

# CONTROLLING YOUR FINANCIAL LIFE aka Financial Literacy

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# Disclosure

- ▶ Forward Thinking Wealth Management, LLC is an Investment Adviser registered with the State of Ohio. Please contact us at 330-835-6205 if there is any change in your financial situation, needs, goals or objectives, or if you wish to initiate any restrictions on the management of the account or modify existing restrictions. Additionally, we recommend you compare any account reports from FTWM with the account statements from your Custodian. Please notify us if you do not receive statements from your Custodian on at least a quarterly basis. Our current disclosure brochure, Form ADV Part 2, is available for your review upon request. This disclosure brochure, or a summary of material changes made, is also provided to our clients on an annual basis.

# Agenda

- ▶ About me
- ▶ Investing Basics
- ▶ Investing Advanced
- ▶ Managing Debt
- ▶ Budgeting
- ▶ Risk Management
- ▶ Estate Planning
- ▶ Fees and Taxes

# Forward Thinking Wealth Management, LLC

- ▶ Over a decade in local government management focusing on economic development
- ▶ Wanted more control and to be back home closer to family and friends
- ▶ Wife teaches nursing at Baldwin Wallace and I have two teenage sons.
- ▶ CERTIFIED FINANCIAL PLANNER
- ▶ Launched my own firm earlier this year to offer a solution to a broken system.
- ▶ Fee-only, virtual practice
- ▶ Flat Fee - \$4,800 annually
- ▶ Control the fees you pay your advisor
- ▶ Control the fees you pay for investment products
- ▶ Minimize taxes of your investment as much as legally possible
- ▶ Work quite a bit with families who have loved ones with special needs.

# Investing Basics

- ▶ Stock
  - ▶ Also know as Equity
  - ▶ Ownership of a public company
  - ▶ Can be inside or outside of the US
- ▶ Bond
  - ▶ Also known as Fixed Income
  - ▶ Is an IOU
  - ▶ Can be government or corporate
- ▶ Cash
  - ▶ Big question is whether your cash is insured. It can lose value.
- ▶ **“For investors as a whole, returns decrease as motion increases.” - Warren Buffett**

# Investing Basics - cont.

- ▶ Qualified
  - ▶ Follows governmental rules to defer or avoid taxes
  - ▶ IRA - Individual Retirement Account
- ▶ Non-Qualified
  - ▶ Fully Taxable
  - ▶ Here is where asset location is critical
- ▶ Retirement Vehicles
  - ▶ Defined Benefit - Pension
  - ▶ Defined Contribution
    - ▶ 401k, 401a, 457, 403b

# IRS 2016 RETIREMENT PLANS AND HSA CONTRIBUTION LIMITS

| Retirement Plans  |   | 2014      | 2015      | 2016      |
|---|---|-----------|-----------|-----------|
| Traditional and Roth IRA                                  | Below Age 50  | \$5,500   | \$5,500   | \$5,500   |
|   | Catch-up Contribution: Age 50+  | \$1,000   | \$1,000   | \$1,000   |
| SIMPLE IRA  | Maximum Employee Contribution   | \$12,000  | \$12,500  | \$12,500  |
|   | Catch-up Contribution: Age 50+  | \$2,500   | \$3,000   | \$3,000   |
|   | Maximum Employer Elective Deferral Match: dollar-for-dollar up to 3% of the employee's compensation | \$12,000  | \$12,500  | \$12,500  |
|   | Maximum Employer Non-Elective Contribution: 2% of each eligible employee's compensation             | \$5,200   | \$5,300   | \$5,300   |
| SEP IRA   | Maximum Employer Contribution   | \$52,000  | \$53,000  | \$53,000  |
| 401(k), 403(b), and 457(b)                                | Maximum Employee Contribution   | \$17,500  | \$18,000  | \$18,000  |
|   | Catch-up Contribution: Age 50+  | \$5,500   | \$6,000   | \$6,000   |
|   | Highly Compensated Employee   | \$115,000 | \$120,000 | \$120,000 |
| Profit Sharing and 401(k)                                 | Defined Contribution Limit  | \$52,000  | \$53,000  | \$53,000  |
|   | Top-heavy Plan Key Employee Compensation  | \$170,000 | \$170,000 | \$170,000 |
| Profit Sharing, 401(k), and SEP                           | Annual Compensation Limit   | \$260,000 | \$265,000 | \$265,000 |
| Health Savings Account (HSA)                              |   |           |           |           |
| Maximum Contribution Limit                                | Individual  | \$3,300   | \$3,350   | \$3,350   |
|   | Family  | \$6,550   | \$6,650   | \$6,750   |
|   | Catch-up (age 55+)  | \$1,000   | \$1,000   | \$1,000   |
| High Deductible Health Plan Minimum Deductible            | Individual  | \$1,250   | \$1,300   | \$1,300   |
|   | Family  | \$2,500   | \$2,600   | \$2,600   |
| High-Deductible Health Plan Maximum Out-of-Pocket Amounts | Individual  | \$6,350   | \$6,450   | \$6,550   |
|   | Family  | \$12,700  | \$12,900  | \$13,100  |

