Personal Financial Planning

information to get you started
for the earning phase of your life

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What is financial planning?

- Financial planning is a process that brings financial goals into focus and creates a road map for achieving those goals.

Opinion- You will be able to accomplish so much more in life if you use the practice of setting goals.

Envision your life. Set long range goals to make it happen. Use short and medium term goals to achieve the stepping stones that will take you there.

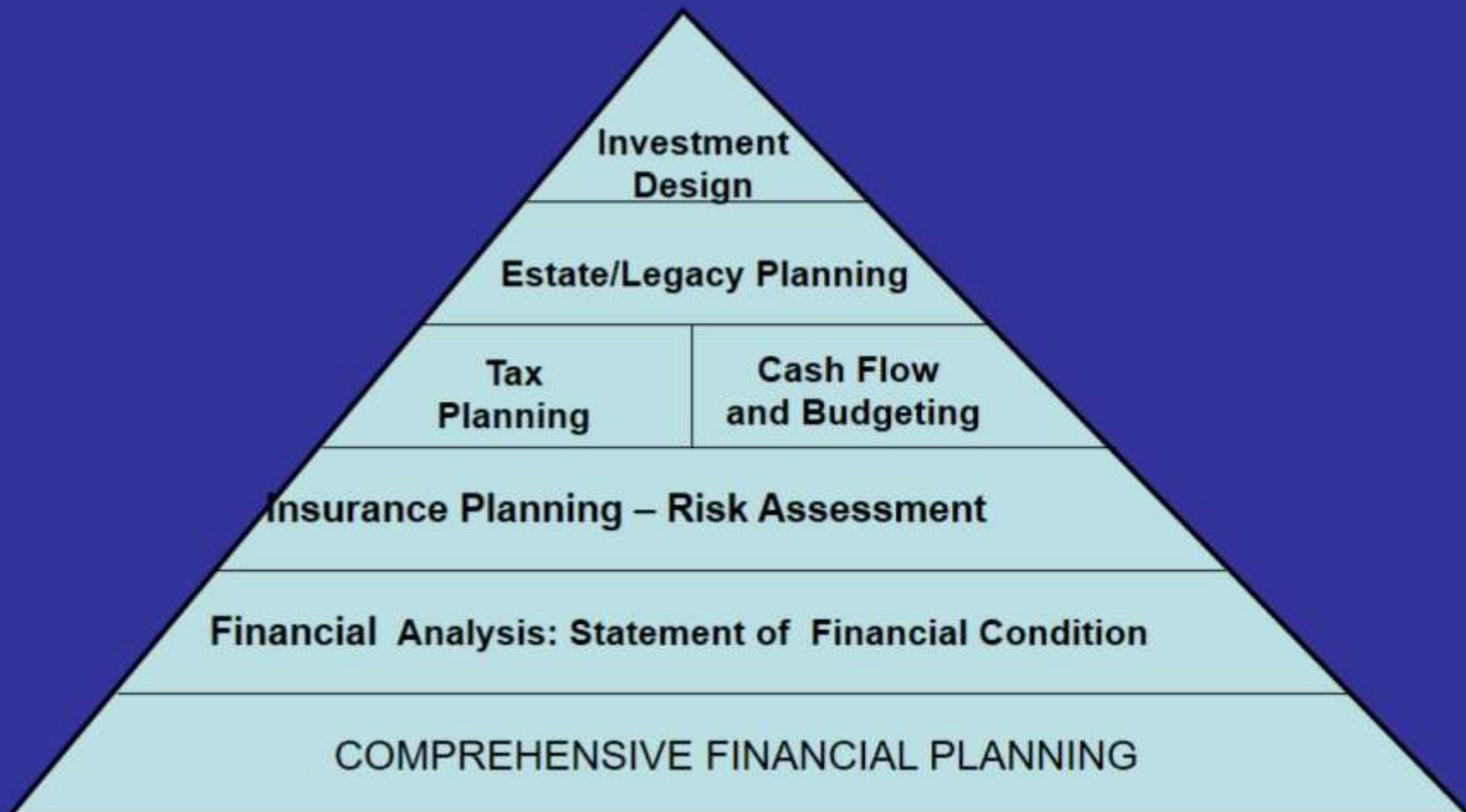
The Financial Planning Process

- Gather and organize information
- Clarify goals and understand financial attitudes
- Analyze problems and opportunities
- Evaluate recommendations and alternatives
- Implement financial decisions
- Monitor results and make adjustments, if necessary

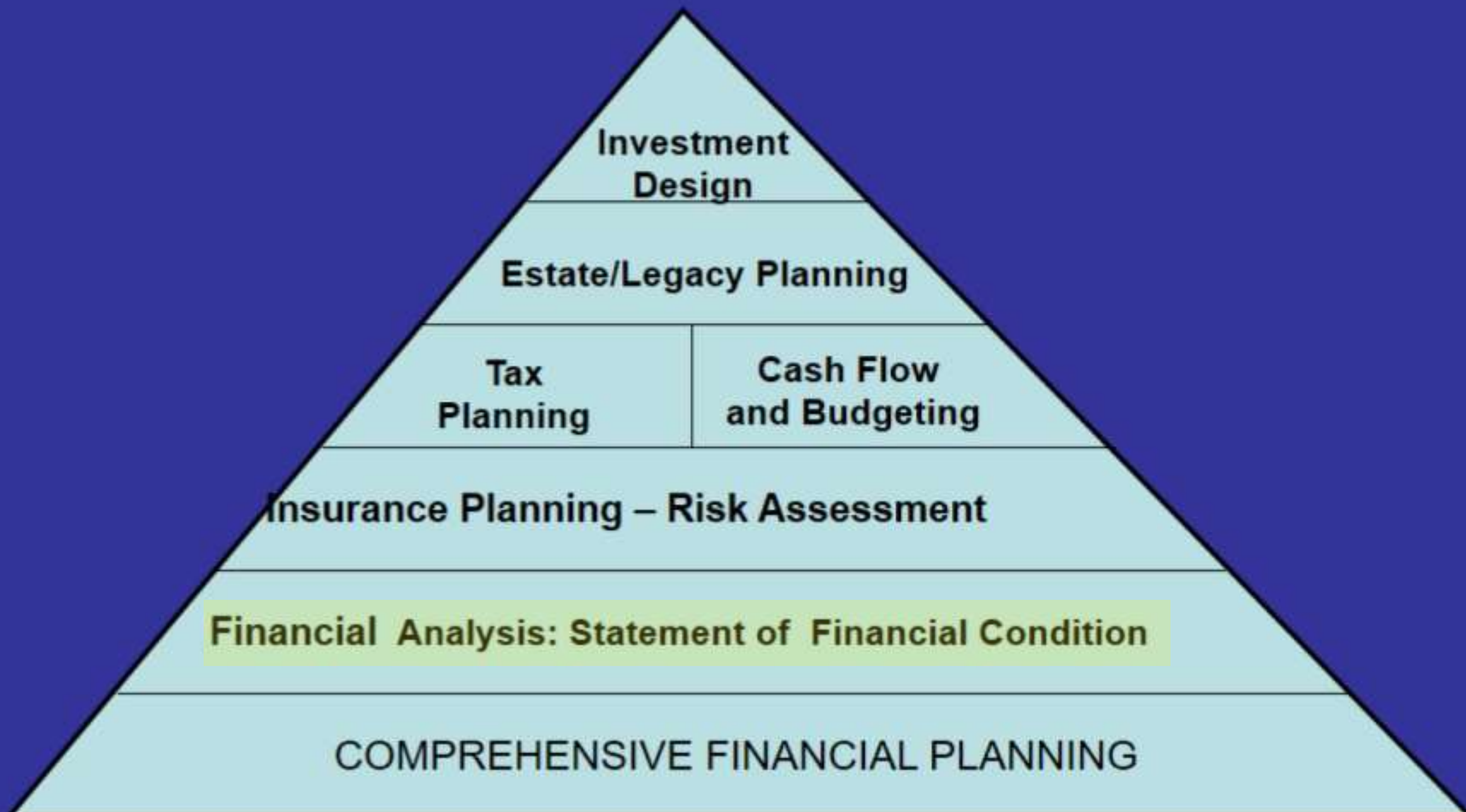
What isn't financial planning?

- Identifying the next hot stock and becoming rich overnight
- Financial planning ≠ investing
  - Investments are just one component of financial planning
  - Ideally, investment design comes last in the planning process

Elements of Financial Planning



Elements of Financial Planning



Statement of Financial Condition

- Assets: what you own
- Liabilities: what you owe
- Net worth = Assets – Liabilities

Personal Financial Planning

Examples of Personal Assets:
- House
- Car
- Condo
- Boat
- Bank Savings Accts
- Bank Checking Accts
- Investment Accounts
- Precious Metals
- Retirement Plan

Examples of Personal Liabilities:
- Home mortgage or rent
- Car loan
- Condo mortgage
- Boat Loan
- Credit card debt
- Student Loan
- Investment acct margin loans
- All bills to be paid

Example of Practice Assets:
- The Practice
- Office real estate
- Business Accounts
- Equipment
- Supply inventory
- Accounts receivable
- Goodwill

Example of Practice Liabilities:
- Practice acquisition loan
- Office building mortgage
- Supply and equipment loans
- Accounts payable (all bills)
- Unfunded retirement plan obligations

Personal Financial Planning

Worksheet

Date Prepared: ____________________

Name: ____

Assets		Liabilities	
Liquid Assets	$ ______	**Current Liabilities**	
Cash and cash equivalents	$ ______	Rent	$ ______
Money owed to you	$ ______	Utilities	$ ______
Life insurance cash value	$ ______	Credit and charge cards	$ ______
Other liquid assets	$ ______	Taxes	$ ______
Total liquid assets	$ ______	Other current liabilities	$ ______
Personal Use Assets		Current portion, LT liabilities	$ ______
Personal residence	$ ______	**Total current liabilities**	$ ______
Home use assets	$ ______	**Long-Term Liabilities**	
Autos or other vehicles	$ ______	Home mortgage	$ ______
Collectibles (art/antiques)	$ ______	Auto or other vehicle loans	$ ______
Other personal use assets	$ ______	Education loans	$ ______
Total personal use assets	$ ______	Margin account loans	$ ______
Investment Assets		Business loan	$ ______
Equity assets	$ ______	Other long-term loans	$ ______
Fixed-income assets	$ ______	**Total long-term liabilities**	$ ______
Investment real estate	$ ______		
Business interests	$ ______		
Commodities	$ ______	**Net Worth Summary**	
Vested portion - Pension plans	$ ______		
IRA or Keogh plans	$ ______	**Assets**	$ ______
Other investment assets	$ ______		
Total investment assets	$ ______	**Less liabilities**	$ (______)
Total Assets	$ ______	**Equals net worth**	$ ______

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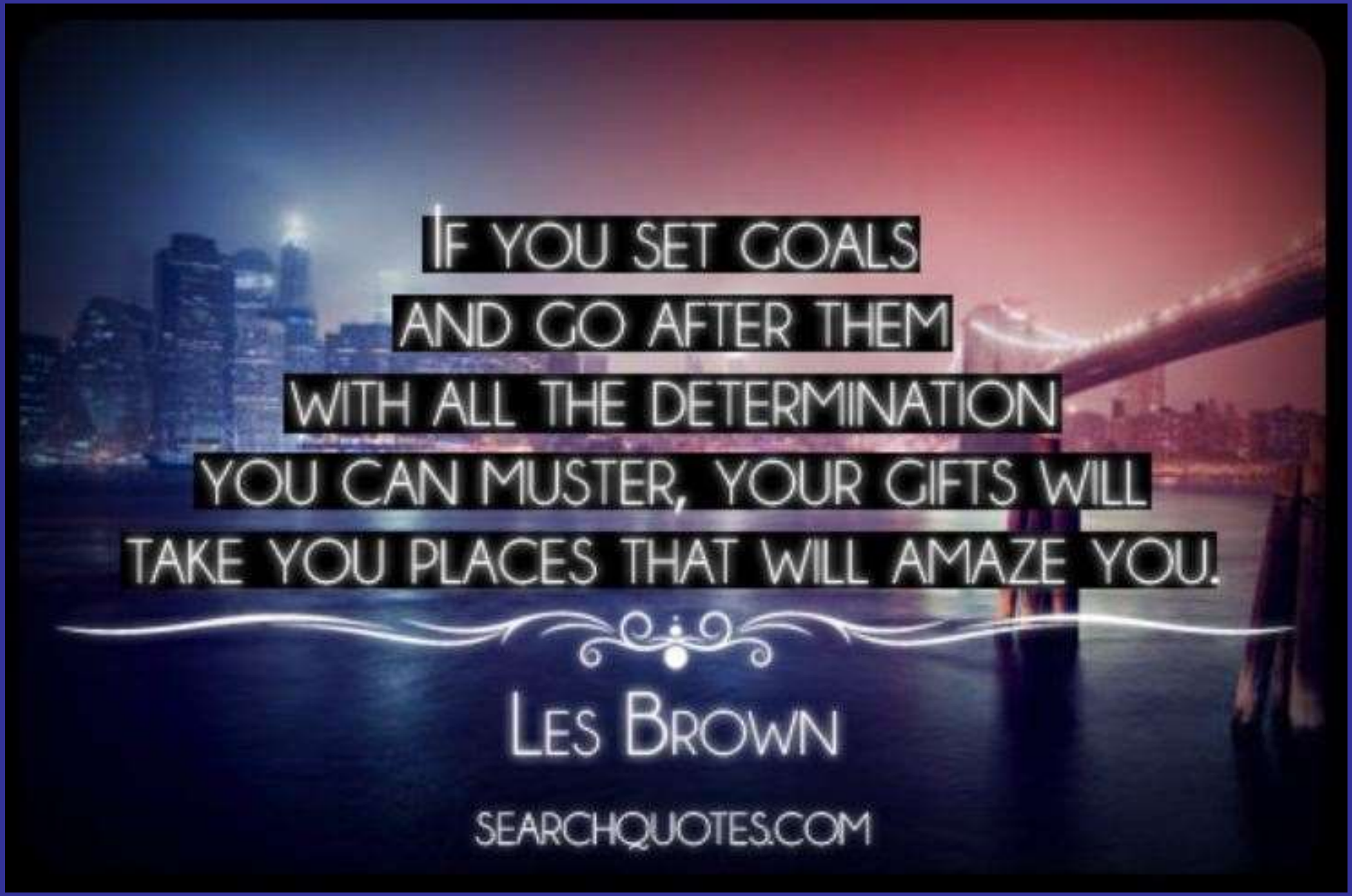
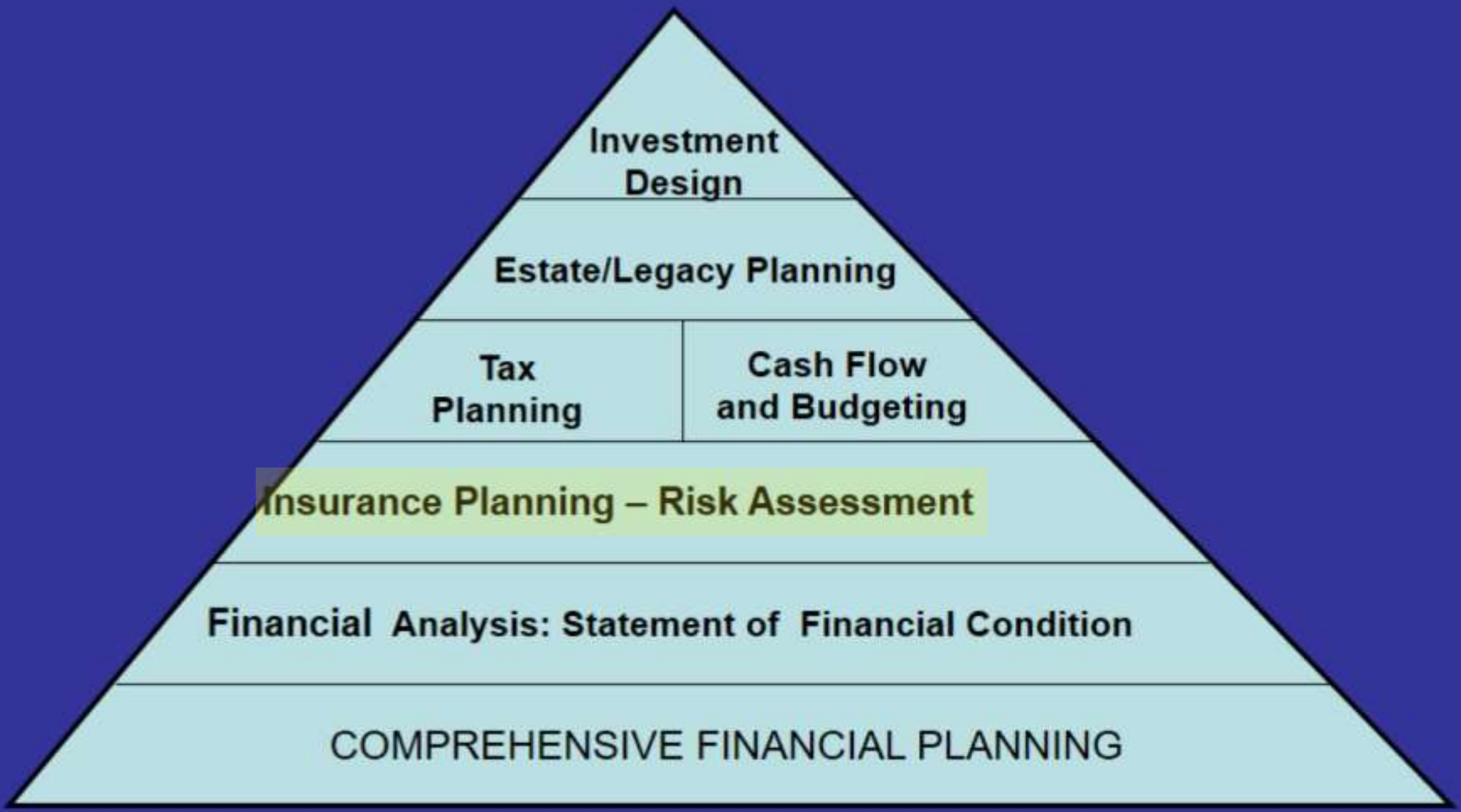
Questions on Net Worth??



