Your financial PARTNER™ Overview

Essential Principles to Smart Personal Financial Management™

Helping you achieve and maintain financial stability, security, and freedom

Develop a Sound Financial Plan to Guide You Through Life’s Events

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Your financial PARTNER™ Overview

The Essential Principles to Smart Personal Financial Management™
A Key Component of the
The Personal Financial Management System

Helping You Achieve Financial Stability, Security, and Freedom
In preparation of this publication and forms set, every effort has been made to offer the most current, correct and clearly expressed information possible. Nonetheless, inadvertent errors can occur, and tax rules and regulations often change.

Further, information in the text is intended to offer general guidelines on matters of financial planning and management to everyone. The application and impact of tax laws and financial matters can vary widely, based upon the specific or unique facts involved. Accordingly, information in this book is not intended to serve as legal, accounting, or tax advice. Readers are encouraged to consult with professional advisors concerning specific matters before making any decision, and the author and publishers disclaim any responsibility for positions taken by taxpayers in their individual cases or for any misunderstanding on the part of readers.

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Your financial PARTNER — financialPARTNER®

financialPARTNER is a trademark — The Decision Maker™

Financial Independence & Retirement™ (FIR™) — The Money Manager™

My Estate Planning Organizer™ — Your Financial Organizer™ (YFO™)

Improving financial awareness & financial literacy™

Your financial PARTNER University / College Program™

The Financially Green Organization Certification Program™

A Financially Green Organization means “doing the right thing financially” for employees, members, students, faculty and administrative personnel, alumni, municipality residents, customers, prospects, and the general public while actively supporting and working toward improving financial awareness and financial literacy.

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The Financial Awareness Foundation

A 501(c)(3) Nonprofit Organization Dedicated to Significantly “Improving financial awareness & financial literacy”™

The Financial Awareness Foundation serves as a nonpolitical “financial awareness advocate” for the public, the financial service and nonprofit professionals and their organizations, educational institutions, municipalities, and employers.

Our mission is to significantly help solve a major social problem dealing with the lack of financial awareness and financial literacy. We believe that teaching financial literacy and the key essential principles to smart personal financial management are very important. This gives people the tools to address everyday financial decisions in a more informed manner and have the best possibilities to reach and maintain their personal and financial goals, financial freedom and security, while advancing their personal philanthropy.

We are taking an active leadership role to recognize the thought leading organizations and their professionals that are championing improving financial awareness and financial literacy. We are uniting them with other financial service and nonprofit organizations and their professionals, educational institutions, municipalities, and employers to actively focus their vast community resources into a concentrated personal finance content media blitz every six months through the strategic venues of National Financial Literacy Month (April) and 6 months later during National Estate Planning Awareness Month/Week (October).

Further we deliver and develop exceptional educational content to the general public and to financial service and nonprofit professionals, and educational institutions that support the public’s financial and estate planning and charitable planning needs.

The Foundation is hard at work to become the ‘foundation of choice’ for improving financial awareness and financial literacy for the general public, and amongst financial service and nonprofit professionals and their organizations, educational institutions, municipalities, the news media, and employers.

We hope your will enjoy and find the following materials valuable and helpful to you and your family. If so please help us do more by making a tax deductible contribution to us at http://home.thefinancialawarenessfoundation.org/donationgateway.html.

To learn more about us and our improving financial awareness and financial literacy movement, campaigns and programs, and ‘how you can make a meaningful difference’, and to sign up to our mailing list, visit us at www.TheFinancialAwarenessFoundation.org. For additional information or to discuss volunteer activities, sponsorships, planned gifts, and contributions and grants to The Financial Awareness Foundation, please contact us directly.

Thank you for your consideration and we wish you all the very best.

Your financial PARTNER
“**Our mission is to significantly** help solve a major social problem dealing with the lack of financial awareness and financial literacy. We believe that teaching financial awareness, financial literacy and the essential principles to smart personal financial management are very important as this gives people the tools of empowerment to:

➤ Make better informed and productive everyday money decisions
➤ Save time and money with their financial advisors and service providers
➤ Have the best opportunities to reach and maintain their personal / family financial dreams
➤ Enjoy a financially secure debt free future
➤ Advance their philanthropy and legacy plans.