# Investing Advanced

- ▶ Deeper Into Stocks and Bonds
- ▶ Mutual Funds
- ▶ ETFs
- ▶ Annuities
- ▶ Asset Allocation
- ▶ Asset Location
- ▶ Risk Tolerance
- ▶ Returns
- ▶ Your Goals
- ▶ Averages and the Investor



# Investing Advanced - cont.

## ▶ Stocks

- ▶ Growth and Value
- ▶ Large, Mid and Small Caps
- ▶ International
- ▶ Emerging Markets
- ▶ Frontier Markets
- ▶ REITs
- ▶ Commodities

## ▶ Bonds

- ▶ Treasury
- ▶ Municipal
- ▶ Corporate
- ▶ High Yield
- ▶ TIPS
- ▶ US or International

|             |             |              |
|-------------|-------------|--------------|
| LARGE VALUE | LARGE BLEND | LARGE GROWTH |
| MID VALUE   | MID BLEND   | MID GROWTH   |
| SMALL VALUE | SMALL BLEND | SMALL GROWTH |

Cash

Emerging Markets  
or Small Growth



# Investing Advanced - cont.

- ▶ Mutual Funds
  - ▶ Actively Managed
- ▶ ETFs
  - ▶ Follow an index
  - ▶ Less expensive
- ▶ Annuities
  - ▶ Insurance product
  - ▶ Various types
- ▶ Robo-Advisors

# Investing Advanced - cont.

## ▶ Asset Allocation

- ▶ Where do you put your money?
- ▶ How much in Stocks, Bonds and/or Cash?
- ▶ How much in Large Growth vs. REITs vs. Munis vs. Cash?

## ▶ Asset Location

- ▶ Where are you holding your asset classes?
- ▶ Would you put a tax-free bond in an account that is not taxable?