Elements of Financial Planning



Types of Risk

Insurable Risks

An insurance company is betting that something probably will not happen.

You are betting that it could happen and want protection in case it does.

More often than not, they win the bet. Even when they lose, they win. This is because the sell enough policies to cover any loss plus make a nice profit.

Insurable Risks

- Liability risk: Liability insurance
  - Auto; Home
- Injury Risk: Disability insurance
  - Can be an employee benefit; private policies also available
    - Short-term : almost exclusively available as employment benefit
    - Long-term
- Medical risk: Health, dental, vision insurance
- Mortality risk: Life insurance
  - Who needs life insurance?
  - What kinds of life insurance are available?
    - Term insurance: Private; Group (usually an employment benefit)
    - Whole life insurance: usually more expensive

Insurable Risks

Liability insurance is a component of:

- Auto
- Home Owner’s or Renter’s Insurance
- Personal Umbrella Liability Policy
- Professional Liability Insurance

Insurable Risks

Auto Insurance-

- Liability- everyone needs this. This covers damages you cause and that are your fault. Required by law in most states.

- Collision- insurance covers damages to your vehicle caused by collision with another vehicle or object if you caused the accident. Not required by law.

- Comprehensive- insurance covers losses or damages to the insured vehicle that does not occur in an auto accident. Examples are damages from fire, wind, hail, flood, vandalism or theft. Not required by law.

- Uninsured Motorist- insurance covers your car's damages and medical care if the other driver who causes the accident does not have liability insurance or has insufficient liability insurance. It is mandatory in some states.

Insurable Risks

Auto Insurance- My opinion

- Premiums are governed by gender, age, marital status, address, type of car, year, make, model, security system, overnight parking (street, driveway, garage), primary use (commuting, business, pleasure, school), annual mileage, education, occupation, credit rating, number of tickets and moving violations in last 3 years.

- Buy the maximum liability coverage (250/500K)

- Buy uninsured motorist coverage

- Collision / Comprehensive - At some point, the vehicle value will drop below the point where it makes sense to insure it for these. I have always used 7 years as a cut off. The insurance co's will only give you the low book value if it is totaled. OPINION-- I always kept a high deductible of $1000K, then would drop the supplemental coverages if I still had my car that long.

Insurable Risks

Home Owner Insurance-

- If you have a home, you NEED this.
- An important part of this is the personal liability component. Consider someone who slips and falls. Opinion- Coverage should be 100K or above.

- Covers damage to home and contents from fire, wind, hail. Most plans offer "replacement cost."

- Covers loss of use.

- Covers theft. Some items, like expensive jewelry or collectables, need to be declared and scheduled separately.

- **Does not** cover flood or earthquake, where separate policies are needed.

Insurable Risks

Umbrella Liability Policy

- Protection for liability claims that exceed liability limits of other policies.
- Does not protect from claims arising from criminal activity.

Policy Declarations

A summary of your Personal Liability Protection coverage

Thank you for insuring with us. Here is your renewal Personal Liability Protection policy summary, which is **effective as of 10/17/2015.**

Liberty Mutual. INSURANCE

INSURANCE INFORMATION

Named Insured
Steven J Spindler

Policy Number

Mailing Address
5525 Rebecca Blvd
Kenner LA 70065-1549

standard time at the address of the Named Insured as stated in policy.

Total 12 Month Policy Premium: **$1,040.00**

THIS IS NOT YOUR PERSONAL LIABILITY PROTECTION INSURANCE BILL.

QUESTIONS ABOUT YOUR POLICY?

By phone
1-504-837-7000
1-888-447-3221

Liberty Mutual Office
3850 N Causeway Blvd Ste 210
Metairie LA 70002

Visit us online
LibertyMutual.com

MANAGE YOUR ACCOUNT ONLINE

Sign up for eService
LibertyMutual.com/eSe

To report a claim
By phone
1-800-2CLAIMS
(1-800-225-2467)

Coverage Information

	LIMITS
Personal Liability	$4,000,000 Each Occurrence

Your Underlying Policies

TYPES OF INSURANCE	INSURER	POLICY NUMBER
Auto	LIBERTY MUTUAL	
Home	LIBERTY MUTUAL	

If any changes have been made to your underlying policies, please contact us to ensure proper coverage.

Required Minimum Liability Limits for Underlying Policies

Auto and Other Vehicles		$ 250,000 Each Person
		$ 500,000 Each Accident
		$ 50,000 Property Damage
	Or	$ 500,000 Combined Single Limit
Home		$ 100,000 Each Occurrence
Watercraft		$ 100,000 Each Occurrence

Your underlying policies for auto, home and watercraft must have a minimum of the above limits throughout the policy period.

Exposure Information

Vehicles (automobiles/ motorcycles)	2	Total residences (including primary, rental, seasonal, etc)	4
Recreational vehicles licensed for road use	None	Watercraft	None
Miscellaneous vehicles (not registered/licensed for road use)	None	Operators under age 25	None

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Insurable Risks

- Bundling Coverages with one company usually results in multi-policy discounts. In my case this is a 5% discount across all policies.
- AAP endorses Liberty Mutual. AAP members get 5% discount

Insurable Risks

Disability Insurance-

- Disability- required in NY, NJ, Rhode Island Hawaii and California.
- Premiums are pretty reasonable if coverage is bought while you are young.
- A physical exam is usually required to obtain coverage.
- Look for **guaranteed level premiums**.
- Look for **specialty specific**...not just "being unable to work."
- AAP and ADA have plans with very good group rates.

Insurable Risks

LIFE Insurance-

- This is insurance is to help your survivors get by financially without your income if you die.
- It is most appropriate for young families without significant savings.
- There is often a point in time where the family assets can be sufficient to cover lost income or when the income needs of the family drop such as when children complete college education.

Insurable Risks

LIFE Insurance- **opinion**

- Only buy **TERM** life insurance. This is the cheapest and most flexible. You can dictate the death benefit amount and the premium is directly proportional to that amount. In other words, you pay for a certain amount of coverage for a specific premium fee for one year. Each year the policy renews.
- **WHOLE LIFE** insurance couples the term insurance with a way to save in a different basket of money. It is sold as a wealth accumulation tool. This is an expensive way to save and does not provide market – rate returns on the savings. It usually pays a large death benefit. Generally, the insurance agent gets a high commission

Insurable Risks

LIFE Insurance- opinion

- **TERM** life insurance. How much do I need??
- Old rule of thumb: buy an amount of 7 years of total your annual income and this will provide for up to 10 years of expenses for your family because you are no longer a consumer of family assets.
- I would also add coverage for all significant liabilities on your NET WORTH WORKSHEET so your family is not hindered by these obligations. *(student loans-next slide)*
- This amount should be sufficient to get your family adjusted to no longer having your income.
- If you are single and have no children, buy just enough to pay off all your debts and cover your funeral costs or use TS principle.

Insurable Risks

LIFE Insurance- opinion

- **TERM** life insurance. Do I need to cover my Student Loans???
- *If the borrower of a student loan dies, is the spouse liable for that loan?*
- Maybe, maybe not. With traditional loans, as long as the spouse is not listed as a co-signer or joint account holder, he or she is not legally liable for the debt -- unless you live in a community property state. If you live in a community property state and your spouse dies, you're typically liable for your spouse's debt, regardless of whether your name was on the original loan or not. Community property states include Arizona, California, Idaho, **Louisiana**, Nevada, New Mexico, Texas, Washington and Wisconsin. Alaska has an optional community property provision for couples who choose to opt into a community property agreement. One must check each state's laws.

Insurable Risks

HEALTH INSURANCE –

- Was mandatory under The Affordable Care Act.
- Mandate may be repealed.
- YOU NEED THIS COVERAGE. Do not attempt to do without. (bypass sx- $117K, aortic valve sx- $164K, cancer > $250K)
- What Deductible Limits?? – This depends on how much you can afford to self-insure

- Optional Coverages- Dental, Hearing, Vision as these are usually not covered by most health plans.

Any Questions on Insurable Risk Management ??

Think for yourself. Trust your own intuition. Another's mind isn't walking your journey, you are.

Dream up your own Vision

AUTHOR
SCOTTIE WAVES

Next Section- Un-Insurable Risk Management

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"Uninsurable" risk

- Income risk: Job loss
- Market risk: Market fluctuations
- Purchasing power risk: Inflation
- Longevity risk: Outliving your money
- "Emergency" risk: Auto/home repair, unexpected events

You have to become the self-insurer for the "uninsurable" risk!

Self-insuring steps

- Budgeting
- Debt reduction and avoidance
- "Emergency fund"
- Aggressive savings
- Modest expectations
- Flexibility and adaptability

Personal Financial Planning- Budgeting

"EMERGENCY FUND"- loss of work or an extended illness which makes you unable to make a living is considered an emergency.

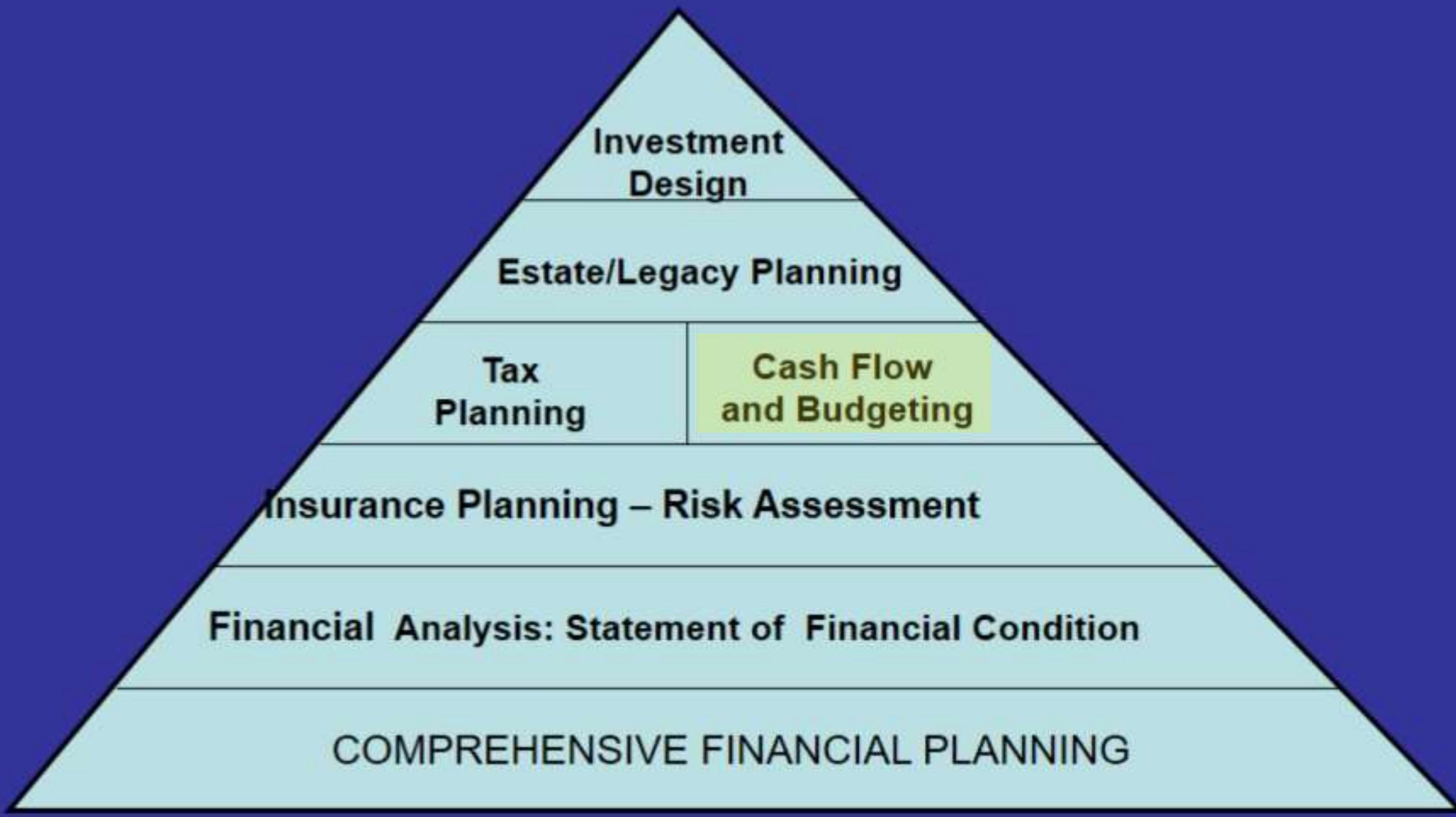
(Getting new tires for an automobile or going on a ski trip are not examples of an emergency).