“**Financial Literacy** is the understanding of and effectively using the essential principles to smart personal financial management to address everyday financial decisions in an informed manner thus providing the best possibilities to reach and maintain personal financial goals, financial freedom and security, while advancing philanthropy.”

*Your financial PARTNER*
Welcome to Your financialPARTNER® Overview

You don’t need any special talents or skills to manage your finances. Anyone with a basic education and the desire to handle their money wisely can do so. But effective financial management does involve certain procedures that are not intuitive and you don’t automatically learn from your parents or associates—and are seldom taught in school. It’s not even a matter of gathering enough information. In fact, for many people, the constant bombardment of economic news, financial advice columns, and investment product advertisements is part of the problem. Information overload can be a major obstacle to sorting out choices and making wise decisions.

Above all, financial management is a process, and giving you the keys to that process is what Your financialPARTNER is all about.

As you soon go through the steps outlined, you’ll see that they are straightforward and easy to put into action. They center on learning the essential principles of smart personal financial management, staying aware of money issues, getting and staying organized, and on making deliberate choices about the ways you spend, save, and invest instead of following your emotions or simply “going with the flow.” Your financialPARTNER will show you how you achieve a whole new level of financial control and do it painlessly.

The following is a high level overview and summary of this exceptional personal financial management system along with some methodologies presented in the Your financialPARTNER Guidebook followed by the Essential Principles to Smart Personal Financial Management, Common Mistakes to Avoid, and the Financial Planning Steps.
“Comprehensive Financial Planning: This is the process of developing a complete strategy and plan to have the best probability to reach and maintain a defined set of short, intermediate and long-term financial and life goals. The process starts by defining goals and needs; followed by gathering, organizing, and analyzing relevant financial data; identifying strategies, selecting and implementing the appropriate strategies, and tracking and monitoring the process.

The areas addressed by comprehensive financial planning include organizing appropriate personal and financial data; which includes hard copy and digital paperwork and records, inventorying what you own and owe, understanding how you make and spend your money, dealing with employment benefits; establishing personal and financial goals, addressing financial independence and retirement planning, major expenditures -- buying a car and house, funding education, ...; investments, taxes, insurance, and estate planning.

To develop, implement, and/or manage a comprehensive financial plan usually requires input and assistance from various financial service and nonprofit professionals that many include attorneys, Accredited Estate Planners®, Certified Financial Planners®, Certified Public Accountants, Certified Trust and Financial Advisors, Chartered Financial Consultants®, and Chartered Life Underwriters® and other appropriate credentialed and licensed professionals.”

“Estate Planning: The process of developing appropriate strategies to accumulate, preserve, manage, and transfer assets over one’s lifetime, disability, and upon death. This is based upon your current personal values and objectives using appropriate legal documents, titling of assets, and beneficiary selections to implement them.”

Your financial PARTNER
Your financial PARTNER System Overview

The Your financial PARTNER Personal Financial Management System is divided into two parts: Getting Organized and an introduction to Financial Planning. The diagram shown below is a representation of the Your financial PARTNER system.

Part I — Getting Organized

Represented by the circle on the left in the diagram above, Part I guides you through four primary activities to prepare you for the financial planning process:

CHAPTER 1: Organize Your Paperwork — Everyone has documents, paperwork, bank statements, digital files and notes. This information is often disorganized, and seldom is it processed together. This chapter shows you how you can organize your paperwork using a set of user-friendly forms or software, along with the Financial Organizer and your own easy-to-use Personal Filing System.

CHAPTER 2: Know Where You Stand — Here, you will inventory what you own and what you owe, and create your own personal Net Worth Statement.

CHAPTER 3: Gain Control of Your Cash Flow — Managing your money is a way to gain power over your life. This chapter provides you with helpful tools for tracking what you earn and spend, along with money-saving and money-making techniques.

CHAPTER 4: Make the Most of Your Employment Benefits — Taking full advantage of your employment benefits is an important part of managing your cash flow. Any amount your employer contributes toward your health insurance, life insurance, retirement, and other benefits is money you may not need to spend on yourself or family. This chapter helps you record, track, and make the most of your benefits.

Part II — FINANCIAL PLANNING

Represented by the circle on the right in the diagram, Part II addresses each of the six major areas of personal finance, as shown. But before you explore these topics, the Introduction to Part II will show you the simple but powerful financial PARTNER six-step process that will help you approach financial planning in a systematic way.
“Learning, understanding, and using the essential principles to smart personal financial management are very important as it gives you the tools to address everyday financial decisions in a more informed manner.”

