In the spirit of Improving Financial Awareness & Financial Literacy, and as a community financial awareness gift, the following presentation is brought to you by

Welcome to Building Blocks to Successful Financial Planning
Part 2 – The Essential Principles
2017

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The Financial Awareness Foundation
A 501(c)(3) Nonprofit Organization
Dedicated to Significantly Improving Financial Awareness & Financial Literacy
http://www.thefinancialawarenessfoundation.org/index.html
Today’s Presentation –
An Educational Financial Awareness Public Service / Community Gift

The general information contained in this presentation provided by Monterey Public Library and The Financial Awareness Foundation, and the presenters as an educational – improving financial awareness & financial literacy - public service / community gift.

It is not intended to serve as specific tax, legal or any other kind of professional advice applicable to any particular person or matter.

Every effort has been made to offer you the most current, correct and clearly expressed information possible. Nonetheless, inadvertent errors can occur, and tax rules and regulations often change.

Participants are encouraged to consult with their own financial service professionals for advice concerning specific matters before making any financial decisions. The presenters, authors, publishers disclaim any responsibility for positions or actions taken by attendees individually or for any misunderstanding on their part.

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For more information about how you can help SUPPORT the Monterey Public Library NOW and for FUTURE GENERATIONS CALL (831) 646-5632 VISIT MontereyLibraryForever.org

Join the Monterey Public Library LEGACY SOCIETY It’s as simple as a bequest from your will.

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

1. A 501(c)(3) nonprofit organization
2. Addressing a major social problem dealing with the lack of financial awareness & financial literacy
3. Believes that creating financial awareness and teaching financial literacy and the essential principles to smart personal financial management is VERY important
4. Taking an active leadership role uniting
   - Financial service & nonprofit associations and their members
   - Financial service & nonprofit professionals and their companies
   - Technology companies
   - Employers
   - Educational institutions
   - Government entities
   - News media

   to take part in a concentrated personal finance content media blitz every six months during the strategic campaign venues of

   ✔ National Financial Literacy Month in April
   ✔ National Estate Planning Awareness Month / Week in October

5. Developing and assembling high quality educational content for the general public and professionals
6. Assisting financial service & nonprofit professionals and their organizations, employers, and academia to provide high-quality, financial education and cost-effective financial services

Helping to make this a better world…
Bryce Hamilton

Principal of Vestus Group Wealth Management

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www.vestusgroup.com

• Bryce Hamilton is a Partner & Co-Founder of Vestus Wealth Management
• Bryce brings nearly two decades of experience in the finance services industry
• Bryce was raised in Summit, New Jersey and spent the majority of his career in Northern California
• He was awarded athletic scholarships, and attended both the University of Richmond and University of North Carolina at Charlotte as a member of their NCAA golf teams
• Played golf professionally for four years before entering the financial services industry.
• He is an active member of the community serving as a member of the
  ❖ Carmel Valley Ranch Board of Advisors
  ❖ Monterey Tribe Lacrosse Club Board of Directors
  ❖ Chairman of the Board for the Monterey Peninsula College Internship Program
• Bryce and his wife Hilary have three children
• In his spare time Bryce enjoys coaching lacrosse and playing golf with family and friends
Presenters

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Building Blocks to Successful Financial Planning

Julie King, Esq.

Julie King is a business and estate planning attorney
Principal of PIERCE KING, P.C.
Graduate of UCLA and Loyola Law School
Handles a variety of Trusts (including Revocable Living
Trusts, Special Needs Trusts and Pet Trusts), Wills,
Health Care Directives and Durable Powers of Attorney,
as well as business law matters
Represents individuals and businesses throughout
California
Professor of ethics at Western State University School of
Law and U.C. Irvine Paralegal Program
Noted speaker who conducted seminars for the State Bar
of California, Continuing Education of the Bar, Monterey
Bar Assn., Rotary Club of Cannery Row, Orange County
Bar Assn.
Board Member, Monterey County Business Council
Ambassador, Monterey Peninsula Chamber of
Commerce; and Member, Salinas Chamber of Commerce
Known as THE LAWYER WHO COMES TO YOU!™
Julie and her husband regularly take their dogs to Carmel
Beach, where the dogs seemingly take as much sand
home with them as they can pile onto their wet fur

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Kris Toscano, CPA

Kris Toscano is a Certified Public Accountant and a Partner in the Hayashi Wayland Carmel office.

