves:



- Cash Reserves are the most important and most overlooked aspect of sound financial planning.
- Cash reserve can be checking, savings, money market type accounts.
- We recommend a cash reserve of anywhere between 3 and 6 months worth of expenses.
- 3 tier Cash Reserve
- As attractive as the stock market is right now, it does not make sense to invest if you cannot protect against emergencies and opportunities that arise.

Debt Management:

Tax Equivalent
Interest

Rate * (1 - Tax Rate)

- Student Loans
 - ❖ Interest Rate
 - ❖ Tax deductibility?
 - ❖ Mortality

- Credit Cards
 - ❖ Building your Credit

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Insurance:

Age 22 Salary:
\$100,000

Growth Rate: 4%

Age 65 Salary:
\$540,000

Total Income:
\$10.4M

- Long Term Disability
 - What does your workplace offer?
 - Does it include bonus & commissions?
 - Is the benefit taxable?
 - Social Security Disability

- Life Insurance
 - Group, Term, & Permanent

- FSAs & HSAs

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The Power of Saving:

Age	Save Early	Save Late
22	\$ 2,000.00	\$ -
25	\$ 9,012.22	\$ -
28	\$ 17,845.61	\$ -
31	\$ 28,973.12	\$ -
32	\$ 31,290.97	\$ 2,000.00
35	\$ 39,417.62	\$ 9,012.22
38	\$ 49,654.84	\$ 17,845.61
41	\$ 62,550.80	\$ 28,973.12
44	\$ 78,796.00	\$ 42,990.59
47	\$ 99,260.26	\$ 60,648.57
50	\$ 125,039.35	\$ 82,892.53
53	\$ 157,513.56	\$ 110,913.51
56	\$ 198,421.73	\$ 146,211.88
59	\$ 249,954.23	\$ 190,677.66
62	\$ 314,870.34	\$ 246,691.74
65	\$ 396,645.95	\$ 317,253.34

➤ What if you save \$2,000 per year for 10 years, starting at age 22 and get an 8% rate of return?

➤ What if you save \$2,000 per year from the age of 32 until age 65?

➤ Its not easy to sacrifice lifestyle, but the long term rewards are significant.

No More Saving!

This is a hypothetical example and is not representative of any specific investment. Your results will vary.

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Taxes:

- Pre – Tax Vehicles
 - 401(k) / 403(b) / 457
 - SEP / SIMPLE
- Post – Tax Vehicles
 - Roth IRA / Roth 401(k)
- Which is Better?
- Roth Conversion
- Withholdings

Traditional IRA account owners should consider the tax ramifications, age and income restrictions in regards to executing a conversion from a Traditional IRA to a Roth IRA. The converted amount is generally subject to income taxation. The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change.

Investing Building Blocks:

- Stock
- Bond
- Mutual Fund
- ETF
- Types of Mutual Funds & ETFs
- Which is Better?

Mutual funds, bonds, and ETFs will fluctuate in value and loss of principal is possible. Bond values have an inverse relationship with interest rates. For example, when interest rates rise, bond values drop, and vice versa. If you were to sell your bond prior to maturity you may receive less principal than you invested. In addition to market volatility, mutual fund risk is based on the underlying securities in the fund. An investment in Exchange Traded Funds (ETF) involves the risk of losing money and should be considered as part of an overall program, not a complete investment program. An investment in ETFs involves additional risks such as not being diversified, price volatility, competitive industry pressure, international political and economic developments, possible trading halts, and index tracking errors.

Asset Allocation and Rebalancing:

- Efficient Markets
- Modern Portfolio Theory
- Manual & Fund Level

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Other Investing Topics:

- Expense Ratio
- Brokerage and Wrap
- Discretion

Mutual Fund Share Classes:

- 12(b)1 fees
- A Share (Upfront)
- B Share (Back)
- C Share (Level)
- I Share (Wrap)
- No Load Share (DIY)

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Estate Planning:

- Documents to get now
 - Health Care Proxy
 - Durable Power of Attorney

- Documents to consider later
 - Will
 - Homestead
 - Guardianship Provisions

Knowing your Financial Professionals:

- Accountant
- Broker
- Financial Planner
 - Fee Based, Transaction Based, or Both?
 - CFP, CFA, CRPC ...

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Wrap Up:

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Wrap Up:

- Comment Card
- Public Speaking
- Free Consultation