The Essential Principles of Smart Personal Financial Management™ is a collection of financial doctrines that pertain to the eleven components of personal financial management: paperwork, net worth, cash flow, employment benefits, goals, financial independence / retirement planning, major expenditures planning, investment planning, tax planning, insurance planning, and estate planning.”

Your financialPARTNER
Part II cover each of the following financial planning topics in detail:

**CHAPTER 5: Goal Setting** — Before you begin the financial planning process, you will be asked to record both your personal and financial life goals. Don’t skip this key element of financial planning, as it affects all your decisions and choices. Then, as the first step in the financialPARTNER six-step process, you will review your goals in each financial planning area.

**CHAPTER 6: Financial Independence & Retirement Planning** — A comfortable retirement, perhaps at an early age, is one of the most common reasons people become interested in financial planning. This chapter will show you how to plan for your future years, including how to achieve and maintain a level of financial independence.

**CHAPTER 7: Major Expenditures Planning** — A home, a car, your child’s college education - these are all “big ticket” items that are best planned for before you have to pay the bill. This chapter will show you how financial planning can ensure that you achieve your biggest objectives.

**CHAPTER 8: Investment Planning** — For most of us, wise investing is the key to achieving financial independence, as well as our other financial goals. This chapter will show you how to establish your investment goals, assess your risk tolerance, and select an asset allocation model that best fits your style.

**CHAPTER 9: Tax Planning** — Your financial planning should include tax considerations, regardless of your level of wealth. Opportunities for minimizing tax obligations are available to anyone willing to take advantage of them, as this chapter will show.

**CHAPTER 10: Insurance Planning** — This chapter will help you understand how life insurance and property and casualty insurance can protect your family and your assets.

**CHAPTER 11: Estate Planning** — If you, or your spouse or partner gets very sick or injured or die without an estate plan, the management and distribution of your assets can become a time-consuming and costly problem for family and survivors. This chapter will teach you the core principles of estate planning and how to minimize taxes and other related costs.

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**Planning for Life**

You will notice that the financialPARTNER diagram is an “infinity” symbol, representing a continuous cycle. This is to emphasize that financial planning is a lifelong process. Once you’ve completed your financialPARTNER, it will be simply a matter of reviewing your financial information on a regular basis and updating items that changed. In this way, you’ll have a clear picture of your financial well-being at your fingertips.
“Find the balance that works for you.”

Your financial PARTNER
Once organized financial planning is your key to financial success. Short of winning the lottery or inheriting millions, few people attain financial security without forethought, a strategy, and implementation.

Financial planning does not have to be intimidating or difficult. In simple terms, a financial plan is whatever strategy you set up for yourself to meet your financial needs and goals. Successful financial plans are personal in nature. They’re based on the essential principles of smart personal financial management and your own goals, values, and lifestyle choices; they even reflect your personality. Do you like to take risks, or are you more conservative? Would you rather own equities, real estate, or fine art? Do you like to consult with a lot of people before making a decision, or do you prefer to do your own investigation and come to your own conclusions?

Whatever your personality or goals, it’s important that you understand the financial planning steps. They will help you formulate a winning strategy to meet your financial goals. Your financial PARTNER will help you understand what is involved in financial planning by giving you a systematic, problem-solving approach that can be used to identify your goals along with the steps needed to reach them. You will only get as much out of financial planning as you’re willing to put into it. The field of financial planning is broad, and its different areas overlap. Bankers, tax accountants, insurance agents, stockbrokers, and others can all act as financial advisors. Each of them emphasizes different aspects of your financial life. This is another reason why financial plans can take on many different forms.
Why Develop a Financial Plan and an Estate Plan?

The economics of present-day living are more demanding than ever. The uncertainties of the job market, the rising costs of college education and healthcare, questions about the future of Social Security and other government programs, and the need to support yourself over a longer life span are real concerns. Developing a financial plan will address your current financial situation while giving you the best sense of security for the future.