# The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (1996–2015)

| 1996                               | 1997                               | 1998                              | 1999                              | 2000                               | 2001                              | 2002                               | 2003                               | 2004                               | 2005                              | 2006                               | 2007                              | 2008                                | 2009                               | 2010                               | 2011                              | 2012                               | 2013                              | 2014                              | 2015                               |
|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-------------------------------------|------------------------------------|------------------------------------|-----------------------------------|------------------------------------|-----------------------------------|-----------------------------------|------------------------------------|
| S&P 500 Growth<br>23.97%           | S&P 500 Growth<br>36.52%           | S&P 500 Growth<br>42.16%          | MSCI Emerging Markets<br>66.42%   | Russell 2000 Value<br>22.83%       | Russell 2000 Value<br>14.02%      | Barclays Agg<br>10.26%             | MSCI Emerging Markets<br>56.28%    | MSCI Emerging Markets<br>25.95%    | MSCI Emerging Markets<br>34.54%   | MSCI Emerging Markets<br>32.59%    | MSCI Emerging Markets<br>39.78%   | Barclays Agg<br>5.24%               | MSCI Emerging Markets<br>79.02%    | Russell 2000 Growth<br>29.09%      | Barclays Agg<br>7.84%             | MSCI Emerging Markets<br>18.63%    | Russell 2000 Growth<br>43.30%     | S&P 500 Growth<br>14.89%          | S&P 500 Growth<br>5.52%            |
| S&P 500<br>22.96%                  | S&P 500<br>33.36%                  | S&P 500<br>28.58%                 | Russell 2000 Growth<br>43.09%     | Barclays Agg<br>11.63%             | Barclays Agg<br>8.43%             | Barclays Corp High Yield<br>-1.41% | Russell 2000 Growth<br>48.54%      | Russell 2000 Value<br>22.25%       | MSCI EAFE<br>13.54%               | MSCI EAFE<br>26.34%                | MSCI EAFE<br>11.17%               | Barclays Corp High Yield<br>-26.16% | Barclays Corp High Yield<br>58.21% | Russell 2000<br>26.85%             | Barclays Corp High Yield<br>4.98% | Russell 2000 Value<br>18.05%       | Russell 2000<br>38.82%            | S&P 500<br>13.69%                 | S&P 500<br>1.38%                   |
| S&P 500 Value<br>22.00%            | Russell 2000 Value<br>31.78%       | MSCI EAFE<br>20.00%               | S&P 500 Growth<br>28.24%          | S&P 500 Value<br>6.08%             | Barclays Corp High Yield<br>5.28% | MSCI Emerging Markets<br>-6.00%    | Russell 2000<br>47.25%             | MSCI EAFE<br>20.25%                | S&P 500 Value<br>5.82%            | Russell 2000 Value<br>23.48%       | S&P 500 Growth<br>9.13%           | Russell 2000 Value<br>-28.92%       | Russell 2000 Growth<br>34.47%      | Russell 2000 Value<br>24.50%       | S&P 500 Growth<br>4.65%           | S&P 500 Value<br>17.68%            | Russell 2000 Value<br>34.52%      | S&P 500 Value<br>12.36%           | Barclays Agg<br>0.55%              |
| Russell 2000 Value<br>21.37%       | S&P 500 Value<br>29.98%            | S&P 500 Value<br>14.69%           | MSCI EAFE<br>26.96%               | Russell 2000<br>-3.02%             | Russell 2000<br>2.49%             | Russell 2000 Value<br>-11.43%      | Russell 2000 Value<br>46.03%       | Russell 2000<br>18.33%             | S&P 500<br>4.91%                  | S&P 500 Value<br>20.81%            | Russell 2000 Growth<br>7.05%      | Russell 2000<br>-33.79%             | MSCI EAFE<br>31.78%                | MSCI Emerging Markets<br>19.20%    | S&P 500<br>2.11%                  | MSCI EAFE<br>17.32%                | S&P 500 Growth<br>32.75%          | Barclays Agg<br>5.97%             | MSCI EAFE<br>-0.81%                |