Fund the emergency account by:

- Budgeting - part of the next level in the financial planning hierarchy.
- Debt Reduction and Avoidance
- Aggressive Savings and Investing

3 – 6 months of living expenses in "liquid" assets (bank savings, money market accounts, CD's). The Emergency Account is actually a portion of your savings.

Elements of Financial Planning



Cash Flow: The Key to Financial Independence

- Net worth statement = static; cross-sectional
- Cash Flow = dynamic; longitudinal
  - Income (money in)
    - Wages
    - Business income
    - Dividends and interest
  - Expenses (money out)
    - Mandatory (fixed)
    - Mandatory (flexible)
    - Discretionary

Personal Financial Planning

Financial Independence- What's the big deal ??

This is the point at which your savings and investments have reached a **critical mass.** Financial Independence occurs when your nest egg produces enough income to replace your working income.

At that point you are economically free and are working because you LIKE TO WORK……..

……………….not because you have to.

You get there by discipline in managing your cash flow.

Personal Financial Planning

Income Sources		
	Salary or	
	After Tax- Net Practice Income	
	Tips	
	Bonus	
	Child support	
	Interest	
	Investment income	
	Commission	
	Social security	
	Pension	
	Unemployment insurance	
	Gifts	

Mandatory Expenses

- Fixed
  - Housing: rent, mortgage
  - Insurance
  - Medical
  - Debt payments: auto loan, student loan, credit cards?
  - Taxes?
- Flexible
  - Utilities: electricity, water, gas, water, phone, etc.
  - Food
  - Clothing
  - Transportation
  - Savings

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Discretionary Expenses

- Everything else!
  - Entertainment: movies, cable, Netflix
  - Dining out
  - Gym membership
  - Magazine subscriptions
  - Travel
  - Alcohol
  - Gifts
  - Trinkets, gizmos, gadgets and "stuff"

These items can be reduced or eliminated

Personal Financial Planning- Budgeting

Food	
	Groceries
	Dining out
	Snacks, coffee breaks
	School lunches
	Home food production
Housing	
	Rent payment
	Mortgage payment
	Property tax
	Condo fees
	Property insurance
Utilities	
	Gas
	Electricity
	Oil
	Water
	Cable
	Telephone
	Internet
	Satellite
	Garbage pickup
	Cell phone
Household supplies	
	Laundry supplies
	Cleaning supplies
	Furniture
	Appliances
	Dishes and cutlery
	Cooking supplies
	Linens
	Soap and shampoo
	Kleenex

Household Operation	
	House cleaner
	Yard maintenance
	House repairs
	Safety deposit box rental
	Yard improvement and supplies
Home Office	
	Stationary
	Postage
Car and Transportation	
	Gas
	Insurance
	Maintenance
	Licensing fees
	Taxi
	Bus/subway/train expenses
	Parking
Personal	
	Haircuts
	Beauty shop
	Cosmetics
	Toiletries
	Shaving supplies
Health	
	Medical and hospital costs
	Health insurance
	Doctor, dentist
	Medicine
	Glasses
	Hearing aids
	First aid supplies
	Treatment and therapy
Clothing	
	Clothing for self
	Clothing for children
	Clothing for spouse
	Alterations
	Cleaning

Clothing	
	Clothing for self
	Clothing for children
	Clothing for spouse
	Alterations
	Cleaning
Education	
	Tuition
	Books
	Stationary
	Courses/lessons
Recreation and Fitness	
	Sports equipment
	Club membership
	Movies
	Events
Pets	
	Pet food
	Vet bills
	Pet supplies
Gifts and Contributions	
	Gifts
	Cards and wrapping paper
	Flowers
	Charitable donations
Savings	
	Investments
	Emergency fund
	Interest
	Banking fees
Child care	
	Daycare
	Babysitter fees
Miscellaneous	
	Books
	Newspaper
	Music
Big items	
	Car
	Vacation
	Home electronics (TV, computer, etc.)

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STEPS to take to control spending and increase savings:

1. Get a handle on cash flow using worksheets and software mentioned.
2. Pay mandatory expenses.
3. Commit to not adding more consumer debt. Consumer debt is "bad debt."
   - Bad debt - does not produce any tangible benefits for their use.
   - Credit card debt is always a form of bad debt. It is never wise to purchase something on a credit card that you cannot pay off when the bill comes.
   - Credit cards have some of the highest legally allowable interest rates. Some cards charge as much as 25%. Paying the minimum will keep you in debt for a very long time. Penalties for missing payments are steep!
   - Automobile loans while useful may not be in your best interest. Next to a mortgage an automobile loan will normally be your next largest expense. Unlike a house that appreciates, cars decrease in value the moment you drive them off the lot where you purchased them.
     - Opinion- Find a good reliable (2 yr old) used car. Purchase using a large down payment or cash if possible to keep debt at a minimum. (Let me digress briefly to the subject of cars)

Personal Financial Planning

Decisions, Decisions, Decisions…………….you can buy this…..

2017 Lexus LS

Select Your Preferences

a. Pick a Style

LS 460 RWD

b. Choose Color

EXTERIOR COLOR

Atomic Silver Edit

c. Select Options

3 Options $0 Edit

d. Choose Incentives

0 Incentives $0 Edit

Average Paid

$70,897 An Estimated Savings of **$2,598** (3.54%) off MSRP of $73,495

There are currently no Participating Dealers offering this model for sale within 150 miles of Kenner, LA.
Try a different model or zip code.

Configured MSRP:	$73,495
Estimated Savings:	$2,598
Average Paid:	$70,897
Monthly Payment:	$1,115

Based on 2.99% APR for 60 Months with $8,853 down

Edit

View the New Car Buying Guide

All vehicle pricing from https://carbuying.consumerreports.org (subscription)

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Decisions, Decisions, Decisions...........OR This.....

Get a CARFAX report and have your mechanic check it out.
They are built to last > 200,000 miles.

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Decisions, Decisions, Decisions…………..you can buy this…..

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Personal Financial Planning

Decisions, Decisions, Decisions…………..OR one of these

L/CERTIFIED 2014 LEXUS ES 350
4dr Sdn

INTERNET PRICE $28,900

SPECIFICATIONS

Miles:	29252
Doors:	4
Engine:	3.5L V6 Cylinder Engine
Exterior:	Silver Lining Metallic
Interior:	Light Gray
Stock Number:	LX142815
Transmission:	AUTOMATIC
VIN:	JTHBK1GGXE2142815

Is This A Good Deal? CLICK TO FIND OUT!
L/CERTIFIED BY LEXUS · CARFAX

CURRENT SPECIALS

INTERNET PRICE $28,900

2014 Lexus ES 350

Mileage: 29,025 miles
Location: New Orleans, LA

Upfront Price Available ⓘ

$23,188

View Details

Participating Dealer   Free Carfax® Report   ☐ Compare

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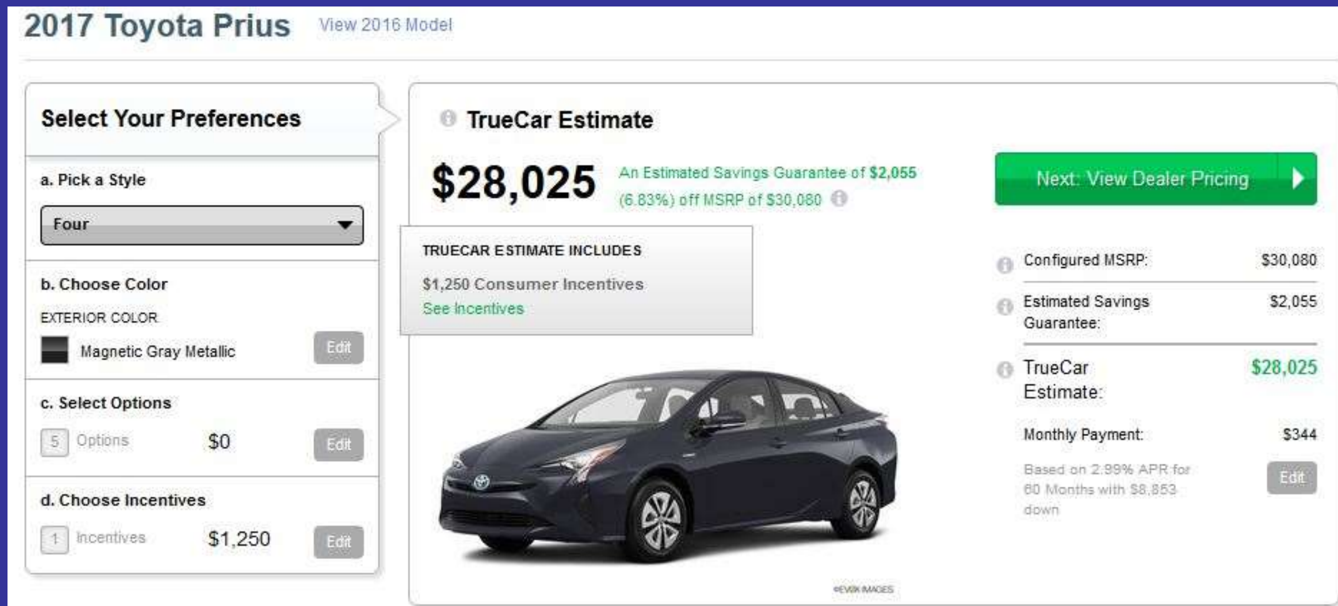
Personal Financial Planning

Decisions, Decisions, Decisions..............This or That ??



What do cars have to do with financial planning ??

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Decisions, Decisions, Decisions…………….

- Decisions such as these will make a huge difference over your 30 year working career. If you change cars every 3 years, you do this about 10 times over your career. If you change them every 7 to 8 years, you will do this 3.7 to 4.2 times in your career.
- Decisions matter as you will soon see.
- You have to decide what is more important to you…….status symbols or economic health and freedom.
- Make your spending habits consistent with your goals.

This is why I drive a Hybrid….Coral Bleaching / dying reefs

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Decisions, Decisions, Decisions…………….

- Should I lease or purchase a vehicle???

- Leasing is generally better if you own your own practice and HAVE TO HAVE a new car every 3 years. The lease payment is 100% deductible to the practice.

- Purchasing is better if you do not have your own practice, hold on to your cars longer (> 5years), because you do not need status symbols that change every 3 years and you also care about the environment.

Personal Financial Planning

back to the STEPS:

4. Get When you have trimmed all discretionary expenses as much as possible, pay off credit cards.
    - Pay off the loans or cards with the highest interest FIRST. Continue on to lower interest loans / cards until they are paid off.
5. Student Loans- stay on track or accelerate repayment.

•Up to $2500 in interest is tax deductible

•Federal loans can have flexible repayment schedules

–Standard = 10 years

–Extended = up to 30 years

–Postponement options: deferment and forbearance

•Some employers will help pay off your student loan

•Consolidate to lock in a lower fixed rate

Personal Financial Planning

STEPS:

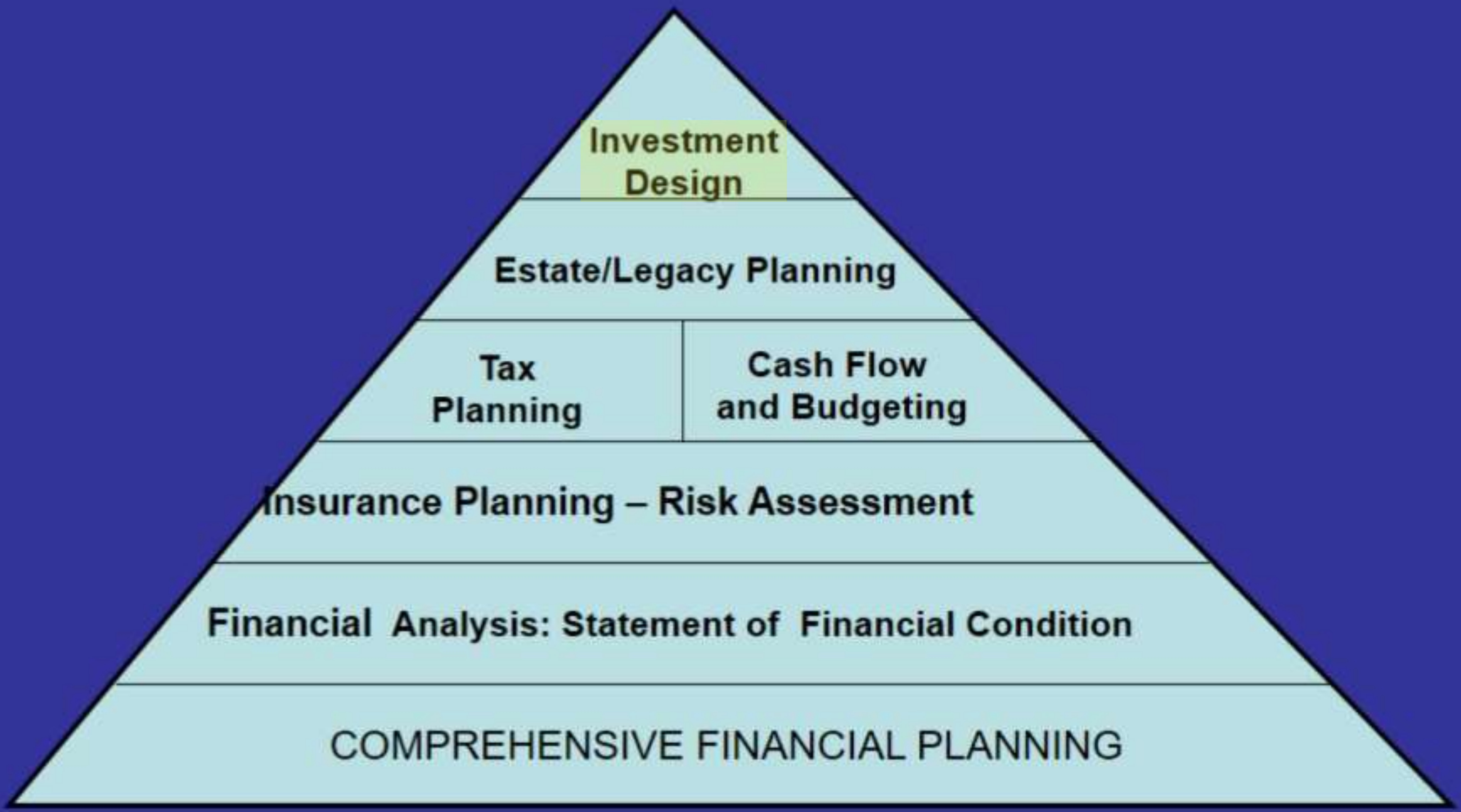
6. Fund the Emergency Account (minimally 3 months of all fixed expenditures. Most disability insurance policies have waiting periods of varying lengths (90 days) before they begin to pay).
7. Work on your Spending Plan
   - Study- “where did my money go?”
   - Track spending using your budget tools. Use a software package or spreadsheet.
   - Be consistent with categorization of expenses.
   - Monitor and make changes as needed.
   - Prioritize and plan future spending.
   - Place anything left over into 1) tax free investment account 2) taxable investment account

Personal Financial Planning

Summary of Steps:

1. Get a handle on cash flow.
2. Pay all mandatory expenses.
3. Commit to not adding more consumer debt.
4. Pay off all consumer debt, especially credit cards.
5. Student loans –stay on track with payment schedule.
6. Fund the emergency account.
7. Plan and execute a disciplined spending and savings plan.

