

IT'S YOUR MONEY!

Week 3 & 4: *Financial Planning*



WHAT IS FINANCIAL PLANNING?

A PROCESS not an event

- Balances today's needs with goals for the future

Analysis, Integration & Implementation of

- Goals & assumptions
- Cash flow and budgeting
- Risk management / insurance
- Tax planning
- investment planning
- Retirement planning
- Estate planning
- Misc. and special needs situations



FINANCIAL PLANNING PROCESS

- 1. Establish Relationships**
- 2. Gather Data**
- 3. Create Goals**
- 4. Develop Strategy**
- 5. Implement a Plan**
- 6. Monitor the Plan**



ESTABLISH RELATIONSHIPS

Who do you want to include as you develop your financial plan? *This will impact the type of information you need to gather*

- **Family** – spouse, children and grandchildren
- **Friends?** *Probably not a good idea*

Financial Advisor

Know what questions to ask your advisor before you engage in a contractual relationship

- ASK FIRST form

GATHER DATA

Organize all of your personal and financial information necessary to put together a comprehensive financial plan.

- **Assets**

- Name, Owner(s), Value, Cost

- **Liabilities**

- Mortgages, Loans, Family Obligations

Sometimes there is an overwhelming amount of information needed to create a comprehensive plan. If you have complex finances and/or estate, a financial advisor can help you gather the necessary information

CREATE GOALS

Based on the information you gathered, put together some realistic goals as they relate to:

- Improving cash flow
- Reducing debt
- Insurance needs
- Minimizing tax
- Accumulating for retirement
- Minimizing transfer tax
- Incapacity planning



DEVELOP A STRATEGY

Prioritize your goals and start incorporating them into a strategy based on REAL and conservative projections

- **Diversified portfolio**
- **Social Security, 401(k) or 403(b)**
- **College Funding Plans**
- **Do you/will you qualify for Medicare?**

IMPLEMENT AND MONITOR THE PLAN

IMPLEMENT

- **Acquire investments, insurance**
- **Reallocate portfolio**
- **Prepare estate planning docs**
- **...more**

MONITOR

- **Personal changes**
 - Birth, death, divorce, disability, inheritance
- **External changes**
 - Economy, tax law, interest rates, market conditions

FINANCIAL ADVISORS AND PLANNERS

Interchangeable Designations

- Advisor, planner, consultant, manager, analyst...

Financial Services Industry

- Independent RIA, Broker/Dealer, Bank, Insurance Company, Trust Company

Compensation Methods

- Commission
- Fee-Based
- Fee-Only



FINANCIAL ADVISORS AND PLANNERS

Credentials

- Registered Investment Advisor (RIA)
- Certified Financial Planner (CFP)
- Chartered Financial Consultant (ChFC)
- Chartered Financial Analyst (CFA)

Things to consider...

- Experience
- Rapport/Trust
- Fiduciary?
- Independent, outside Custodian?



RISK MANAGEMENT

Obtain objective advice to make sure you have proper types of coverage/insurance!

- **Health**
- **Disability**
- **Long Term Care**
- **Homeowner's, Auto and Personal Liability**
- **Life**



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TAX PLANNING

Determining Your Tax Bracket

Gross Income
Deductions
Exemptions
Taxable Income

Defer Income
Accelerate deductions
Maximize pre-tax savings

Tax Saving Strategies

Deductions

medical, taxes, interest, charitable contributions, misc. itemized deductions

ASSET CLASSES

Cash & Equivalents

- Deposits with banks, insurance contracts, treasury securities

Bonds

- Loans made to a company or government
- Risks: inflation, interest, market, company performance

Stocks

- Units of equity ownership in a company
- Risks: inflation, principal, market, company performance

RETIREMENT PLANNING

- How much will you have?
- How much will you need?
- What is the impact of inflation and taxes?
- How much can you spend?
- How should you invest to meet your goal?
- Calculate impact of additional savings
- Social Security and Medicare

RETIREMENT INCOME

- Social Security
- Employer retirement plans
 - Spouse/Partner plans?
- IRAs
- Regular Investment Accounts
- Inheritance?
- Other...



ESTATE PLANNING

- **Management during your lifetime**
- **Distribution following your death**
- **Protect loved ones**
- **Preserve property**
- **Avoid conflicts and delays**
- **Reduce costs and taxes**

Plan through your Will and Trust...



WILLS AND LIVING TRUSTS

WILLS

- Control distribution of estate
- May minimize fees and taxes
- Ensure probate
 - Legal executor fees
- Select guardian

LIVING TRUSTS

- Reduce taxes and probate costs
- No delay upon death
- Privacy
- Simplified administration
- Flexibility
- Professional management

INTESTACY — when neither are prepared or only cover a partial amount of the estate

ESTATE AND GIFT TAXATION

- Tax Rates
- Applicable Estate Tax Exclusion Amount
- Gift Tax Exclusion
- Marital Deduction
- Annual Gift Exemption
- Generation Skipping Tax

We will have more estate planning information at our
It's Your Estate Workshop

Please visit our [website](#) for schedules