| Russell 2000<br>16.49%             | Russell 2000<br>22.36%             | Barclays Agg<br>8.70%             | Russell 2000<br>21.26%            | Barclays Corp High Yield<br>-5.86% | MSCI Emerging Markets<br>-2.37%   | MSCI EAFE<br>-15.94%               | MSCI EAFE<br>38.59%                | S&P 500 Value<br>15.71%            | Russell 2000 Value<br>4.71%       | Russell 2000<br>18.37%             | Barclays Agg<br>6.97%             | S&P 500 Growth<br>-34.92%           | S&P 500 Growth<br>31.57%           | Barclays Corp High Yield<br>15.12% | S&P 500 Value<br>-0.48%           | Russell 2000<br>16.35%             | S&P 500<br>32.39%                 | Russell 2000 Growth<br>5.60%      | Russell 2000 Growth<br>-1.38%      |
| Barclays Corp High Yield<br>11.35% | Russell 2000 Growth<br>12.95%      | Barclays Corp High Yield<br>1.87% | S&P 500<br>21.04%                 | S&P 500<br>-9.11%                  | Russell 2000 Growth<br>-9.23%     | Russell 2000<br>-20.48%            | S&P 500 Value<br>31.79%            | Russell 2000 Growth<br>14.31%      | Russell 2000<br>4.55%             | Russell 2000<br>15.79%             | S&P 500<br>5.49%                  | S&P 500<br>-37.00%                  | Russell 2000<br>27.17%             | S&P 500 Value<br>15.10%            | Russell 2000 Growth<br>-2.91%     | S&P 500<br>16.00%                  | S&P 500 Value<br>31.99%           | Russell 2000<br>4.89%             | S&P 500 Value<br>-3.13%            |
| Russell 2000 Growth<br>11.26%      | Barclays Corp High Yield<br>12.76% | Russell 2000 Growth<br>1.23%      | S&P 500 Value<br>12.73%           | MSCI EAFE<br>-14.17%               | S&P 500 Value<br>-11.71%          | S&P 500 Value<br>-20.85%           | Barclays Corp High Yield<br>28.97% | Barclays Corp High Yield<br>11.13% | Russell 2000 Growth<br>4.15%      | Russell 2000 Growth<br>13.35%      | S&P 500 Value<br>1.99%            | Russell 2000 Growth<br>-38.54%      | S&P 500<br>26.47%                  | S&P 500<br>15.06%                  | Russell 2000<br>-4.18%            | Barclays Corp High Yield<br>15.81% | MSCI EAFE<br>22.78%               | Russell 2000 Value<br>4.22%       | Russell 2000<br>-4.41%             |
| MSCI EAFE<br>6.05%                 | Barclays Agg<br>9.64%              | Russell 2000<br>-2.55%            | Barclays Corp High Yield<br>2.39% | S&P 500 Growth<br>-22.08%          | S&P 500<br>-11.89%                | S&P 500<br>-22.10%                 | S&P 500<br>28.68%                  | S&P 500<br>10.88%                  | S&P 500 Growth<br>4.00%           | Barclays Corp High Yield<br>11.85% | Barclays Corp High Yield<br>1.87% | S&P 500 Value<br>-39.22%            | S&P 500 Value<br>21.17%            | S&P 500 Growth<br>15.05%           | Russell 2000 Value<br>-5.50%      | S&P 500 Growth<br>14.61%           | Barclays Corp High Yield<br>7.44% | Barclays Corp High Yield<br>2.45% | Barclays Corp High Yield<br>-4.47% |
| MSCI Emerging Markets<br>6.03%     | MSCI EAFE<br>1.78%                 | Russell 2000 Value<br>-6.45%      | Barclays Agg<br>-0.82%            | Russell 2000 Growth<br>-22.43%     | S&P 500 Growth<br>-12.73%         | S&P 500 Growth<br>-23.59%          | S&P 500 Growth<br>25.66%           | S&P 500 Growth<br>6.13%            | Barclays Corp High Yield<br>2.74% | S&P 500 Growth<br>11.01%           | Russell 2000<br>-1.57%            | MSCI EAFE<br>-43.38%                | Russell 2000 Value<br>20.58%       | MSCI EAFE<br>7.75%                 | MSCI EAFE<br>-12.14%              | Russell 2000 Growth<br>14.59%      | Barclays Agg<br>-2.02%            | MSCI Emerging Markets<br>-1.82%   | Russell 2000 Value<br>-7.47%       |
| Barclays Agg<br>3.64%              | MSCI Emerging Markets<br>-11.59%   | MSCI Emerging Markets<br>-25.34%  | Russell 2000 Value<br>-1.49%      | MSCI Emerging Markets<br>-30.61%   | MSCI EAFE<br>-21.44%              | Russell 2000 Growth<br>-30.26%     | Barclays Agg<br>4.10%              | Barclays Agg<br>4.34%              | Barclays Agg<br>2.43%             | Barclays Agg<br>4.33%              | Russell 2000 Value<br>-9.78%      | MSCI Emerging Markets<br>-53.18%    | Barclays Agg<br>5.93%              | Barclays Agg<br>6.54%              | MSCI Emerging Markets<br>-18.17%  | Barclays Agg<br>4.21%              | MSCI Emerging Markets<br>-2.27%   | MSCI EAFE<br>-4.90%               | MSCI Emerging Markets<br>-14.60%   |