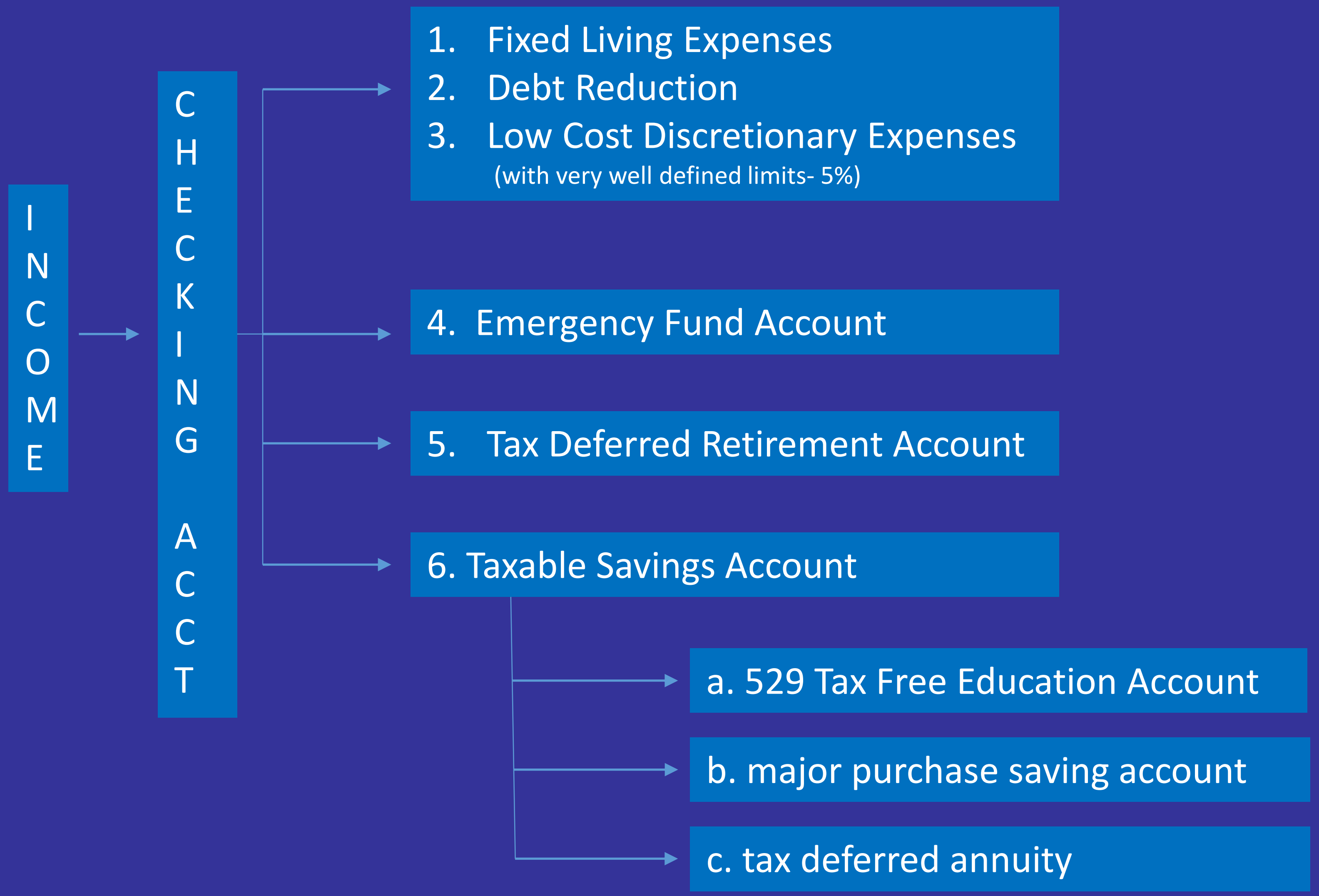
Elements of Financial Planning



Investing and
Saving for Retirement Now

- Why save at all?
  - Retirement ain't what it used to be
- Why start now?
  - The savings puzzle
- Ok, how do I start?
  - Workplace retirement plans (401k, 403b)
  - Individual Retirement Accounts (IRAs)
    - Traditional
    - Roth
  - Taxable accounts

Personal Financial Planning



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INCOME

CHECKING ACCT

1. Fixed Living Expenses
2. Debt Reduction
3. Low Cost Discretionary Expenses
   (with very well defined limits- 5%)

4. Emergency Fund Account

5. Tax Deferred Retirement Account

6. Taxable Savings Account

a. 529 Tax Free Education Account

b. major purchase savings account

c. tax deferred annuity

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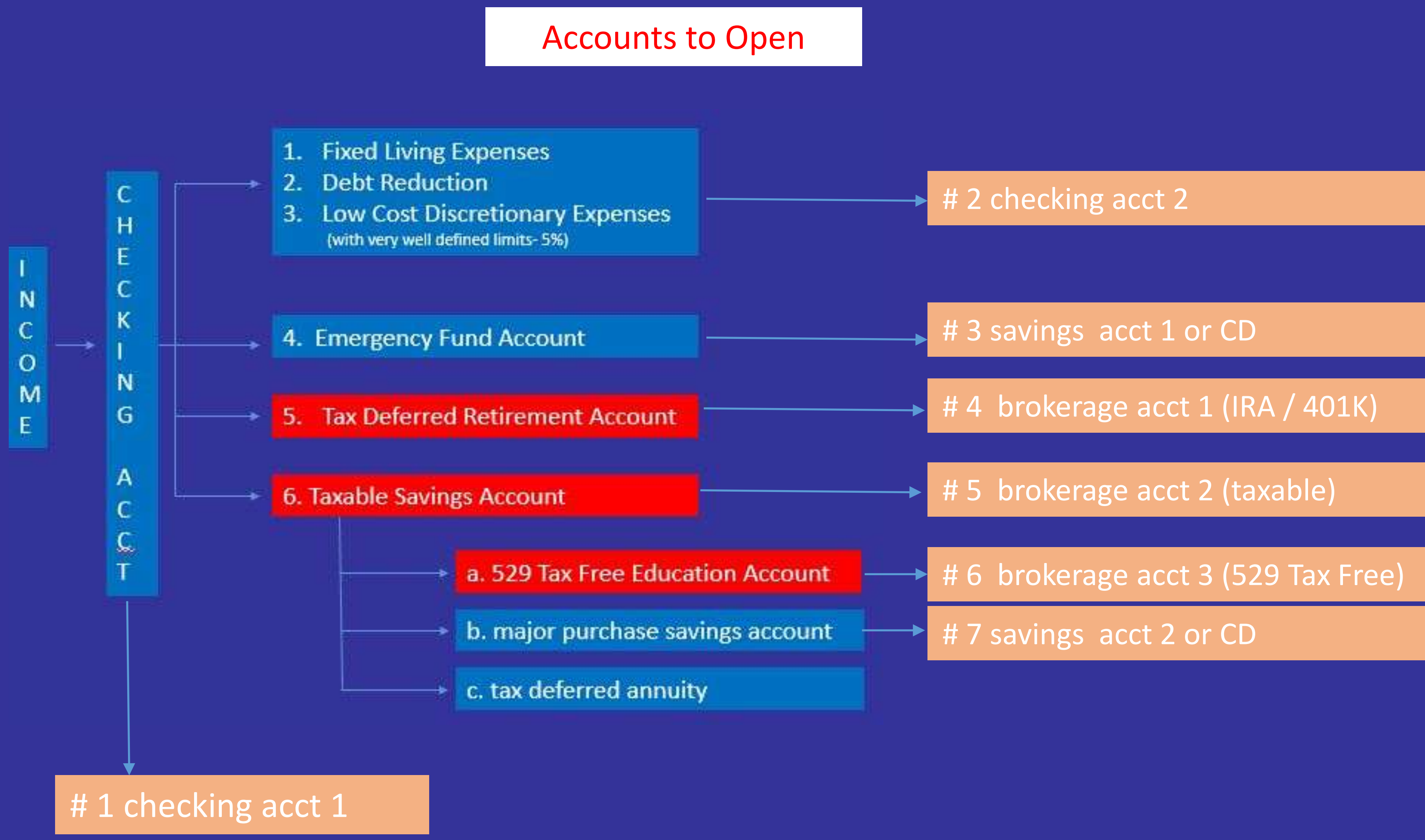
Personal Financial Planning- Investing



Personal Financial Planning- Investing

All sources of income are deposited to account 1. This account only writes checks to your other accounts

1 checking acct 1 –account that receives all money

Develop a system for money flow to control spending

1st check to account #2 to cover all mandatory spending and monthly debt service → # 2 checking acct 2 –Chief spending account

2nd check to account # 3 every month until target of emergency fund is reached, then stop funding. → # 3 savings acct 1 or CD- as Emergency Account

3rd check to account #4 every month until maximum contribution level is reached. → # 4 brokerage acct 1 (retirement account IRA / 401K)

4th check to account #5 receives all remaining money unless you have children and need to fund for college or you are saving for a house purchase → # 5 brokerage acct 2 (taxable savings and retirement)

5th check to account #6 if college funding is needed. → # 6 brokerage acct 3 (College funding 529 Tax Free)

6th check to account #7 if saving for a major purchase → # 7 savings acct 2 or CD (for large purchases)

Personal Financial Planning- Investing

All sources of income are deposited to account 1. This account only writes checks to your other accounts

EXAMPLE- $120K after tax income with 70 % funding to mandatory living expenses.

1 checking acct 1 –account that receives all money

1st check to account #2 = $7000 per month. (This leaves $3000 per month to fund other accounts)

2 checking acct 2 –Chief spending account

2nd check to account # 3 = $500 per month until target of emergency fund is reached, then stop funding.

3 savings acct 1 or CD- as Emergency Account

3rd check to account #4 =$458 / month for IRA every month until maximum contribution level is reached.

4 brokerage acct 1 (retirement account IRA / 401K)

4th check to account #5 receives all remaining money =$2042 per month, unless you have children and need to fund for college or you are saving for a house purchase

5 brokerage acct 2 (taxable savings and retirement)

5th check to account #6 if college funding is needed.

6 brokerage acct 3 (College funding 529 Tax Free)

6th check to account #7 if saving for a major purchase

7 savings acct 2 or CD (for large purchases)

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Personal Financial Planning- Retirement Investing

"DOLLAR COST AVERAGING"

Dollar-cost averaging (DCA) is an investment technique of buying a fixed dollar amount of a particular investment on a regular schedule, regardless of the share price. The investor purchases more shares when prices are low and fewer shares when prices are high. The premise is that DCA lowers the average share cost over time, increasing the opportunity to profit. The DCA technique does not guarantee that an investor won't lose money on investments. Rather, it is meant to allow investment over time instead of investment as a lump sum.

http://www.investopedia.com/terms/d/dollarcostaveraging.asp

Personal Financial Planning- Retirement Investing

"DOLLAR COST AVERAGING"

Fundamental to the strategy is a commitment to investing a fixed dollar amount each month. Depending on an investor's investment objectives and risk profile, the monthly contributions can be invested in a mixed portfolio of mutual funds, exchange-traded funds (ETFs) or even individual stocks. Each month, the fixed amount buys shares at the then-current prices. As share prices decline, the fixed amount buys a higher number of shares; when prices increase, the fixed amount buys fewer shares. The real value of dollar-cost averaging is that investors don't need to worry about investing at the top of the market or trying to determine when to get in or out of the market..

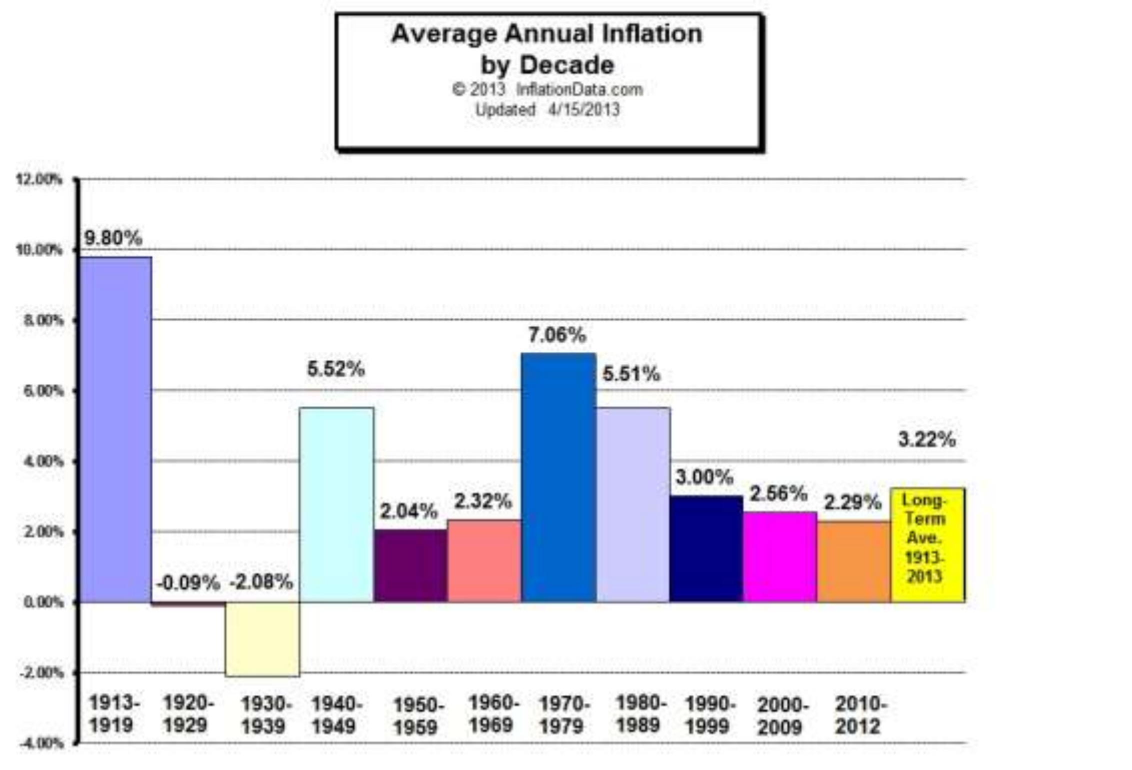
http://www.investopedia.com/terms/d/dollarcostaveraging.asp

Personal Financial Planning- Investing

Whether you are :

1. Investing for retirement
2. Investing for children's education
3. Investing for your heirs -legacy
4. Investing for philanthropy

No matter what you are investing for, you have to outpace inflation or your money is shrinking !!!



