Budgeting, Relationships and Life Events
PREPARING FOR LIFE EVENTS

Job Transition:
  Change/Lose Job

Financial Market Changes:
  Corrections/Recession/Bear Markets

Emergencies:
  Health
  Major Repairs
  Lawsuit
  Accidents
IMPORTANCE OF FINANCIAL FITNESS

Preparedness:
  Emergencies:
    Health
    Accident
    Major Repairs
    Pets

Job Loss
  Unemployment Resources
  Economic Development

Improved Credit
  Purchasing Power
  Home Buying
  Lower Interest Rates

On the RIGHT side of Interest

Long Term Planning:
  College
  Retirement
  Long Term Care
  Estate Planning

Stress:
  Financial Stability is Less Stressful
  Focus on other things
A GOAL WITHOUT A PLAN IS JUST A WISH

A Financial Plan is imperative to your overall financial well being and is critical for LONG-TERM success

A plan includes:

- Budget – Understanding cash flow needs
- Debt Reduction – Getting on the right side of interest
- Improving Credit
- Saving/Investing for Retirement
- Estate Planning – Wills/Trusts/Longevity Planning etc.

Today we will focus on taking the first steps into creating a long-term plan
#1 SET A FINANCIAL GOAL

Find a financial mentor or coach
A financial goal is a way of keeping track of how you’re doing, just like a scoreboard
You should set at least 3 types of goals:
- Short-term – monthly
- Mid-term – 6 months to 1 year
- Long-term – 5 to 10+ years

It is very important to write down your goals and put them where you can read them every day!
#2 CALCULATE YOUR PROFIT

**Gross income**: income before taxes

**Net income**: actual amount of money received after state, federal, social security and other taxes have been taken out

**If-come**: doesn’t count

Net income minus expenses equals profit
#3 CREATE A BUDGET

**Budget:** a *step-by-step* plan to help you reach your goals

Track **all** expenses

Categorize expenses

Evaluate your spending

   Figure out where you can **reduce** your spending

You need to be living on 70-75% of your net income
“Compound interest is the 8th wonder of the world. He who understands it, earns it; he who doesn’t, pays it.” – Albert Einstein

Interest - money paid regularly at a particular rate for the use of money lent, or for delaying the repayment of a debt

Those who OWE pay it....Those who OWN earn it

The average rate of return of the stock market from 1999-2019 was Approx. 6.25% *

You can GAURUNTEE yourself a 15% Rate of Return

The average credit card interest rate in America for 2019 was 15.09%

Where is your money best spent?

Pay your Debt! Increase Cash Flow!

*Source: SP500 Annual Returns
#Source: CreditKarma
#5 ROLL-DOWN DEBT REDUCTION

1. Pay yourself first – Emergency Fund
2. Make a list of all debts
3. Sort debt by lowest balance owed
4. Review your plan with a mentor
5. Pay off, or as much as you can, the smallest debt first
   - 6. Pay the minimum payment on larger debts
   - 7. Repeat steps 5 & 6, snowball method, until you’re debt free
   - 8. Feel confident as you pay things off
#6 TIPS ON PAYING OFF DEBTS AND INCREASING CASH FLOW

Consider leveraging of Assets:

- 401K Loans – Be Careful!
- Cash Back Re-Finance of Home
  Rates are at all time lows

Utilize Roll-Down Debt Reduction

Look at Zero-Transfer Credit Cards

Reduce 401k Contributions to the Match

You have to get SOME traction – Consider dipping into emergency fund
#7 IMPROVE AND UNDERSTAND YOUR CREDIT

Credit Report
- Personal Information
- Account Information
- Inquiries
- Collections
- Public Record Information
- Creditor’s Contact

Retrieve at:

[click here for annualcreditreport.com]
#8 HOW CREDIT IS MEASURED

Payment history 35%
Amounts owed 30%
Length of credit history 15%
New credit 10%
Types of credit used 10%
#9 TIPS ON CREDIT BUILDING

Watch those credit card balances
   Optimum 30%
Eliminate credit card balances
   Consolidate spending
Leave old debt on your report
   Oldie but a goodie
Use your calendar
   Rate shopping 15-45 days
Pay bills on time
#10 THE PATH TO WEALTH ACCUMULATION

Real estate strategies
College savings
Tax strategies
Life insurance
Investments
Budget
Emergency fund
Debt consolidation
RESOURCES

Books

Age-Proof: Living Longer Without Running Out of Money or Breaking a Hip
Jean Chatzky

Rich Dad, Poor Dad
Robert Kiyosaki

The Total Money Makeover
Dave Ramsey

Why Didn’t They Teach Me This in School?
Cary Siegel

Websites

– click here for 360FinancialLiteracy.org
– click here for IFEonline.org
– Click here for MyMoney.gov

Podcasts

– click here for Marriage, Kids, and Money podcast
– click here for Rich Dad Radio Show
– click here for So Money podcast
– The Dave Ramsey Show

Mobile apps

– click here for Acorns (Tiered pricing options) Micro-investing for your spare change
– click here for Empower (Free and paid options) Track spending, manage subscriptions, get tips for negotiating bills
– click here for Mint (Free) All of your accounts in one place; build/track budgets, pay bills, check your credit score
YOUR EMPLOYEE ASSISTANCE PROGRAM

Call toll-free or visit us on the web

24 hours a day/7 days a week

Thank you!