The Callan Periodic Table of Investment Returns conveys the strong **case for diversification** across asset classes (stocks vs. bonds), investment styles (growth vs. value), capitalizations (large vs. small), and equity markets (U.S. vs. non-U.S.). The Table

*A printable copy of The Callan Periodic Table of Investment*

|              | 2000         | 2001         | 2002         | 2003         | 2004         | 2005         | 2006         | 2007         | 2008         | 2009         | 2010         | 2011         | 2012         | 2013         | 2014         | 2015         | YTD          | 2000 - 2015  |           |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-----------|
|              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              |              | Ann.         | Vol.      |
| Comdty.      | REITs        | Comdty.      | EM Equity    | REITs        | REITs        | EM Equity    | REITs        | EM Equity    | Fixed Income | EM Equity    | REITs        | REITs        | REITs        | Small Cap    | REITs        | REITs        | REITs        | REITs        | EM Equity |
| 31.8%        | 13.9%        | 25.9%        | 56.3%        | 31.6%        | 34.5%        | 35.1%        | 39.8%        | 5.2%         | 79.0%        | 27.9%        | 8.3%         | 19.7%        | 38.8%        | 28.0%        | 2.8%         | 5.8%         | 12.0%        | 25.4%        |           |
| REITs        | Fixed Income | Fixed Income | Small Cap    | EM Equity    | Comdty.      | EM Equity    | Comdty.      | Cash         | High Yield   | Small Cap    | Fixed Income | High Yield   | Large Cap    | Large Cap    | Large Cap    | EM Equity    | High Yield   | REITs        |           |
| 26.4%        | 8.4%         | 10.3%        | 47.3%        | 26.0%        | 21.4%        | 32.6%        | 16.2%        | 1.8%         | 59.4%        | 26.9%        | 7.8%         | 19.6%        | 32.4%        | 13.7%        | 1.4%         | 5.8%         | 7.9%         | 22.0%        |           |
| Fixed Income | Cash         | High Yield   | DM Equity    | DM Equity    | DM Equity    | DM Equity    | DM Equity    | Asset Alloc. | DM Equity    | EM Equity    | High Yield   | EM Equity    | DM Equity    | Fixed Income | Fixed Income | High Yield   | Small Cap    | Small Cap    |           |
| 11.6%        | 4.1%         | 4.1%         | 39.2%        | 20.7%        | 14.0%        | 26.9%        | 11.6%        | -25.4%       | 32.5%        | 19.2%        | 3.1%         | 18.6%        | 23.3%        | 6.0%         | 0.5%         | 4.1%         | 6.6%         | 21.2%        |           |
| Cash         | Small Cap    | REITs        | REITs        | Small Cap    | REITs        | Small Cap    | Asset Alloc. | High Yield   | REITs        | Comdty.      | Large Cap    | DM Equity    | Asset Alloc. | Asset Alloc. | Cash         | Fixed Income | EM Equity    | DM Equity    |           |
| 6.1%         | 2.5%         | 3.8%         | 37.1%        | 18.3%        | 12.2%        | 18.4%        | 7.1%         | -26.9%       | 28.0%        | 16.8%        | 2.1%         | 17.9%        | 14.9%        | 5.2%         | 0.0%         | 3.0%         | 5.9%         | 19.6%        |           |
| High Yield   | High Yield   | Cash         | High Yield   | High Yield   | Asset Alloc. | Large Cap    | Fixed Income | Small Cap    | Small Cap    | Large Cap    | Cash         | Small Cap    | High Yield   | Small Cap    | DM Equity    | Large Cap    | Asset Alloc. | Comdty.      |           |
| 1.0%         | 2.3%         | 1.7%         | 32.4%        | 13.2%        | 8.1%         | 15.8%        | 7.0%         | -33.8%       | 27.2%        | 15.1%        | 0.1%         | 16.3%        | 7.3%         | 4.9%         | -0.4%        | 1.3%         | 5.7%         | 18.7%        |           |
| Asset Alloc. | EM Equity    | Asset Alloc. | Large Cap    | Asset Alloc. | Large Cap    | Asset Alloc. | Large Cap    | Comdty.      | Large Cap    | High Yield   | Asset Alloc. | Large Cap    | REITs        | Cash         | Asset Alloc. | Asset Alloc. | Fixed Income | Large Cap    |           |
| 0.0%         | -2.4%        | -5.9%        | 28.7%        | 12.8%        | 4.9%         | 15.3%        | 5.5%         | -35.6%       | 26.5%        | 14.8%        | -0.7%        | 16.0%        | 2.9%         | 0.0%         | -2.0%        | 1.3%         | 5.4%         | 16.7%        |           |
| Small Cap    | Asset Alloc. | EM Equity    | Asset Alloc. | Large Cap    | Small Cap    | High Yield   | Cash         | Large Cap    | Asset Alloc. | Asset Alloc. | Small Cap    | Asset Alloc. | Cash         | High Yield   | High Yield   | Comdty.      | Large Cap    | High Yield   |           |
| -3.0%        | -3.9%        | -6.0%        | 26.3%        | 10.9%        | 4.6%         | 13.7%        | 4.8%         | -37.0%       | 25.0%        | 13.3%        | -4.2%        | 12.2%        | 0.0%         | 0.0%         | -2.7%        | 0.4%         | 4.1%         | 11.5%        |           |
| Large Cap    | Large Cap    | DM Equity    | Comdty.      | Comdty.      | High Yield   | Cash         | High Yield   | REITs        | Comdty.      | DM Equity    | DM Equity    | Fixed Income | Fixed Income | EM Equity    | Small Cap    | Cash         | DM Equity    | Asset Alloc. |           |
| -9.1%        | -11.9%       | -15.7%       | 23.9%        | 9.1%         | 3.6%         | 4.8%         | 3.2%         | -37.7%       | 18.9%        | 8.2%         | -11.7%       | 4.2%         | -2.0%        | -1.8%        | -4.4%        | 0.1%         | 2.8%         | 11.2%        |           |
| DM Equity    | Comdty.      | Small Cap    | Fixed Income | Fixed Income | Cash         | Fixed Income | Small Cap    | DM Equity    | Fixed Income | Fixed Income | Comdty.      | Cash         | EM Equity    | DM Equity    | EM Equity    | Small Cap    | Cash         | Fixed Income |           |
| -14.0%       | -19.5%       | -20.5%       | 4.1%         | 4.3%         | 3.0%         | 4.3%         | -1.6%        | -43.1%       | 5.9%         | 6.5%         | -13.3%       | 0.1%         | -2.3%        | -4.5%        | -14.6%       | -1.5%        | 1.8%         | 3.4%         |           |
| EM Equity    | DM Equity    | Large Cap    | Cash         | Cash         | Fixed Income | Comdty.      | REITs        | EM Equity    | Cash         | Cash         | EM Equity    | Comdty.      | Comdty.      | Comdty.      | Comdty.      | Comdty.      | DM Equity    | Comdty.      |           |
| -30.6%       | -21.2%       | -22.1%       | 1.0%         | 1.2%         | 2.4%         | 2.1%         | -15.7%       | -53.2%       | 0.1%         | 0.1%         | -18.2%       | -1.1%        | -9.5%        | -17.0%       | -24.7%       | -2.9%        | 0.8%         | 1.0%         |           |