Assume that you must do better than at least 3%

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Personal Financial Planning- Investing

Inflation Calculator-
http://www.buyupside.com/calculators/inflationjan08.htm

ALL INVESTMENT MODELS MUST ACCOUNT FOR INFLATION !!

Inflation Calculator	
Today's Amount:	$ 1000
Annual Inflation Rate:	3 %
Number of Years:	30
Reduced Amount	$553.68
Required Amount	$1,806.11

Calculate Reset

Computational Notes:

The reduced amount is computed using the standard present value formula:

Reduced amount = amount/(1 + inflation rate)^number years

The required amount is computed using the standard future value formula:

Required amount = amount * (1 + inflation rate)^number years

This is what happens to your $1000 after experiencing 3% inflation for 30 years

Personal Financial Planning- Retirement Investing

Here is a quick three-step methodology you can use to determine how much money you need to save for your retirement:

1. Estimate your annual retirement expenses and income.
2. Determine the size of you require of a retirement nest egg.
3. Determine how much you must save and invest each month to achieve your nest egg.

http://www.buyupside.com/retirementinvesting/retirementcalculator.htm

Personal Financial Planning- Investing for Retirement

What are your retirement expenses and income adjusted for inflation?
Estimate your annual expenses (housing, car, medical, insurance, taxes, food, debt payments and other). Be sure to include the effect of inflation on your expenses. For example, a three percent annual inflation rate causes your expenses to double in 24 years. So if you require $50,000 per year now, you would need $120,000 in 30 years.

Inflation Calculator	
Today's Amount:	$ 50000
Annual Inflation Rate:	3 %
Number of Years:	30
Reduced Amount	$20,599.34
Required Amount	$121,363.12
Calculate	Reset

This would net $4166 / month income from nest egg I you add in a SS benefit of approximately $3000 /month = $7166/month or about $86000 / year.

http://www.buyupside.com/retirementinvesting/retirementcalculator.htm

Personal Financial Planning- Retirement Examples

Nest Egg Dollar Amount = Annual Dollar Withdrawal / Rate of Return on Nest Egg

The next table gives examples of nest egg dollar amounts.

Required Nest Egg Dollar Amount			
	Annual Withdrawal		
Return	**$20,000**	**$40,000**	**$60,000**
4%	$500,000	$1,000,000	$1,500,000
6%	$333,333	$666,667	$1,000,000
8%	$250,000	$500,000	$750,000

Retirement Calculator		
Annual Withdraw Amount:	$ 120000	
Annual Rate of Return:	6	%
Required Nest Egg	$2,000,000.00	
Calculate	Reset	

If you want to have an investment return of $120,000 per year, you need $2M a nest egg

http://www.buyupside.com/retirementinvesting/retirementcalculator.htm

Personal Financial Planning- Investing

The next table shows how much you must invest each month to accumulate $1,000,000 for different periods and rates of return.

Monthly Savings Required to Accumulate $1,000,000				
Years	Rate of Return			
	2%	4%	6%	8%
10	$7,534.66	$6,791.17	$6,102.03	$5,465.97
20	$3,392.13	$2,726.50	$2,164.31	$1,697.74
30	$2,029.51	$1,440.82	$995.50	$670.98
40	$1,361.58	$846.05	$502.14	$286.45
50	$971.24	$523.74	$264.05	$126.08

Using the table above, if you wanted a nest egg of $2M, save $1991 per month in a 6% vehicle or $1342 per month in an 8% vehicle.

http://www.buyupside.com/retirementinvesting/retirementcalculator.htm

Personal Financial Planning- Retirement

How long will my nest egg last??

Nest Egg Withdrawal Calculator	
Withdrawal Option:	(•) Percent ( ) Dollar
Nest Egg Starting Balance:	$ 2000000
Annual Rate of Return:	8 %
Annual Withdrawal:	6 % or $
Annual Inflation Rate:	3 %
Number Years of Withdrawals:	25
Nest Egg Balance	$2,785,107.89
First Withdrawal	$129,600.00
Last Withdrawal	$183,457.33
Sum All Withdrawals	$3,929,556.49

Calculate Reset

You can manipulate withdrawal scenarios. In this case, we have $2M deployed in an 8% vehicle. Assume: age =65yrs, 25 yrs of withdrawals and 3% inflation.

http://www.buyupside.com/retirementinvesting/retirementcalculator.htm

Personal Financial Planning- Investing Other Tools

https://retirementplans.vanguard.com/VGApp/pe/pubeducation/calculators/RetirementIncomeCalc.jsf

Monthly income in retirement *

Legend: Retirement plan; Pension benefit; Social Security

* These values are **pre-tax** and shown in **today's dollars**. For more information, click here

I'm 30 years old and I plan to retire at age 65

I make $100,000 a year

I save $20,000 (20% of my salary) annually for retirement †

I've already saved $0 for retirement †

I'll need 85% of my current income in retirement. Learn more

I expect an annual return of 7.5% from my investments

☑ Include your estimated monthly Social Security benefit. Tell us about it — $2,500 per month (today's dollars)

☐ Include a pension benefit. Tell us about it — 0% of your salary at retirement

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Personal Financial Planning- Investing Other Tools

https://retirementplans.vanguard.com/VGApp/pe/pubeducation/calculators/RetirementIncomeCalc.jsf

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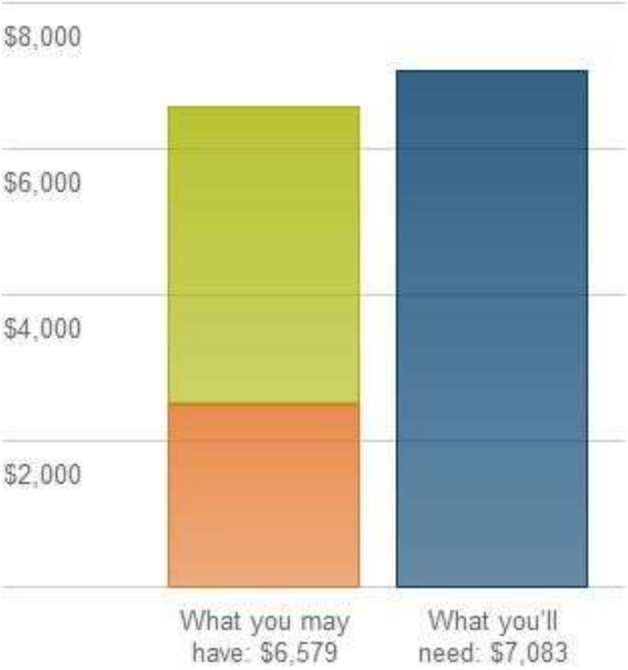
Personal Financial Planning- Investing

About your results

Monthly income in retirement



What you may have in today's pre-tax dollars

- This is the retirement income that your current retirement plan will provide. To calculate it, we first determine how much you'll have saved by the time you reach retirement (your "nest egg"). Then, we use the "4% rule" — that is, we assume that you can afford to spend approximately 4% of your initial nest egg each year in retirement and be reasonably confident that you won't outlive your savings. The result is adjusted for inflation (3% annually).
- This is the income that you'll receive from your pension. We assume your pension will increase until retirement to keep pace with inflation.
- This is the estimated Social Security retirement income you'll receive beginning at age 62 or later. The accuracy of this estimate depends on the pattern of your actual past earnings and on your earnings in the future. This estimate may not be representative of your situation.

What you'll need in today's pre-tax dollars

- This is the estimated amount that you'll need each month during retirement, based on the percentage that you chose. We take your current income, calculate what it will be by the time you retire (assuming an annual inflation rate of 3%), and multiply the result by the percentage of income replacement you chose. We then convert this result to today's dollars.

This illustration is hypothetical and does not represent the return on any particular investment. All investing is subject to risk, including the possible loss of the money you invest.

Information and interactive calculators are made available to you as educational tools for your independent use and are not intended to provide financial planning or investment advice. These tools help you see which factors are most important to consider in making a particular financial decision, and they illustrate the relative impact of each factor on the projected outcome. All examples in these tools are hypothetical and for illustrative purposes only. We cannot and do not guarantee the accuracy of the results or their applicability to your individual circumstances.

Personal Financial Planning- Investing

A 20-year snapshot

A diversified portfolio may reduce the volatility

Ranked annual total returns of key indices (1997-2016)

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Best	35.2%	38.7%	33.2%	11.6%	8.4%	10.3%	47.3%	20.3%	13.5%	26.3%	11.8%	5.2%	37.2%	26.9%	7.8%	17.5%	38.8%	13.7%	5.7%	21.3%
	33.4%	28.6%	27.0%	7.0%	4.4%	1.8%	38.6%	18.3%	7.1%	22.3%	11.2%	2.1%	31.8%	16.7%	2.6%	17.3%	33.5%	13.5%	1.4%	17.3%
	30.5%	20.0%	21.3%	6.2%	2.5%	-9.8%	30.0%	16.5%	5.4%	18.4%	7.0%	-22.8%	27.2%	15.5%	2.1%	16.4%	32.5%	13.1%	0.6%	12.0%
	22.4%	17.0%	21.0%	-1.1%	-4.8%	-15.5%	29.8%	10.9%	5.3%	15.8%	6.0%	-33.8%	26.5%	15.1%	1.8%	16.0%	32.4%	8.1%	0.1%	8.7%
	20.6%	15.6%	13.6%	-3.0%	-5.6%	-15.9%	28.7%	10.5%	4.9%	13.0%	5.5%	-36.9%	20.8%	13.0%	0.4%	15.3%	22.8%	6.0%	0.0%	7.1%
	9.7%	8.7%	7.4%	-9.1%	-11.9%	-20.5%	23.5%	6.3%	4.6%	9.1%	5.0%	-37.0%	19.7%	7.8%	0.1%	12.2%	20.3%	4.9%	-0.8%	2.7%
	5.3%	5.2%	4.9%	-14.2%	-20.4%	-22.1%	4.1%	4.3%	3.1%	4.9%	-0.2%	-38.4%	5.9%	6.5%	-4.2%	4.2%	0.1%	0.0%	-3.8%	1.0%
Worst	1.8%	-2.6%	-0.8%	-22.4%	-21.4%	-27.9%	1.2%	1.3%	2.4%	4.3%	-1.6%	-43.4%	0.2%	0.1%	-12.1%	0.1%	-2.0%	-4.9%	-4.4%	0.3%

Source: Informa Investment Solutions. Past performance is no guarantee of future results. The information provided is for illustrative purposes and is not meant to represent the performance of any particular investment. Assumes reinvestment of all distributions. It is not possible to directly invest in an index. Diversification does not guarantee a profit or protect against loss.

- **Large cap core** is represented by the S&P 500 Index, an unmanaged index that consists of the common stocks of 500 large capitalization companies, within various industrial sectors, most of which are listed on the New York Stock Exchange.
- **Large cap growth** is represented by the Russell 1000 Growth Index, which consists of those Russell 1000 Index securities with higher price-to-book ratios and higher forecasted growth rates.
- **Cash** is represented by the ML US Treasury Bill 3 Month Index, an unmanaged index based on the value of a 3-month Treasury Bill assumed to be purchased at the beginning of the month and rolled into another single issue at the end of the month. US Treasury securities are direct obligations of the US government and are backed by the "full faith and credit" of the US government if held to maturity.
- **Large cap value** is represented by the Russell 1000 Value Index, which consists of those Russell 1000 Index securities with lower price-to-book ratios and lower forecasted growth rates.
- **Small cap** is represented by the Russell 2000 Index, which is a market-weighted small capitalization index composed of the smaller 2,000 stocks, ranked by market capitalization, of the Russell 3000 Index.
- **International** is represented by the Morgan Stanley Capital International (MSCI) EAFE Index, an unmanaged index that measures the total returns of developed foreign stock markets in Europe, Asia and the Far East.
- **Fixed income** is represented by the Barclays US Aggregate Bond Index, an unmanaged market-weighted index that consists of investment grade corporate bonds (rated BBB or better), mortgages and US Treasury and government agency issues with at least one year to maturity.
- **Diversified portfolio** is composed of 35% of the Barclays US Aggregate Bond Index, 10% of the MSCI EAFE Index, 10% of the Russell 2000 Index, 22.5% of the Russell 1000 Growth Index and 22.5% of the Russell 1000 Value Index.

