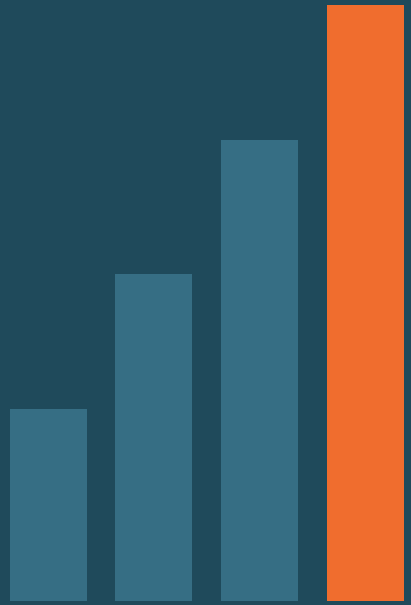
RS CRUM, INC.
WEALTH MANAGEMENT SINCE 1976

It's Your Money

Financial Planning II

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THE ROADMAP

Your money, in seven steps

1. **Where are you now?**
2. **Where are you going?**
3. **How will you get there?**
4. **Close the gaps**
5. **Optimize and reassess**
6. **Retirement income**
7. **Protect & pass on**

Calculate your net worth

Everything you own

Cash, home, retirement accounts, investments

–

Everything you owe

Mortgage, credit cards, car and student loans

=

Your net worth

The starting line for every decision

Update it once or twice a year. The direction matters more than the number.

Cash flow: where does the money go?

Your income comes in…

1

Spending

Bills, groceries, fun

2

Saving

Retirement, emergency fund, goals

3

Taxes

Federal, state, payroll

4

Giving

Charity, family, causes

Surplus or deficit?

A surplus

More coming in than going out. The extra is yours to aim at your goals.

A deficit

More going out than coming in. The gap gets covered by savings or debt, and that can’t last.

Start with your values

1

What's important about money to you?

Security, freedom, family, generosity, experiences

2

Money is a tool. What do you want it to do for you?

Your answer sets the direction for everything that follows

What values sound like

"I don't want to be a burden to my kids"

"I want to make an impact in my community"

"I want to experience different cultures around the world"

Turn values into goals

Make it concrete

1. When do you want to retire?
2. How much will you spend in retirement?
3. Do you want to help your kids?

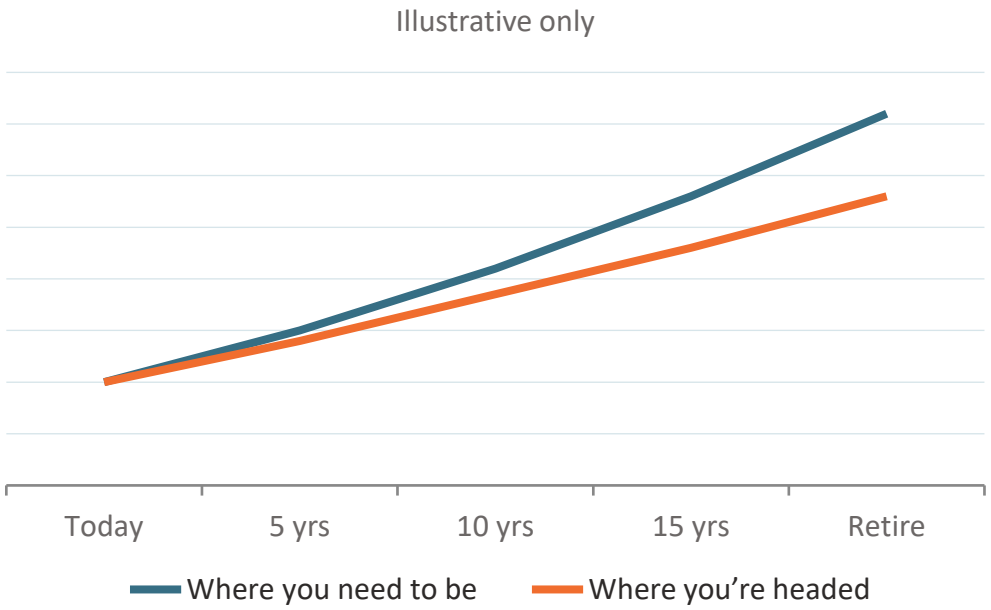
Use SMART

- Specific
- Measurable
- Achievable
- Relevant
- Time-bound

Values become goals

I don’t want to be a burden to my kids	I want to save $2 million for retirement so that I can maintain my lifestyle and handle any unexpected expenses
I want to make an impact in my community	I will budget for $10,000 donations every year to causes that I support with a combination of qualified charitable distributions and Donor Advised Fund distributions
I want to experience different cultures around the world	I will plan a $20,000 travel budget for the first 15 years of retirement. I’ll also plan to retire two years earlier so that I have more time to travel.

Will today's habits get you there?



1

Keep doing what you're doing

Will you reach your goals?

2

Run a cash flow projection

Use your real numbers and current strategies

Not on track? Pull a lever

1

Spending

Trim what doesn’t match your values

2

Saving

Raise the rate, and automate it

3

Investment mix

Match risk to your timeline

Tax diversification: three buckets

1

Tax-deferred

401(k), traditional IRA. Tax break now, taxed when withdrawn.

2

Roth

No break now. Tax-free growth and withdrawals later.

3

Taxable

Brokerage accounts. Flexible, taxed along the way.

Are you lowering your tax bill each year, or over your whole lifetime?

Asset location: the right home

Tax-deferred

Income-generating and lower-growth investments, like bonds and REITs

Roth

Highest growth potential, since growth is never taxed

Taxable

Higher-growth investments and qualified dividends

Tax-loss harvesting: make losses useful

1

Sell a loser

An investment in your taxable account is down

2

Buy something similar

Avoid the same fund for 30 days (the wash-sale rule)

3

Use the loss

Offsets gains plus up to $3,000 of income a year

Repeat until retirement

Check in

Update net worth and cash flow

›

Compare

Are you on track?

›

Adjust

Pull a lever

›

Repeat

Every year, and after big life changes

Triggers: new job, new baby, a move, an inheritance, a market shock.

Build your retirement paycheck

How much will you spend?

Everything starts here. The rest is figuring out where it comes from.

Baseline income

1. Social Security
2. Pension
3. Investment properties
4. Part-time income

Filling the gap from your portfolio

1. How much can you safely withdraw?
2. Which tax bracket or IRMAA tier are you in now?
3. Which tax bracket or IRMAA tier are you targeting?
4. Which account should you withdraw from?
5. Which investments do you sell to create the cash?

Protect the plan with insurance

1

Life

Replaces income if people depend on you

2

Property & casualty

Home and auto: covers repairs and liability

3

Umbrella

Extra liability coverage above your home and auto limits

Insurance isn’t an investment. It’s a shield.

Pass it on the way you intend

1. **Will or trust**

   Says who gets what and who is in charge

2. **Beneficiary designations**

   On retirement accounts and insurance, and they override your will

3. **Powers of attorney**

   Someone to act for you if you can’t

4. **Healthcare directive**

   Your wishes, in writing

YOUR TAKE-HOME

Your do-it-yourself money audit

- [ ] Net worth updated
- [ ] Cash flow tracked
- [ ] Goals written as SMART
- [ ] Projection run
- [ ] Gaps and actions chosen
- [ ] Accounts and asset location reviewed
- [ ] Insurance coverage reviewed
- [ ] Beneficiaries and estate documents current

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Questions?

For educational purposes only. This presentation is not individualized financial, tax, or legal advice.