Investing principles

Source: Barclays, Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.  
 Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Barclays Global HY Index, Fixed Income: Barclays Aggregate, REITs: NAREIT Equity REIT Index. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Barclays Aggregate, 5% in the Barclays 1-3m Treasury, 5% in the Barclays Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period of 12/31/99 – 12/31/15. Please see disclosure page at end for index definitions. All data represents total return for stated period. Past performance is not indicative of future returns.

Guide to the Markets – U.S. Data are as of March 31, 2016.

# Investing Advanced - cont

## ▶ Risk Tolerance

- ▶ One of the hardest things to quantify
- ▶ Changes over time
- ▶ Can you be greedy when everyone is fearful?
- ▶ Just because you are young doesn't mean you have a high risk tolerance
- ▶ Ignore the noise.
- ▶ Focus on your goals, **FIRST YOU HAVE TO KNOW YOUR GOALS!!!**

## ▶ Returns

- ▶ Make sure you include fees and inflation when calculating

# Advanced Investing - Cont.

- ▶ Goals
  - ▶ Only you can set them
  - ▶ **THEY MUST BE YOUR GOALS!!!**
  - ▶ Goals change over time
  - ▶ Recommend combination of short and long term goals
  - ▶ Focus on the goals and ignore the noise
- ▶ Find a CFP



# Debt Management

## ▶ Good Debt

- ▶ Student loans

- ▶ Home mortgages

## ▶ Bad Debt

- ▶ Cars

- ▶ Credit cards

- ▶ Pretty much any other kind of debt

## ▶ [Annualcreditreport.com](http://Annualcreditreport.com)

## ▶ Keep an eye on your credit score!

# Student Loans

- ▶ Know what kind of loan(s) you have
- ▶ If you have multiple loans and they have different interest rates, pay off the higher ones first, especially Private ones. Take the same approach with credit cards.
- ▶ Consolidation may or may not make sense.
  - ▶ Don't lose advantages of Public Loans if you Consolidate Into Private Loans
- ▶ Helpful Resources
  - ▶ Institute for College Access and Success
  - ▶ Consumer Financial Protection Bureau
  - ▶ [Studentloans.gov](http://studentloans.gov) - Payment Estimator
  - ▶ [studentloanborrowerassistance.org](http://studentloanborrowerassistance.org)
  - ▶ [Nslds.edu.gov](http://nslds.edu.gov) - location to see all your public loans

## Student Loans (cont.)

- ▶ Public Service Loan Forgiveness
  - ▶ Qualifying repayment plan and qualifying employer
  - ▶ Various income-driven payment methods
  - ▶ Need to be under an Income- Drive Payment Plan
  - ▶ Only applies to Federal Direct Loan program
    - ▶ May be able to consolidate Federal Family Education Loans and Federal Perkins Loans into Federal Direct Loans
      - ▶ Previous payments may not count!!!
  - ▶ [loanconsolidation.ed.gov](http://loanconsolidation.ed.gov) and [studentaid.ed.gov](http://studentaid.ed.gov)

# Student Loans (cont.)

- ▶ Public Service Loan Forgiveness (cont.)
  - ▶ Full-time employees of the government or 501(c)(3) and some others
  - ▶ 10 year schedule but does not have to be consecutive
  - ▶ No credit for early or extra payments.
  - ▶ Have to apply for PSLF once you make 120 payments!!!
  - ▶ If you follow the Standard 10-Year schedule you will not be eligible for PSLF
  - ▶ Get the Employment Certification NOW!!!
  - ▶ Send employment data in annually.
  - ▶ Maintain your records!!!

## Student Loans (cont)

- ▶ Postponing repayment can be very expensive - INTEREST
- ▶ Difference between Deferment and Forbearance
  - ▶ Interest continues to accrue during Forbearance
- ▶ May be wiser to do an income-driven repayment option
- ▶ May make sense to pay back Private loans first because of lack of payment flexibility you have with Public loans
- ▶ Payment plans vary depending on income, size of family, marital status
- ▶ The faster you pay it down the less you pay.