Addressing long-term needs can seem overwhelming. Dealing every day with an avalanche of financial information isn’t easy. However, understanding the steps for financial planning will help you to sort through and evaluate all types of financial data. It will also help you:

- Save time and money when dealing with financial matters and working with financial advisors
- Recognize bad advice and avoid financial pitfalls
- Determine what has to be achieved in order to meet and maintain your financial goals

You don’t need to become an expert in the field of finance to create and carry out a financial plan. You do need to develop the assertiveness to ask questions and the willingness to listen until you understand the answers. Finally, you must make the commitment to learn, understand, and use the essential principles to smart personal financial management.

Comprehensive Financial Planning is the process of developing a complete strategy and plan to have the best probability to reach and maintain a defined set of short, intermediate and long-term personal and financial goals. The process starts by defining goals and needs; followed by gathering, organizing, and analyzing relevant financial data; identifying strategies, selecting and implementing the appropriate strategies, and tracking and monitoring the process.
The areas addressed by comprehensive financial planning include organizing appropriate personal and financial data; which includes hard copy and digital paperwork and records, inventorying what you own and owe, understanding how you make and spend your money, dealing with employment benefits; establishing personal and financial goals, then addressing financial independence and retirement planning, major expenditures -- buying a car and house, funding education, …; investments, taxes, insurance, and estate planning.

Estate Planning is the process of developing appropriate strategies to accumulate, preserve, manage, and transfer assets over one's lifetime, disability, and upon death. This is based upon your current personal values and objectives using appropriate legal documents, titling of assets, and beneficiary selections to implement them.

It is estimated that over 120 million adult Americans do not have an up-to-date estate plan to protect themselves, and their families, making estate planning one of the most overlooked areas of personal financial management. Estate planning is not just for the wealthy and is important for everyone. With a little advance planning, issues such as guardianship of children, management of ones assets, a business interest, paying of bill paying in the event of sickness or disability, care of a special needs child, long-term care needs, and distribution of retirement assets can all be handled with sensitivity, care, and at a reasonable cost.

Many people mistakenly believe that since they are not “rich” they do not need to do any estate and financial planning. This attitude can be financially harmful and can be avoided with proactive action.

To develop, implement, and/or manage a comprehensive financial plan and estate plan usually requires input and assistance from various financial service and nonprofit professionals that many include attorneys, Accredited Estate Planners®, Certified Financial Planners®, Certified Public Accountants, Certified Trust and Financial Advisors, Chartered Financial Consultants®, and Chartered Life Underwriters®.

**Why Do So Many People Avoid Financial & Estate Planning?**

If the need for financial and estate planning is obvious, why do so few people do it? Here are a few reasons people give:

- Unorganized finances
- Lack of financial knowledge
- Too much information and no system to process it
- Not enough time
- Procrastination
- Lack of goals as a motivating force

**Procrastination**

Putting off a decision or delaying an action is something everybody does. Sometimes it’s wise to wait, to make sure you have all the information you need or until the timing is right for a particular transaction. But procrastination can cause serious problems, including missed opportunities, increased stress, and a cynical attitude about accomplishing anything. Procrastination is the most common downfall in financial planning.

Here are some basic reasons for procrastination:

- Fear of failure — “I know I won’t do it right, so why do it at all?”
- Perfectionism — “What if I make a mistake?”
- The unknown — “I'm not sure what's involved, so where do I start?”

You can break the procrastination habit. Here are some suggestions for getting things done instead of putting them off:

- Break big tasks into manageable parts
- Set priorities
- Spend 20 minutes every day on your top-priority task
- Plan rewards for yourself as you complete each task
- Most importantly, get organized.
“Start by doing what’s necessary; then do what’s possible; and suddenly you are doing the impossible.

ST. FRANCIS OF ASSISI”
Six Easy Steps to a Secure Financial Future

Comprehensive financial planning and estate planning involves a lot of factors, which can seem complex and confusing. If you don’t know the essential principles to smart personal financial management and how to use them, you may not even try. Armed with the correct knowledge, financial planning can be very rewarding, as you see yourself actually progressing toward your financial goals.

Once you get yourself financially organized, you will need to do some serious (and playful) thinking about your goals, both personal and financial. In Chapter 5, you’ll have the opportunity to formulate and actually establish your goals. These will serve as the basis for all of your planning, giving your actions meaning and direction.