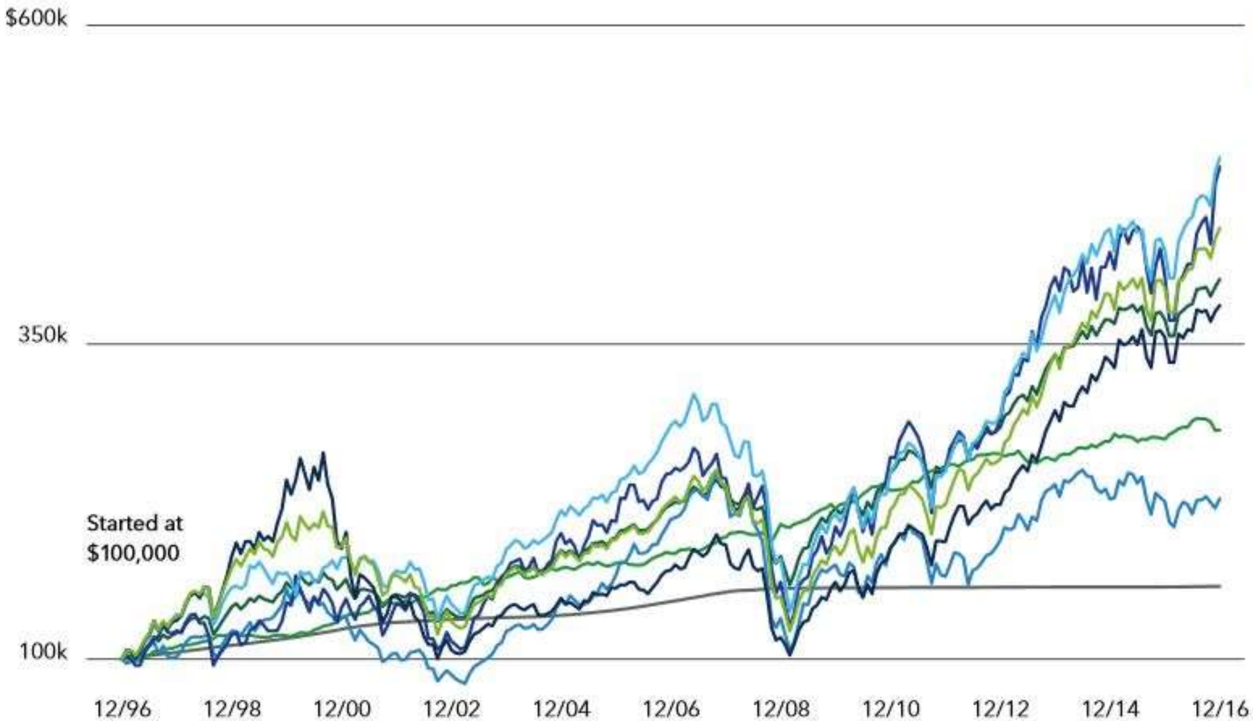
https://www.blackrock.com/investing/literature/investor-education/asset-class-returns-one-pager-va-us.pdf

Personal Financial Planning- Investing

Investing for the long term

Diversification has provided more steady performance

Growth of a hypothetical $100,000 investment over the last 20 years (1997-2016)



Grew to	Asset Class	Avg Ann Returns (%)	Standard Deviation (%)*
$494,958	Large Cap Value	8.3	15.2
$487,672	Small Cap	8.2	20.0
$439,531	Large Cap Core	7.7	15.3
$399,180	Diversified Portfolio	7.2	10.0
$378,545	Large Cap Growth	6.9	17.5
$280,442	Fixed Income	5.3	3.4
$226,366	International	4.2	16.9
$157,247	Cash	2.3	0.7

Want to know more? blackrock.com

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Personal Financial Planning- Investing

Many of the next slides are from Vanguard Investments. I use them. I also like the following and have / have used them as well.

American Century
Fidelity
Schwab
T. Rowe Price

Similar tools can be found on their sites.

I have no conflict of interest in presenting you info from any investment firm in this presentation.

Personal Financial Planning- Investing Tools

Tools and calculators

Already enrolled?

User name

Password

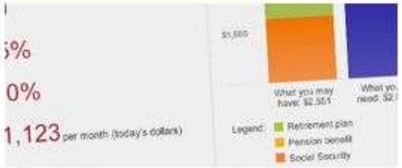
LOG ON

Forgot user name/password?

Register for account access

Featured

Retirement Income



How much income do you think you'll need for retirement? Are you on track to get there? This calculator will tell you.

Start →

Retirement Nest Egg

See a long-term projection of how big your retirement nest egg will be with this calculator.

Start →

Retirement Plan Loan

Before you take a loan from your retirement plan, use this calculator to determine its true cost.

Start →

More tools and calculators

College savings option tool

Contribution maximizer

https://retirementplans.vanguard.com/VGApp/pe/edu/tools/?gh_sec=n#/

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What is The Vanguard Effect™?

It's a nickname that was coined by independent experts as a way to describe a game of "follow the leader" that started 40 years ago.

"... expense ratios for a market's mutual funds and ETFs tend to drop when low-cost pioneer Vanguard jumps in."

MarketWatch

"The company's influence leads other funds to lower their fees in order to better compete."

Bloomberg

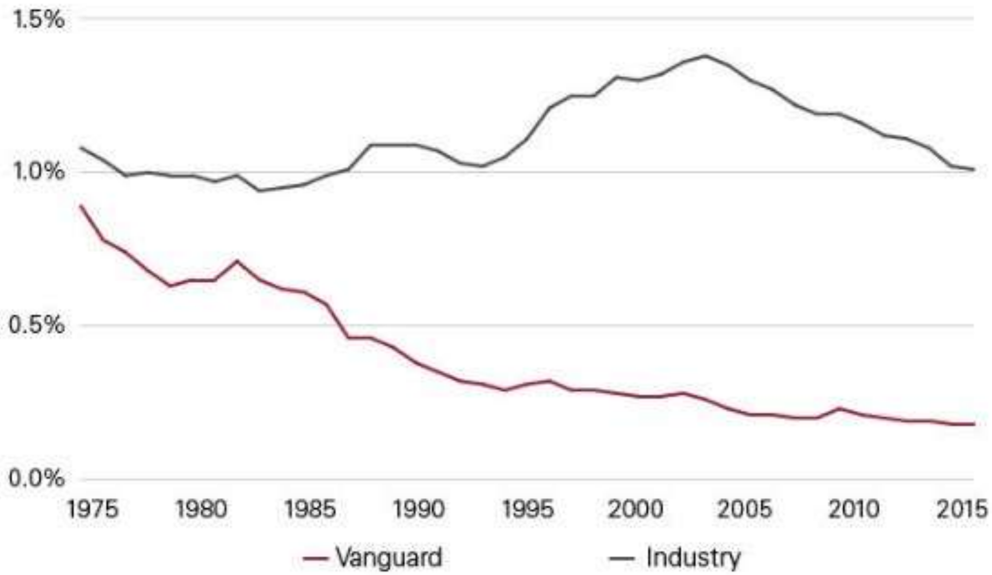
"... the pressure that the giant's meagre fees put on others to cut costs. Some rivals now sell passive products priced specifically to match or undercut it."

The Economist

One company transforms an entire industry

Our passion for low-cost investing was—and will always be—one of our driving forces. When others take notice and expense ratios fall more broadly, every investor wins!

Find out what expense ratios are & how they work



Personal Financial Planning-Investing

Vanguard = Lowest expense ratios for funds and ETFs

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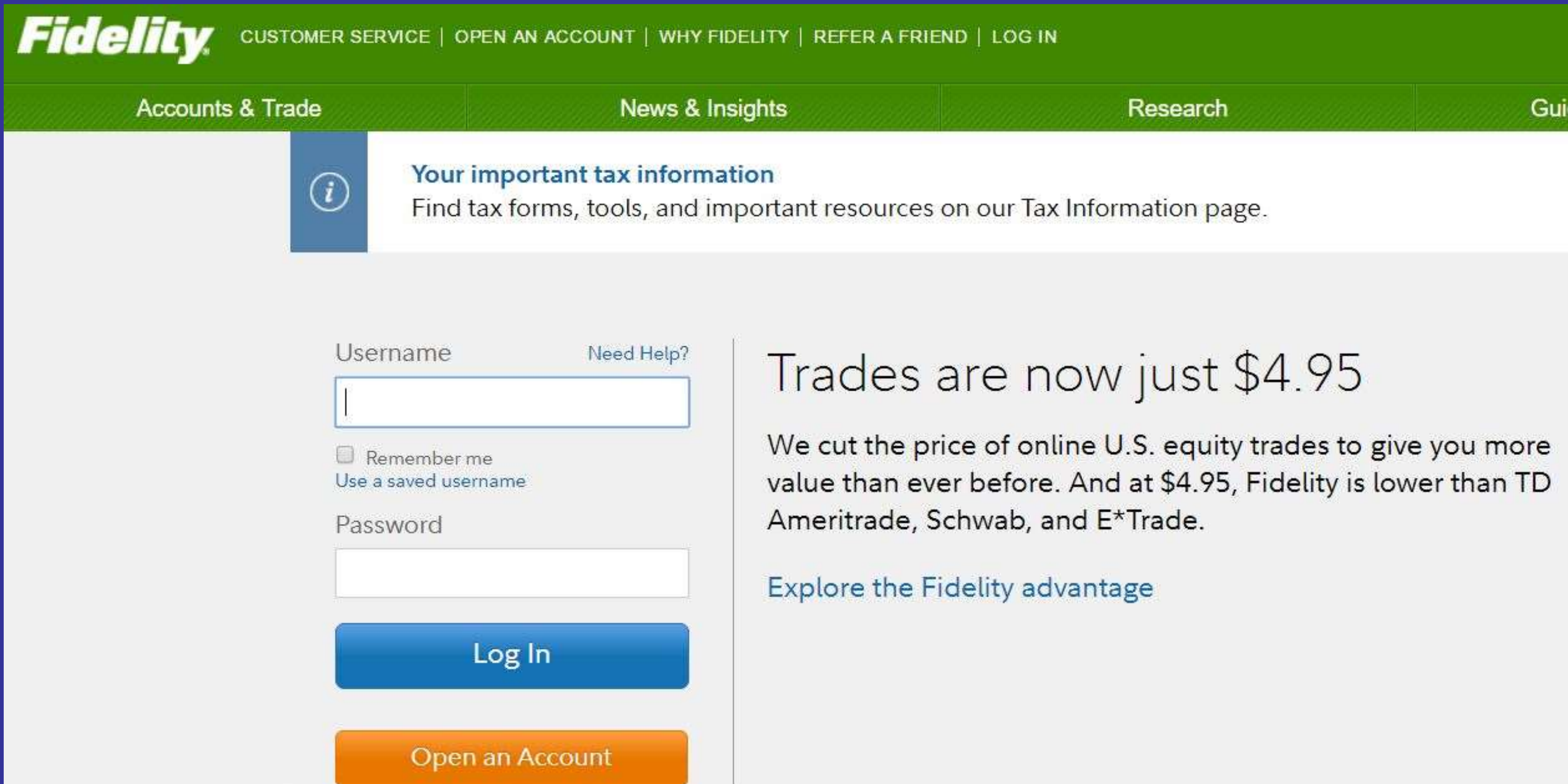
Personal Financial Planning- Investing



Fidelity- one of the best trading platforms, excellent web design, 24/7 service and lowest commission on stock and ETF trades.

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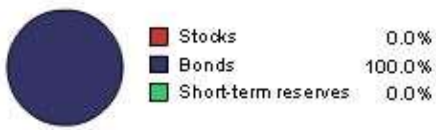
Vanguard portfolio allocation models

COMMENT
SHARE
PRINT

Income

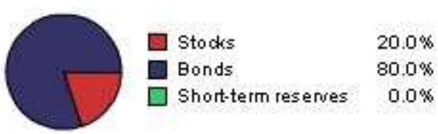
An income-oriented investor seeks current income with minimal risk to principal, is comfortable with only modest long-term growth of principal, and has a short- to mid-range investment time horizon.

100% bonds



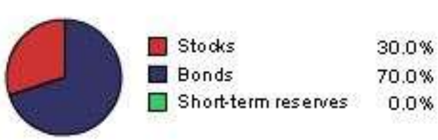
Historical Risk/Return (1926–2015)	
Average annual return	5.4%
Best year (1982)	32.6%
Worst year (1969)	–8.1%
Years with a loss	14 of 90

20% stocks/ 80% bonds



Historical Risk/Return (1926–2015)	
Average annual return	6.7%
Best year (1982)	29.8%
Worst year (1931)	–10.1%
Years with a loss	12 of 90

30% stocks/ 70% bonds



Historical Risk/Return (1926–2015)	
Average annual return	7.2%
Best year (1982)	28.4%
Worst year (1931)	–14.2%
Years with a loss	14 of 90

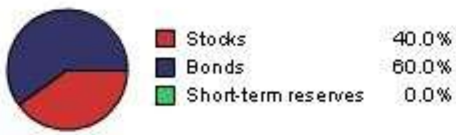
Personal Financial Planning-Investing

Personal Financial Planning-Investing

Balanced

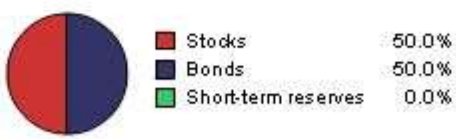
A balanced-oriented investor seeks to reduce potential volatility by including income-generating investments in his or her portfolio and accepting moderate growth of principal, is willing to tolerate short-term price fluctuations, and has a mid- to long-range investment time horizon.

40% stocks / 60% bonds



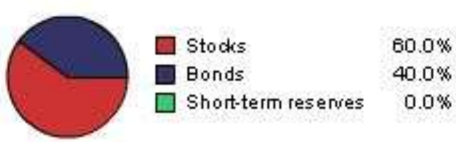
Historical Risk/Return (1926–2015)	
Average annual return	7.8%
Best year (1933)	27.9%
Worst year (1931)	–18.4%
Years with a loss	16 of 90

50% stocks / 50% bonds



Historical Risk/Return (1926–2015)	
Average annual return	8.3%
Best year (1933)	32.3%
Worst year (1931)	–22.5%
Years with a loss	17 of 90

60% stocks / 40% bonds



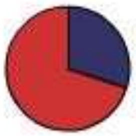
Historical Risk/Return (1926–2015)	
Average annual return	8.7%
Best year (1933)	36.7%
Worst year (1931)	–26.6%
Years with a loss	21 of 90

Personal Financial Planning- Investing

Growth

A growth-oriented investor seeks to maximize the long-term potential for growth of principal, is willing to tolerate potentially large short-term price fluctuations, and has a long-term investment time horizon. Generating current income is not a primary goal.