# Student Loans (cont)

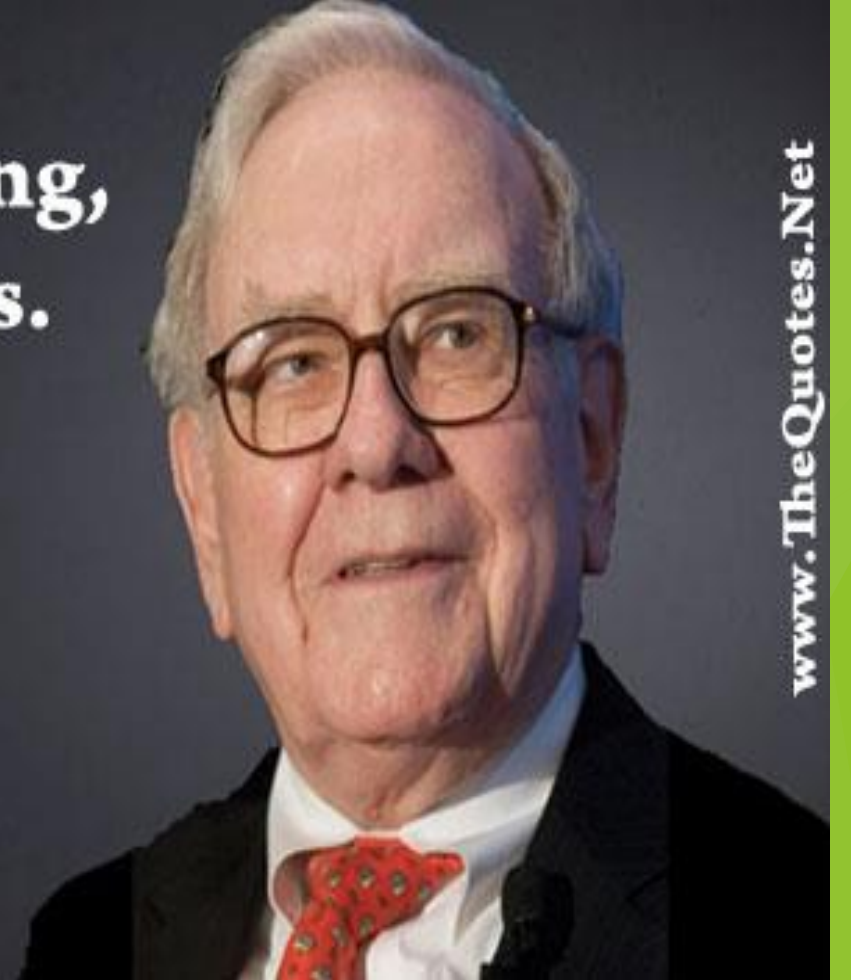
- ▶ Department of Education
  - ▶ different income-based repayment programs
- ▶ REPAYE is a new program
- ▶ <http://askheatherjarvis.com/>
  - ▶ Great online resource for student loans
  - ▶ <https://vimeo.com/heatherjarvis/review/49028909/44c8211379>
- ▶ Get on top of it. Don't get frustrated and quit.
- ▶ Do your homework!!!

# Budgeting

- ▶ Track, Track, Track
- ▶ Use technology to your advantage - Truebill
- ▶ Treat your retirement contributions like one of your top-three most important monthly bills.
- ▶ If you get raises, where does it all go?
  - ▶ Pay off debt?
  - ▶ Increase retirement savings?
- ▶ Automatic Millionaire

## Budgeting (cont.)

**Don't save what is left after Spending,  
But spend what is left after Savings.  
–Warren Buffett**





# Risk Management

- ▶ Life Insurance
  - ▶ Take advantage of any extra offerings through work
  - ▶ Term vs Whole
  - ▶ Know your debt and any obligations you want your insurance to take care of
- ▶ Disability Insurance
  - ▶ Again, check work and take advantage there
  - ▶ Short-term and Long-term disability
  - ▶ Don't forget to cancel when you retire!
- ▶ Long Term Care Insurance
  - ▶ Not a worry now, but is a constantly changing field
- ▶ Renter's Insurance
  - ▶ If you rent - get it!
- ▶ Mortgage Insurance - Not PMI
  - ▶ I think it is worth it.

# Estate Planning

- ▶ Basic Will
- ▶ Durable Powers of Attorney
- ▶ What happens if you end up on life support?
- ▶ Make sure your beneficiary information is updated on your retirement and investment accounts.
- ▶ Much can be done by you with TOD and POD.
- ▶ Spend the money to hire an actual estate planning attorney.