Then, to simplify and clarify financial planning, Your financial PARTNER outlines the following six-step system for analyzing and planning any area of your financial life. This six-step system will guide you in a logical progression toward establishing, understanding, and meeting your financial goals for:

- Financial Independence & Retirement (FIR™)
- Major Expenditures
- Investments
- Taxes
- Insurance
- Estate Planning

Step 1. Define Your Goals: State your personal and financial goals as concisely as possible.

Step 2. Gather & Organize Your Data: Make sure your financial information is organized so that your current financial position is clear.

Step 3. Analyze Your Situation: Look at your current financial position. Are you meeting your goals, or are you falling short?

Step 4. Develop Your Strategies: Identify plans that will help you achieve your goals in the most efficient manner.

Step 5. Implement Your Plan: This is your action step. Take definitive measures to achieve your goals.

Step 6. Track & Monitor Your Progress: Depending on which of the six areas you are reviewing, check your progress on a monthly, quarterly, semiannual, or annual basis.

Learning, understanding, and using the essential principles of smart personal financial management is very important as it gives you the tools to address everyday financial decisions in a more informed manner.

The following summarizes these Essential Principles to Smart Personal Financial Management, Common Mistakes to Avoid, and the Financial Planning Steps,
# The Essential Principles to Smart Personal Financial Management™

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<td><strong>1.</strong> Keep only one Things to Do List</td>
<td><strong>1.</strong> Understand what you own and owe</td>
<td><strong>1.</strong> Identify your income sources and spending habits</td>
<td><strong>1.</strong> Annually review Employment Benefits</td>
<td><strong>1.</strong> Define what’s really important to you</td>
<td>1. Learn about financial independence / retirement planning</td>
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<td><strong>2.</strong> Organize and file your Primary Documents</td>
<td><strong>2.</strong> Annually compile a complete inventory of your assets and liabilities</td>
<td><strong>2.</strong> Learn cash management techniques to live within your means</td>
<td><strong>2.</strong> Learn about the tax treatment of your employment benefits</td>
<td><strong>2.</strong> Regularly review and update what matters most to you personally and financially</td>
<td>2. Understand the power of compounding and time value of money</td>
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<td><strong>3.</strong> Keep your Personal Filing System current</td>
<td><strong>3.</strong> Annually compare your net worth statement with last years and evaluate your progress</td>
<td><strong>3.</strong> Develop a cash flow plan with your partner</td>
<td><strong>3.</strong> Verify the beneficiary selections on your group life insurance and retirement plans</td>
<td><strong>3.</strong> Run your numbers to learn what income you’ll need at your FIR and how much capital you’ll need to accumulate</td>
<td>3. Run your numbers to learn what income you’ll need at your FIR and how much capital you’ll need to accumulate</td>
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<td><strong>4.</strong> Keep a Financial Planning Calendar</td>
<td><strong>4.</strong> Annually check property titles and beneficiary selections to make sure they meet your estate planning wishes</td>
<td><strong>4.</strong> Build a cash reserve and a backup line of credit</td>
<td><strong>4.</strong> Consider your health insurance options</td>
<td><strong>4.</strong> Start your savings / investing plans as soon as possible, and encourage and help your children and grandchildren to do the same</td>
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<td><strong>5.</strong> Keep your Personal and Family Fact Sheets current</td>
<td><strong>5.</strong> Build an appropriate cash reserve with a backup line of credit</td>
<td><strong>5.</strong> Control impulse spending</td>
<td><strong>5.</strong> Annually review your retirement and tax-deferred compensation plans to make sure they are managed properly</td>
<td><strong>5.</strong> Use your Six Steps to Financial Independence / Retirement Planning Planner</td>
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<td><strong>6.</strong> Select and use advisors wisely; get a second opinion on important transactions</td>
<td><strong>6.</strong> Avoid incurring debt by overspending</td>
<td><strong>6.</strong> Manage your cash flow</td>
<td><strong>6.</strong> Annually review your retirement and tax-deferred compensation plans to make sure they are managed properly</td>
<td><strong>6.</strong> Annually update and review your financial independence / retirement savings progress</td>
<td>6. Annually update and review your financial independence / retirement savings progress</td>
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<td><strong>7.</strong> Annually obtain and review your credit report &amp; credit score</td>
<td><strong>7.</strong> Avoid high interest debt</td>
<td><strong>7.</strong> Avoid incurring debt by overspending</td>
<td><strong>7.</strong> Avoid high interest debt</td>
<td><strong>7.</strong> Avoid the Common Mistakes in dealing with financial independence / retirement planning</td>
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<td><strong>8.</strong> The planning tips and ideas covered in Chapter 1</td>
<td><strong>8.</strong> The planning tips &amp; ideas covered in Chapter 2</td>
<td><strong>8.</strong> The planning tips and ideas covered in Chapter 3</td>
<td><strong>8.</strong> The planning tips and ideas covered in Chapter 4</td>
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### The Essential Principles to Smart Personal Financial Management™