70% stocks / 30% bonds



Stocks	70.0%
Bonds	30.0%
Short-term reserves	0.0%

Historical Risk/Return (1926–2015)	
Average annual return	9.1%
Best year (1933)	41.1%
Worst year (1931)	–30.7%
Years with a loss	22 of 90

80% stocks / 20% bonds

Stocks	80.0%
Bonds	20.0%
Short-term reserves	0.0%

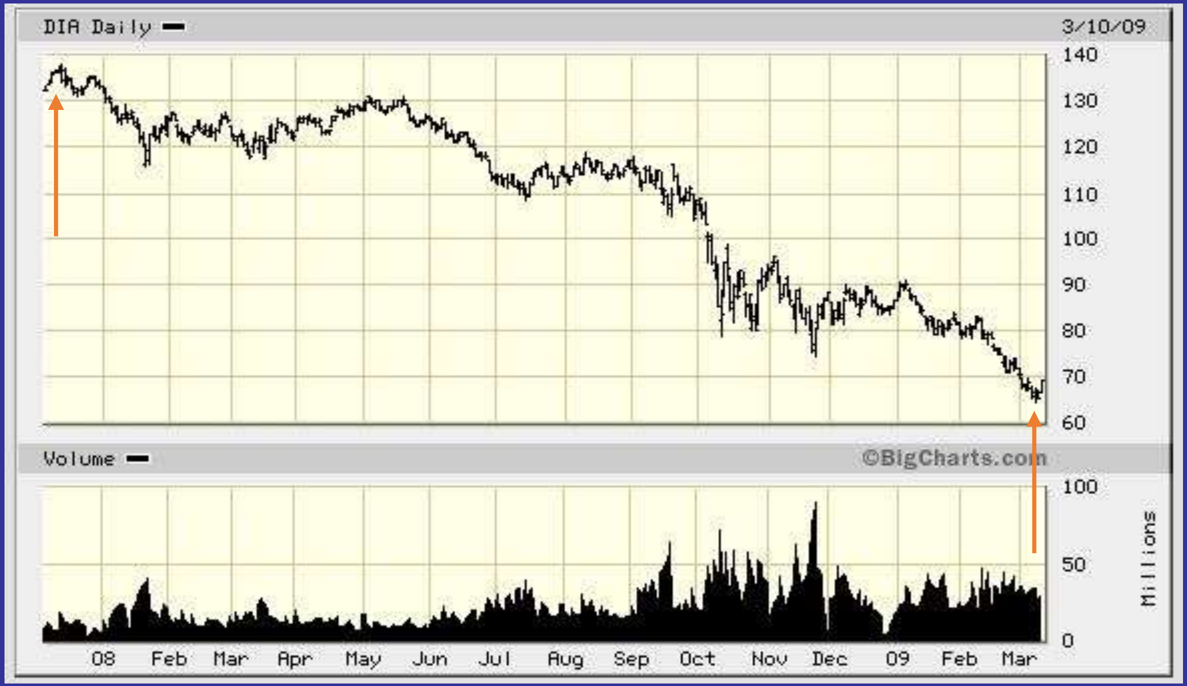
Historical Risk/Return (1926–2015)	
Average annual return	9.5%
Best year (1933)	45.4%
Worst year (1931)	–34.9%
Years with a loss	23 of 90

100% stocks

Stocks	100.0%
Bonds	0.0%
Short-term reserves	0.0%

Historical Risk/Return (1926–2015)	
Average annual return	10.1%
Best year (1933)	54.2%
Worst year (1931)	–43.1%
Years with a loss	25 of 90

Personal Financial Planning- Investing RISK



DIA 6/3/2007 to 3/10/2009 . What if you bought this at the arrow on the left ($138/share) and checked your price on 3/10/2008 ($68 /share) ??? This is a 50.70% decline!! What do you do??

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Personal Financial Planning- Investing RISK

- DIA 6/3/2007 to 3/10/2009 . What if you bought this at the arrow on the left ($138/share) and checked your price on 3/10/2008 ($68 /share) ??? This is a 50.70% decline!! What do you do??
- DIA 6/3/2007 to 03/02/2017 (138 to 210) or 52% gain.
- If you bought at the bottom (almost nobody can time this), 209% gain

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Vanguard Balanced Index Fund Admiral Shares (VBIAX)

Also available as Investor Shares mutual fund.

BUY COMPARE ADD TO WATCH LIST

Overview | Price & Performance | Portfolio & Management | Fees & Minimums | Distributions | News & Reviews

Product summary

This index fund offers investors an easy, low-cost way to gain exposure to stocks and bonds. The fund invests roughly 60% in stocks and 40% in bonds by tracking two indexes that represent broad barometers for the U.S. equity and U.S. taxable bond markets. The fund's broad diversification is important, because one or two holdings should not have a sizeable impact on the fund. Investors with a long-term time horizon who want growth and some income—and who are willing to accept stock and bond market volatility—may wish to consider this as a core holding in their portfolio.

View prospectus and reports

Fund facts

Asset class	Balanced	
Category	Moderate Allocation	
Expense ratio as of 04/26/2016	0.08%	This is **91% lower** than the average expense ratio of funds with similar holdings.*
Minimum investment	$10,000	
Fund number	0502	
Fund advisor	Vanguard Fixed Income Group Vanguard Equity Index Group	

Price and performance

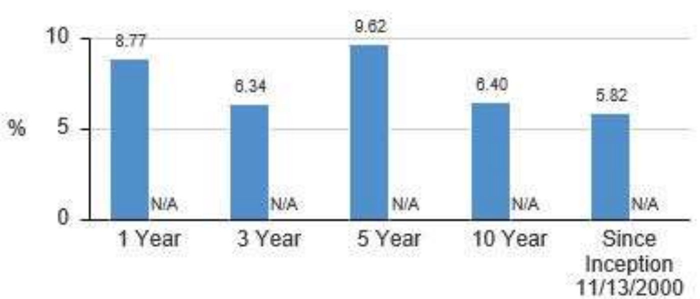
Price as of 02/28/2017	$32.29
Change	–$0.07 –0.22%
SEC yield	2.05% B

Risk potential

How the potential for risk affects your investment

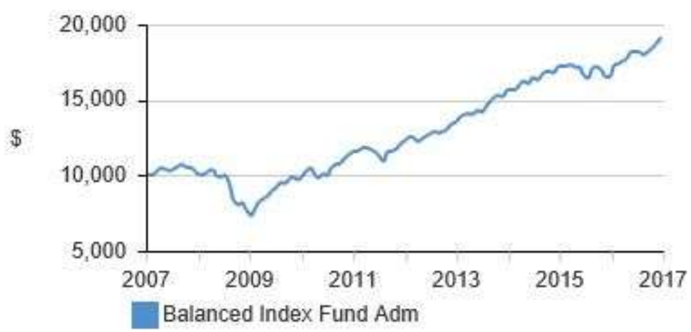
Average annual performance Quarter-end | Month-end

As of12/31/2016 View as table



Hypothetical growth of $10,000

As of 2/28/2017



Personal Financial Planning-Investing

https://personal.vanguard.com/us/funds/snapshot?FundId=0502&FundIntExt=INT

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Vanguard Target Retirement 2045 Fund (VTIVX)

Detailed fund profile

Overview | Fees & Minimums | Holdings & Management

Summary

Vanguard Target Retirement Funds offer a diversified portfolio within a single fund that adjusts its underlying asset mix over time. The funds provide broad diversification while incrementally decreasing exposure to equities and increasing exposure to bonds as each fund's target retirement date approaches. The funds continue to adjust for approximately seven years after that date until their allocations match that of the Target Retirement Income Fund. Investors in the funds should be able to tolerate the risks that come from the volatility of the stock and bond markets. The 2045 fund invests in four Vanguard index funds, holding approximately 90% of assets in equities and 10% in bonds. You may wish to consider this fund if you're planning to retire between 2043 and 2047.

Performance

View Quarter-end | Month-end

Average annual returns as of 12/31/2016

	This fund	Industry average†
YTD as of 02/28/2017	5.13%	—
1-year	8.87%	7.93%
3-year	4.72%	3.78%
5-year	10.54%	9.61%
10-year	5.27%	4.22%
Since inception (10/27/2003)	7.27%	—
Acquired fund fees & expenses as of 01/27/2017	0.1600%	0.41%

Personal Financial Planning- Investing

https://investor.vanguard.com/mutual-funds/target-retirement/#/mini/overview/0306

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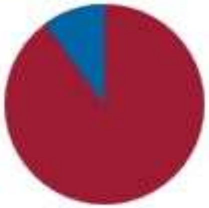
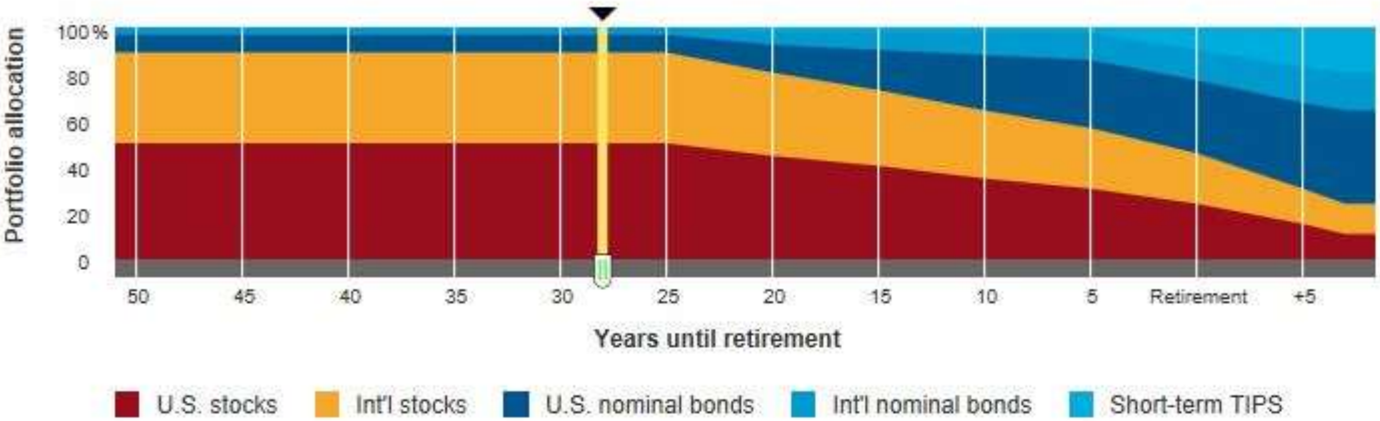
Asset allocation as of 01/31/2017



	89.90%	Stocks
	10.10%	Bonds
	0.00%	Short-term reserves
	0.00%	Alternatives

Vanguard Target Retirement Fund asset allocation tool

Move the slider to see the fund's asset allocation become more conservative as you approach retirement.



The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so that investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited.

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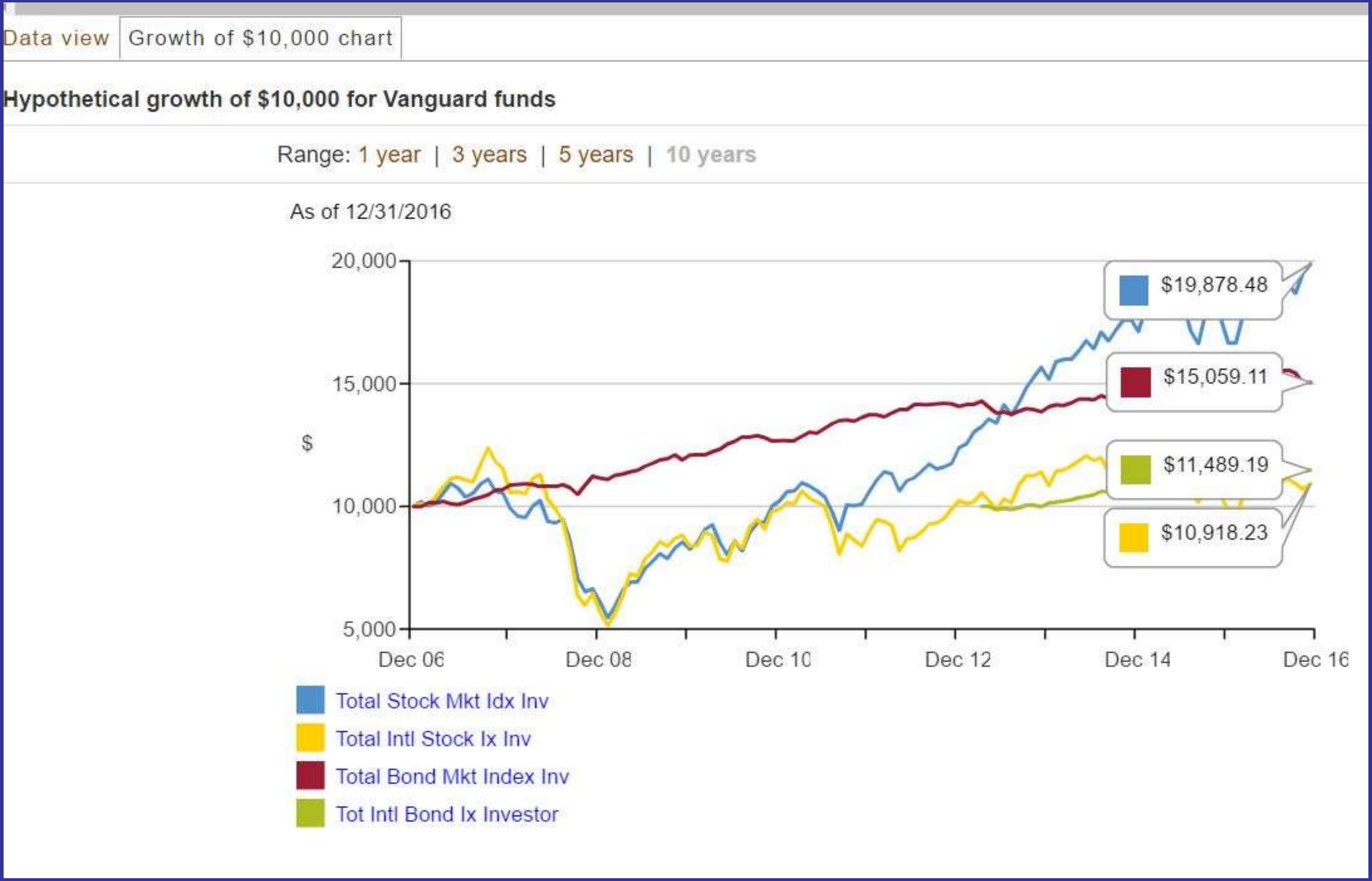

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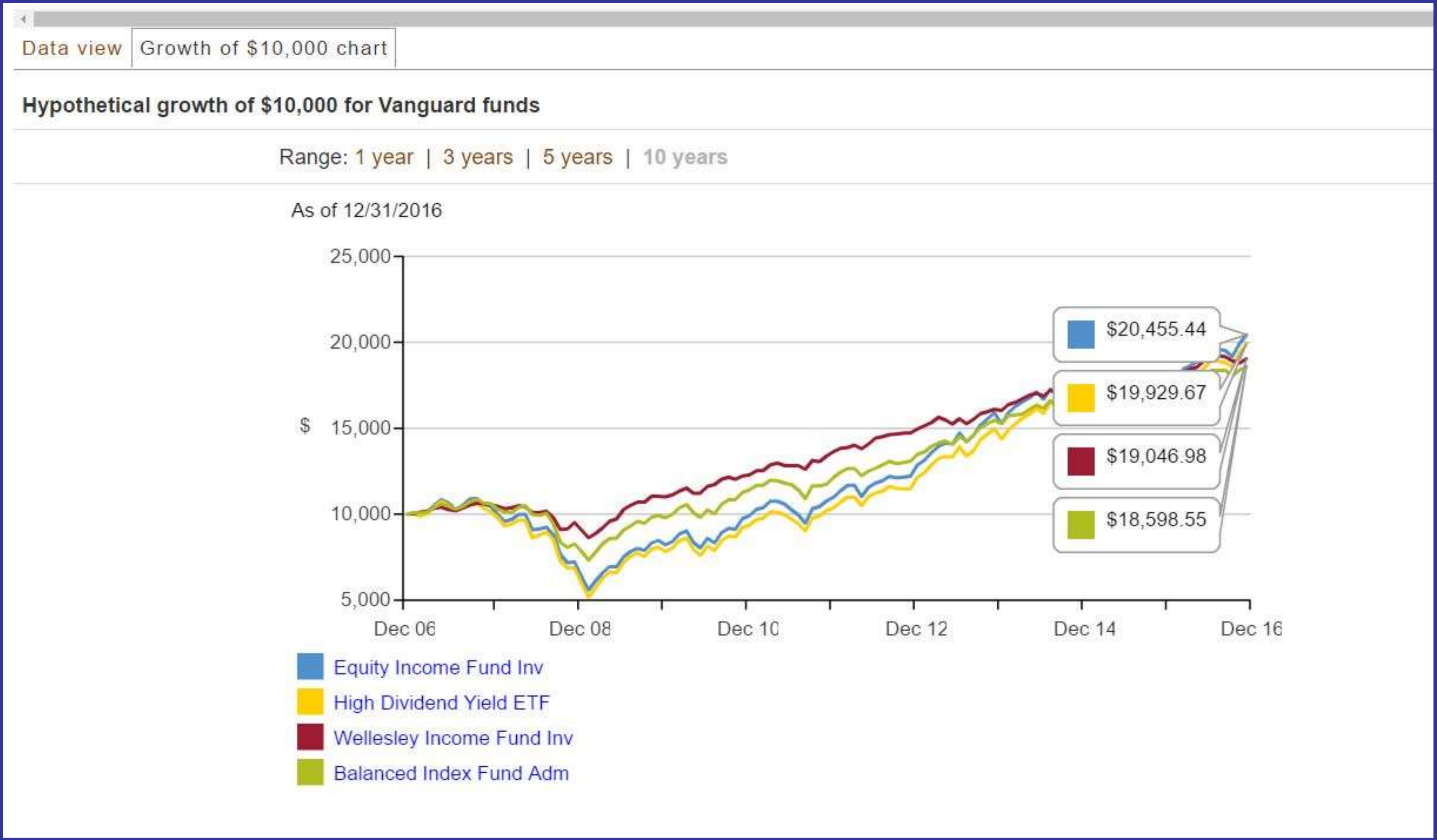

Portfolio design seems confusing, but it is not rocket science. Help is Available.