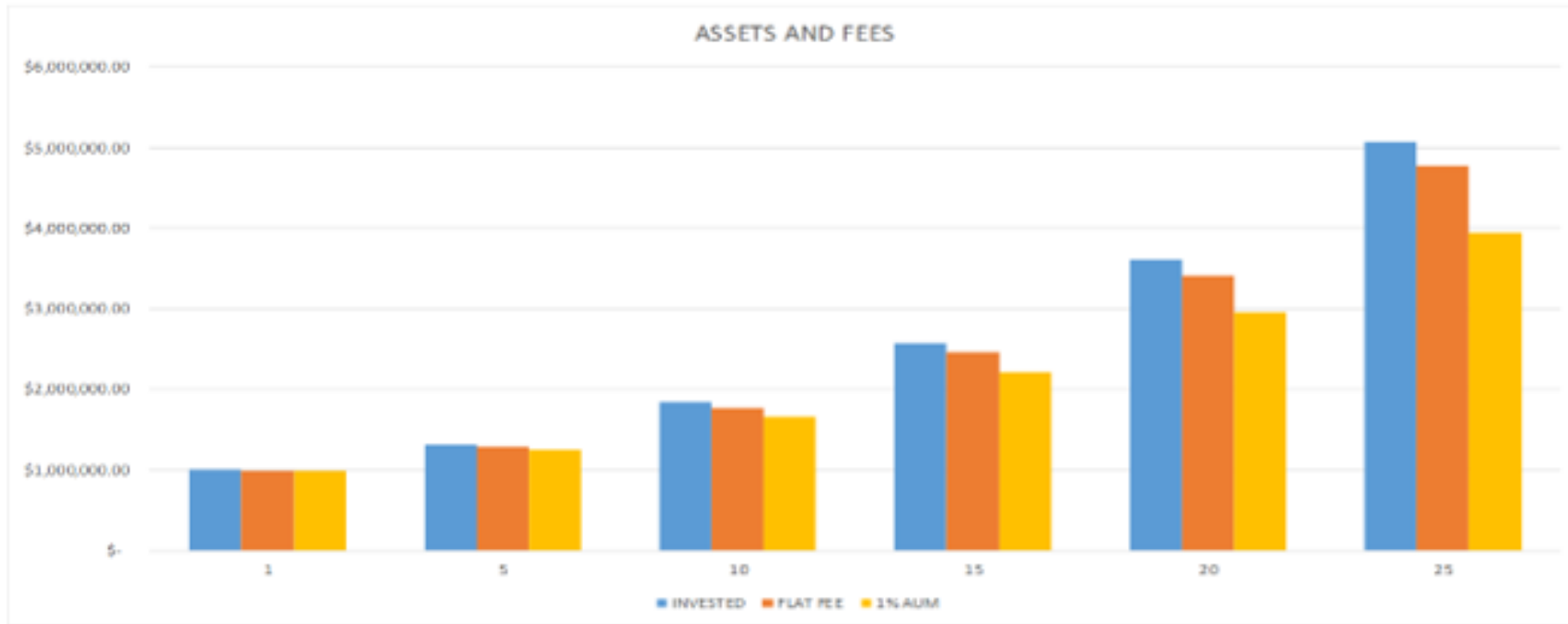
# Tips (cont.)

- ▶ Fiduciary vs. Suitability
  - ▶ Client first vs. Advisor first
  - ▶ Find a CERTIFIED FINANCIAL PLANNER
- ▶ Take advantage of benefits through work
  - ▶ Education program
  - ▶ Flex Spending Accounts
  - ▶ Insurance - life and disability
- ▶ If it sounds too good...

## Tips - cont.

- ▶ Broken System
  - ▶ Compensation of advisors is predominantly AUM
  - ▶ Paying advisors based on something they do not control.
- ▶ The most successful investing is boring
- ▶ Focus on fees and taxes
  - ▶ Second most important thing you can do to increase the odds of successful investing is to:
    - ▶ Control the fees you pay your advisor
    - ▶ Control the fees you pay for your investment products
    - ▶ Minimize as much as legally possible the taxes you have to pay for your investments.

# Advisory Fees - The Impact



- \$1,000,000 initial investment and annual return of 7%. No additional deposits.
- Flat fee amount of \$4,800 debited from the account at the beginning of each year.
- 1% Asset Under Management (AUM) fee also debited from the account at the beginning of each year. The actual fee is based on the investment account balance as of the end of the previous calendar year.

# Last Item

- ▶ This is your money
- ▶ This is your future
- ▶ Stay in control
- ▶ **NEVER** hesitate to reach out to me!