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<td>1. Learn about major expenditures</td>
<td>1. Learn about investments</td>
<td>1. Learn about your federal and state tax laws</td>
<td>1. Learn about insurance</td>
<td>1. Learn about estate planning</td>
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<td>4. Avoid the Common Mistakes in dealing with major expenditures</td>
<td>4. Use your Six-Steps to Investment Planning Planner</td>
<td>4. Practice pro-active tax planning</td>
<td>4. Be sure to coordinate the ownership and beneficiary selections of life insurance with your estate plan</td>
<td>4. Summarized your estate planning documents and review them annually</td>
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<td>5. The planning tips and ideas covered in Chapter 7</td>
<td>5. Annually review and update your Investment Policy Statement &amp; Plan</td>
<td>5. Start your tax planning early in the year and complete it before year-end</td>
<td>5. Avoid having too little, too much, or the wrong kind of insurance and paying too much for it</td>
<td>5. Keep beneficiary selection for your life insurance and retirement plans current</td>
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<td>9. Use investment advisors wisely; get a second opinion when making a major investment</td>
<td>9. The planning tips and ideas covered in Chapter 8</td>
<td>9. The planning tips and ideas covered in Chapter 9</td>
<td>9. As your estate grows near or beyond the federal estate tax exclusion explore advanced estate planning techniques &amp; tools</td>
<td>9. As your estate grows near or beyond the federal estate tax exclusion explore advanced estate planning techniques &amp; tools</td>
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<td>10. Avoid procrastination</td>
<td>10. Avoid the Common Mistakes in Investment Planning</td>
<td>10. Avoid the Common Mistakes in Tax Planning</td>
<td>10. Develop your own personal philanthropy</td>
<td>10. Talk with family about your estate and financial planning</td>
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<td>11. Avoid the Common Mistakes in Estate Planning</td>
<td>11. The planning tips and ideas covered in Chapter 8</td>
<td>11. The planning tips and ideas covered in Chapter 9</td>
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### Common Mistakes to Avoid