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Personal Financial Planning- Investing

Vanguard Personal Advisor Services	Partner with a Vanguard advisor	See how advisors add value	Pay less	Get started today

Advice for real life

Vanguard Personal Advisor Services combines the best of high-touch and high-tech to help you with your real-life investing needs.

It's only natural to need advice

When it comes to investing, your natural reactions can get in the way. It's human nature to overthink, overreact, and, at times, be overwhelmed.

With Vanguard Personal Advisor Services, an advisor serves as an emotional circuit breaker so you don't abandon a well-thought-out plan. That helps give you the best chance for reaching your goals, instead of letting human nature get the best of you.

Why you should partner with a Vanguard advisor

Your financial goals are about real-life needs. They're about taking care of family, being comfortable, and feeling secure. So whether you're investing for retirement, living in retirement, or saving for a college education, a home, or other goals, a Vanguard advisor can help you with financial planning and ongoing investment advice.

An advisor will be here for you—working closely with you to develop a customized goals-based financial plan according to your unique situation and investing your portfolio for you.

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Personal Financial Planning- Investing

IMPORTANT NOTE-

- One of the biggest risks a do it yourself investor has is the risk of procrastination or inaction. If you see this is happening to you or if you know it will happen to you, use a financial planner to do your investing for you or automate it.

- Do not expect them to sell your positions if the market TANKS!

- A company like Vanguard charges only 0.30% for this service. Others may charge more, but may do more for you. ($1M x 0.30 = $3000).

Personal Financial Planning- Investing

IMPORTANT NOTE-

Many of the mutual funds, ETFs or stocks you allocate to your portfolios will issue dividends and capital gain distributions. While you are in the accumulation phase (not the drawdown phase) always instruct the brokerage representative to reinvest the distributions. Many of the online forms to set up these accounts simply have a box to check. Find it and check it.

This means that all distributions will be allocated to buying new shares of the same asset at the current price.

When you hit the drawdown phase (like I am in now), you may ask the brokerage firm to transfer these to your checking account.

Personal Financial Planning-Investing

Retirement plans at a glance

	PLAN	WHO'S ELIGIBLE	MAXIMUM ANNUAL CONTRIBUTION	EMPLOYER MATCH?	ANNUAL CATCH-UP STARTING AT AGE 50	USUAL INVESTMENT OPTIONS
Business, Government, Nonprofit	**401(k)**	Private company employees	$18,000	Usually 1% to 6% of pay	$6,000	Mutual funds (19 on average)
	403(b)	Employees at nonprofits and state and local governments	$18,000	Often; typically 3% to 5% of pay	$6,000 (more for some longtime employees)	Funds and annuities (29 on average)
	457	Some government and nonprofit workers	$18,000	Rarely	$6,000 (sometimes more for employees near retirement)	Menu of mutual funds
	Thrift Savings Plan	Federal government employees, including the military	$18,000	5% for those in the Federal Employees Retirement System	$6,000	10 funds, including five target-date funds
Small Business	**SEP-IRA**	Small-business employers and employees	25% of salary, up to $53,000 (same for all personnel)	All contributions come from employer	None, but contributions are permitted after age 70½	All funds offered where account is held
Simple IRA	**Simple IRA**	Small-business employers and employees	$12,500	3% match (or 2% employer contribution to all employees)	$3,000; contributions are also permitted after age 70½	Menu of funds
Solo 401(k)	**Solo 401(k)**	Sole proprietors and their spouses	25% of compensation plus $18,000, up to $53,000	No	$6,000	All funds offered where account is held
Individual	**Roth IRA**	All earners making less than income phaseouts	$5,500	No	$1,000	All funds offered where account is held
Traditional IRA	**Traditional IRA**	All earners	$5,500	No	$1,000	All funds offered where account is held

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Personal Financial Planning- Retirement Accts

	Roth IRA	Traditional IRA
Tax benefits	Tax-free growth and tax-free qualified withdrawals.	Tax-deferred growth and tax-deductible contributions.
Funding	**AFTER TAX dollars**	**PRE TAX dollars**
Age requirements	Contribute at any age.	Contribute until you're 70½.
Income requirements	Your income affects how much you can contribute. See current limits.	Your income does not affect how much you can contribute.
Withdrawal taxes	You won't pay taxes when you withdraw your contributions, and you won't pay federal taxes on your earnings, as long as the five-year aging requirement has been met.	You will pay taxes when you withdraw your pre-tax contributions and when you withdraw any earnings.
Early-withdrawal penalties	If you make withdrawals before you're 59½, you might have to pay taxes on your earnings plus a 10% additional tax.	If you make withdrawals before you're 59½, you might have to pay a 10% penalty.
Minimum required distributions (MRDs)	MRDs do not apply during your lifetime.	MRDs must be taken starting in the year you turn 70½.

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Personal Financial Planning- Retirement Accts

Small Plan 401(k)- Great option if you're looking to offer your employees all the tax, savings, and retirement benefits of a typical 401(k).

Target- Any business with one employee or more.

Employee Eligibility- Based on employer plan rules. Generally must be offered to all employees at least 21 years of age who worked at least 1,000 hours in the previous year.

Funding responsibility- Employee salary reduction contributions and/or employer contributions. Funding Parameters can be customized.

Contribution options- Employee can decide how much to contribute. Employer can make additional contributions, including matching contributions, as set by plan terms.

Employer contribution limits- For the 2017 tax year, the employer only contribution limit is 100% of compensation with a maximum of $54,000.
Maximum tax deductible employer contribution is 25% of compensation.
Contributions are deductible as a business expense and aren't required every year.

Personal Financial Planning- Retirement Accts

Opinion /Advice-

- If you are working as an associate and can only dedicate up to $5500 to retirement savings, open a Traditional IRA and fund that every year until your situation changes.

- If you are working as an associate and can dedicate > $5500 per year to retirement savings, use a solo 401K or a SEP-IRA. Be aware, if you hire any employees, you can no longer use the solo 401K. If you open a SEP-IRA and hire an employee, you must fund them with the same percentage that you fund your account (this gets costly).

- If / when you finally own your own practice open a small employer plan 401K. You will need to either a company like Vanguard or Fidelity to construct the plan documents and administer it or you may find local retirement plan consultants to assist you. This IS the best option for the practice owner for many reasons.

Personal Financial Planning- Investing

How much do I need to save for my child's college education??

- how many years until college entrance?
- Public / Private
- In State / Out of State

According to The College Board, tuition and fees for the 2016–2017 school year averaged:
$33,480 at private colleges
$9,650 at public in-state colleges
$24,930 at public out-of-state colleges
Add another $10000 / year for room and board

Source- Motley Fool- https://www.fool.com/retirement/2017/02/26/how-much-do-i-need-to-save-for-college.aspx

Personal Financial Planning- Investing

The Vanguard 529 Plan age-based options

Get a complete portfolio that changes along with your needs.

Choose 1 of our 3 age-based options—conservative, moderate, or aggressive. We'll do the rest by automatically and gradually shifting you to less-risky portfolios as your child gets older.

Find out more about how age-based options work

Conservative age-based option

	ASSET ALLOCATION	PORTFOLIO PROFILE
Child age 0 to 5 years (more aggressive)	 50% Stocks 50% Bonds 0% Short-term reserves	Vanguard Moderate Growth Portfolio
Child age 6 to 10 years	 25% Stocks 75% Bonds 0% Short-term reserves	Vanguard Conservative Growth Portfolio

Personal Financial Planning- Investing

Savings and Assumptions

Initial investment amount ($)

0

Annual savings amount: ($)

3,000

Number of years contributions are made: (0 to 30)

18

Before-tax return on savings (-12% to 12%) ?

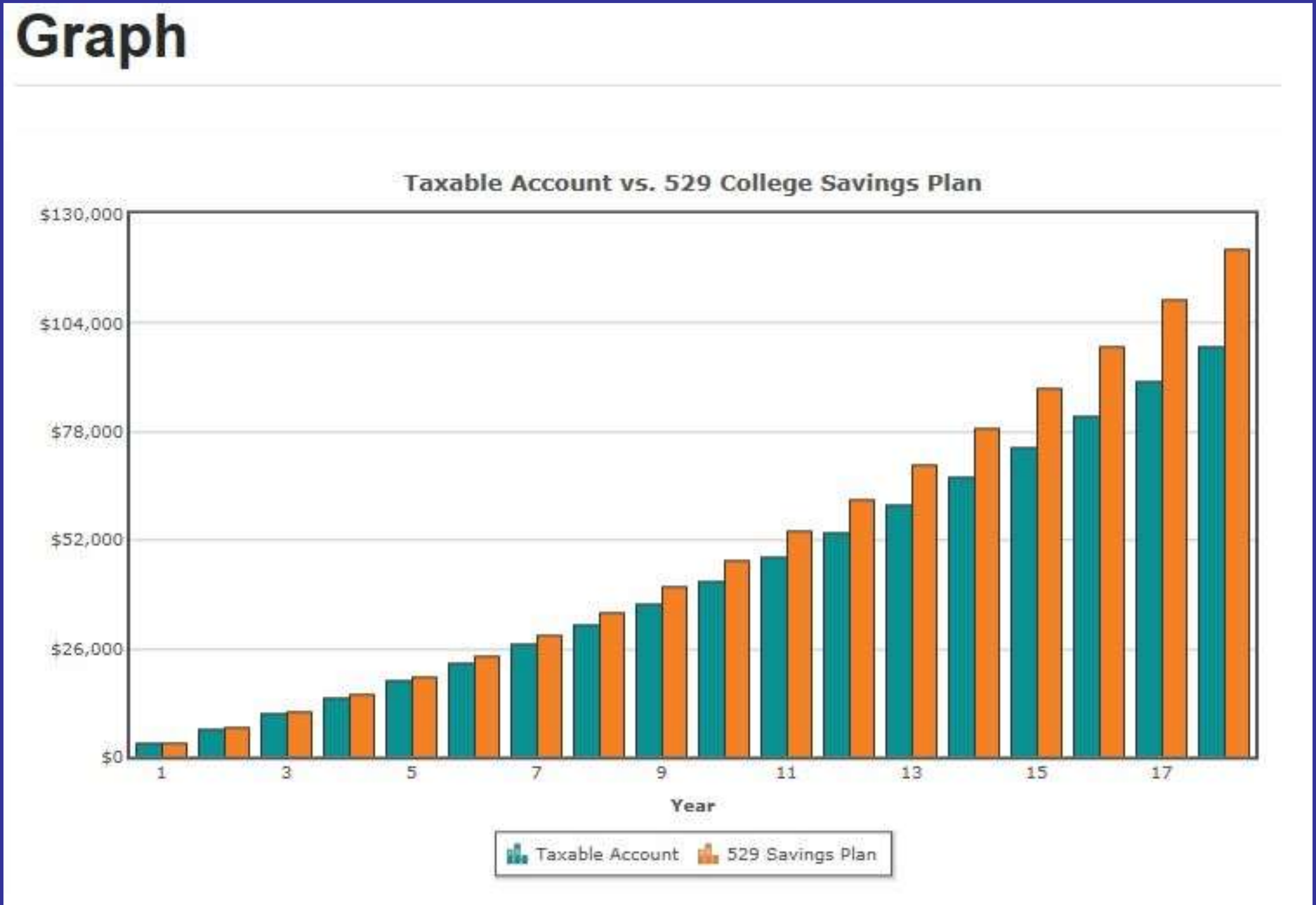
8%

Marginal tax bracket (0% to 75%) ?

25%

https://www.calcxml.com/calculators/529-college-savings-plan

Personal Financial Planning- Investing



$121K saved for college with on $3k per year saved in tax deferred account

Personal Financial Planning- Investing

Inflation Calculator	
Today's Amount:	$ 9650
Annual Inflation Rate:	5 %
Number of Years:	18
Reduced Amount	$4,009.77
Required Amount	$23,223.88
Calculate Reset	

Public Tuition = $92896 (4 years) Tuition has risen an average of 5% per year over the last 25 years.

Inflation Calculator	
Today's Amount:	$ 10000
Annual Inflation Rate:	3 %
Number of Years:	18
Reduced Amount	$5,873.95
Required Amount	$17,024.33
Calculate Reset	

Room and Board = $68096 (4 years). Generally, this rises at the inflation rate.

Grand Total = $181K. If you saved according to the last 529 calc, you are $61K short !

Maybe you should have bought that certified, used 2 year old Lexus instead !

Personal Financial Planning- Investing

For any investment, whether it is a mutual fund, ETF, or a managed portfolio, you will see something like the following disclosure:

"Past performance is not a guaranty of future returns."

Personal Financial Planning- Investing

Summary:

- Avoid the noise
- Have a long-term perspective, but also have moderate expectations
- Understand the relationship between risk and return
- A diversified portfolio does *not* prevent loss, but it can reduce overall risk

Seeking Professional Advice

- Who can call themselves financial planners?
  - Just about anyone!
    - Stockbrokers
    - Insurance salespeople
    - Attorneys
    - Accountants
- Who can you trust?
  - Someone whose interests are aligned with yours
  - Fiduciary responsibility
  - Objective perspective: Fee-only, Independent

Personal Financial Planning- Investing

QUESTIONS ????