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<td>1. Being unorganized</td>
<td>1. Not regularly preparing and analyzing a list of what you own and owe</td>
<td>1. Spending more than you make</td>
<td>1. Not understanding your benefits and their tax treatment</td>
<td>1. Failing to set personal and financial goals</td>
<td>1. Failing to plan</td>
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<td>3. Not keeping your primary documents in a central location</td>
<td>3. Increasing debt by overspending</td>
<td>3. Not systematically tracking your income and expenditures</td>
<td>3. Not keeping your primary and secondary beneficiary selections current</td>
<td>3. Not running your numbers to learn what income you’ll need at your FIR and how much capital you’ll need to accumulate</td>
<td>3. Not starting a savings and investment plan early</td>
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<td>4. Not keeping your data in order so someone else can locate important information when you get sick or pass</td>
<td>4. Incur high interest debt, especially debt that cannot be repaid immediately</td>
<td>4. Not using sound cash flow management techniques</td>
<td>4. Not managing your retirement and deferred compensations plans.</td>
<td>4. Not investing prudently</td>
<td>4. Not counting on the equity of your home to finance your retirement</td>
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<td>5. Not using financial advisors properly</td>
<td>5. Not keeping the title to your assets current with your estate and financial plans</td>
<td>5. Not resisting impulse spending</td>
<td>5. Not having a sufficient emergency cash reserve and back up line of credit</td>
<td>5. Counting on an inheritance will get you through your later years</td>
<td>5. Assuming an inheritance will get you through your later years</td>
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<td>7. Not checking your credit report and score regularly</td>
<td>7. Not having a sufficient cash reserve and back up line of credit</td>
<td>7. Not teaching children and grandchildren the essential principles of cash flow and smart financial management</td>
<td>7. Failing to set personal and financial goals</td>
<td>7. Assuming an inheritance will get you through your later years</td>
<td>7. Failing to address medical emergencies</td>
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<td>8. Procrastination</td>
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<td>8. Assuming an inheritance will get you through your later years</td>
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<td>9. Not being prepared for medical emergencies</td>
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<tr>
<td>1. Failure to plan</td>
<td>1. Unorganized finances</td>
<td>1. Unorganized finances</td>
<td>1. Failure to plan</td>
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<tr>
<td>2. Living day to day with no specific goals</td>
<td>2. Investing without clearly defined objectives</td>
<td>2. No pro-active tax planning</td>
<td>2. Lack of planning</td>
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<tr>
<td>3. Impulse buying based on peer or marketing pressure</td>
<td>3. Not understanding your current or potential investments</td>
<td>3. Not taking advantage of available deductions</td>
<td>2. Unorganized finances</td>
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<tr>
<td>4. Financing when you could have waited and paid cash</td>
<td>4. Not understating your or your spouse/partner’s risk tolerance</td>
<td>4. Consistently receiving tax refunds</td>
<td>3. Not having a will, trust, durable power of attorney, or advance health care directive</td>
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<tr>
<td>5. Lack of product research before making a purchase</td>
<td>5. Improper asset allocation</td>
<td>5. Failing to take advantage of salary reduction options such as a 401(k) plan</td>
<td>4. Having out-of-date estate planning documents</td>
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<td></td>
<td>10. Not using investment advisors wisely; not getting a second opinion on major investments</td>
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<td>9. Not coordinating property title with your estate plan</td>
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<td>11. Not providing executors &amp; trustees with an up-to-date location sheet</td>
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<td>12. Procrastination</td>
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</table>
### Overview of the financialPARTNER Financial Planning Steps™

|-----------------------|-----------------------------------------------|-------------------|-------------------|
| 1. Define Goals       | - When would you like to be financially independent or retire?  
|                       | - How much money will be needed each year?  
|                       | - Where and how will you live?  
|                       | - How long should your money last?  
|                       | - What do you want?  
|                       | - How much does it cost?  
|                       | - Do you wish to make charitable contributions to any organizations?  | - What are your financial goals?  
|                       | - How much risk are you willing to assume?  
|                       | - What is the target rate of return needed from your investments to reach your goals?  |
| 2. Gather & Organize Data | - Review and update your financial position.  
|                       | - Review and update your financial position.  
|                       | - Review and update your financial position.  |
| 3. Analyze Situation | - Prepare financial calculation. Project the future value of your income needs, income sources, investment assets, and savings to the targeted time of your FIR. What do they look like?  
|                       | - Compare your goals to projected situation.  
|                       | - Adjust the above variables until your projects meet your goals.  | - Prepare financial calculation.  
|                       | - Do you really need it?  
|                       | - Budget — Does it support this expenditure now or in the future?  
|                       | - Can you delay the purchase?  
|                       | - Can you buy it for less?  
|                       | - Could you finance it?  
|                       | - Should you start a savings plan for this item?  | - Are your assets allocated properly for you?  
|                       | - Are your investments generating appropriate returns for you?  
|                       | - Do your return expectations match your risk tolerance?  
|                       | - What is a reasonable target rate of return for you?  
|                       | - Do you need the advice of a professional?  |
| 4. Develop Strategies | - Put more money into your 401(k) plan.  
|                       | - Generate higher returns.  
|                       | - Delay the time for FIR.  
|                       | - Lower income needs.  
|                       | - Outline investment plans.  | - Identify where the funds should come from.  
|                       | - Identify investment alternatives and techniques.  
|                       | - Seek assistance from financial advisors.  |
| 5. Implement Plan     | - Identify what needs to be done, and take action.  
|                       | - Identify what needs to be done, and take action.  | - Identify what needs to be done, and take action.  |
| 6. Track & Monitor Progress | - Annually  
|                       | - Annually  
|                       | - Quarterly or Annually |
## Overview of the financialPARTNER Financial Planning Steps™

<table>
<thead>
<tr>
<th>Tax Planning</th>
<th>Insurance Planning</th>
<th>Estate Planning</th>
<th>Financial Areas</th>
<th>Steps</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are you using all the tax strategies to pay less tax?</td>
<td>How much can you afford?</td>
<td>What do you want to happen to your assets in the event of death of disability?</td>
<td>1. Define Goals</td>
<td></td>
</tr>
<tr>
<td>Are you concerned about being audited?</td>
<td>Review and update your financial position.</td>
<td>Do you wish your estate to provide charitable contributions to any organizations?</td>
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</tr>
<tr>
<td>Outline taxable income and deductible expenses.</td>
<td>Gather your insurance policies.</td>
<td>Review and update your financial position.</td>
<td>2. Gather &amp; Organize Data</td>
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<tr>
<td>If you are paying more than your fair share, why?</td>
<td>Review insurance policies:</td>
<td>Be sure you fully understand your title to property holdings.</td>
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<tr>
<td>Meet with your tax advisor.</td>
<td>Life (perform needs analysis)</td>
<td>Review your appointments. Are they best suited for the job?</td>
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<td>Health</td>
<td>Executor</td>
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<td>Disability (perform needs analysis)</td>
<td>Guardians of the Person/Property</td>
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<td>Long-term care</td>
<td>Trustee</td>
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<td>Audit your Social Security account</td>
<td>Power of Attorney/Health Care Directive</td>
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<td>Vehicle</td>
<td>If estate is over $5.43 million ($10.86 million for married couple), do tax calculation.</td>
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<td>Property</td>
<td>Meet with your financial advisor or attorney.</td>
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<td>Liability</td>
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<td></td>
<td>Umbrella policy</td>
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<td></td>
<td>Meet with your insurance agent(s).</td>
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<td>Identify tax-reduction strategies.</td>
<td>Adjust insurance policies.</td>
<td>Identify legal documents needed or adjustments to existing documents:</td>
<td>4. Develop Strategies</td>
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<td>Shop for better coverage.</td>
<td>Will</td>
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<td>Trust(s)</td>
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<td></td>
<td>Power of Attorney</td>
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<td>Advance Health Care Directive</td>
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<td>Identify cost-reduction techniques.</td>
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<td>Identify what needs to be done, and take action.</td>
<td>Identify what needs to be done, and take action.</td>
<td>Identify what needs to be done, and take action.</td>
<td>5. Implement Plan</td>
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<td>Quarterly or Annually</td>
<td>Two months prior to policy renewal date</td>
<td>Annually or after a change in your personal situation</td>
<td>6. Track &amp; Monitor Progress</td>
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Financial and estate planning is a lifelong process. It can be fun and very rewarding once you understand the process and are no longer intimidated. Your financial PARTNER is here to coach and support you every step of the way. We hope you enjoy the Your financial PARTNER System Overview and Summary and find it to be very special and valued tool. If so please share it with your family and friends and business associates. If you would like to have the entire Your financial PARTNER System go to http://www.TheFinancialAwarenessFoundation.org.

If you are a financial service professional, a member of a nonprofit, membership organization, or an employer and would be interested in customized or co-barnded versions and would like to learn about our Financially Green Organization Certification Program™ and the Your financial PARTNER University / College Program™ please contact us.

If you found our materials valuable to you and your family please consider making a charitable contribution to The Financial Awareness Foundation to assist us in helping others.

We welcome your assistance and support. If you would like additional information about us and our financial awareness movement, campaigns, programs and activities, or to discuss how you can make a ‘meaningful difference’ as a volunteer or though sponsorships, planned gifts, and contributions and grants to The Financial Awareness Foundation, or sign up to our mailing list, visit us at www.TheFinancialAwarenessFoundation.org, or contact me directly.

Thanks for your consideration and support. Wishing you all the very best,

Valentino Sabuco, CFP®, AEP®
Executive Director & Publisher

The Financial Awareness Foundation
Dedicated to Significantly “Improving financial awareness & financial literacy…”℠

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Rohnert Park, Sonoma County, CA 94928
Office: 707.586.8620
Your financial PARTNER
Do you want more control over your finances and to feel more secure about your economic future? All the tools to accomplish this—and more—are right here in your hands.

The financial PARTNER could change your life. The financial PARTNER is more than just another source of financial information and advice. It is a complete personal financial management system—a clear step-by-step process designed to help organize your affairs and use the essential principles of smart financial management.

Don’t wait. Open this overview and learn how to make financial security and success yours.