- Earned a B.S. in Industrial Technology (Summa Cum Laude), Cal Poly, San Luis Obispo.
- Kris specializes in estates and trusts and works with many high-net-worth individuals.
- He is known for being relentless in his pursuit to prepare work correctly for clients.
- His best capabilities are being organized, responsible and having the ability to find common ground when people are mired in differences.
- Kris loves the Monterey Peninsula and enjoys serving the community. His current volunteer efforts include:
  - Executive Board and Treasurer for the Carmel Chamber of Commerce.
  - President for the Rotary Club of Carmel-by-the-Sea.
  - Director for the Holiday Dinner at the Monterey County Fairgrounds.

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Kevin R. Mahoney, CFP®

Partner at Integris Wealth Management
Certified Financial Planner™ professional
Certificate in Financial Planning from UC Santa Cruz
BA in Law & Society from UC Santa Barbara
Worked in investment management and financial planning since 1996, the first 13 years of which with two major firms in the San Francisco area
Treasurer and Board Director, Carmel Public Library Foundation
Board Director, Montage Health Foundation
Member, Financial Planning Association
Raised and attended schools locally
Enjoys time with wife and four children, and anything to do with mountains or water.
Liza Horvath, CTFA, PLF

- President & CEO, Monterey Trust Management – A Professional Trustee & Executor Firm
- Certified Trust and Financial Advisor (CTFA)
- Licensed Professional Trustee
- Accredited Investment Fiduciary
- BA-Business Administration, University of Hawaii
- Worked with Bank of America Private Banking 1996 to 1999
- Served as Regional Trust Manager for Santa Barbara Bank and Trust 1999 to 2012
- Community Involvement:
  - Monterey Peninsula College Foundation, Board Member (2014 to present)
  - Visiting Nurses Association, Board Member, Executive Committee (2015 to present)
  - Legal Services for Seniors, (Past) Board Member and Past President of the Board (2009 to 2015)
  - Monterey County Bar Association, Treasurer, Trust & Estates Section (2014 to present)
  - California State Bar Association, Associate Member (2005 to present)
  - Professional Fiduciary Association of California (PFAC), Affiliate Member (2013 to present)
  - All Saint’s Day School Board of Trustees, (Past) Board Member (2009 to 2013)
  - Carmel-by-the-Sea Rotary Club, Member and Past President (1999 to present)
- Publications:
  - Weekly column, Senior Advocate, MediaNews Group (2009 to present)

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Agenda – Part 2 – The Essential Principles

- Welcome & Opening Comments
- Some Questions to Ponder – Alarming Consumer Data
- Creating a System to Address & Manage Your Finances
- Financial Planning
  - Goals
  - Financial Independence/Retirement
  - Major Expenditures
  - Investments
  - Taxes
  - Risk Management
  - Estate Planning
- Questions & Answers
- Closing Comments

http://www.monterey.org/library/Events/Financial-Awareness-Workshops
How Did You Do?

How many times did you answer “Yes”?

16-20  Consider yourself financially astute.  
       The timing may be right for fine tuning.

11-15  You are financially concerned.  
       You are ready to take the next step.

6-10   You are not current with your finances.  
       Information is available to help you catch up.

Under 6 Your finances are managing you.  
       You can begin to take charge with information  
       available to you.
# Building Blocks to Successful Financial Planning

## Alarming Consumer Financial Data

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Source(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>What’s the class of 2016 average student loan debt?</td>
<td>$37,000</td>
<td>1. Council for Economic Education</td>
</tr>
<tr>
<td>What percentage of credit card carrying college students are unaware of late payment charges?</td>
<td>75%</td>
<td>2. US Census Bureau</td>
</tr>
<tr>
<td>How many Americans are over 65?</td>
<td>45+ million</td>
<td>3. CRS Report for Congress RL33387</td>
</tr>
<tr>
<td>What percentage of Americans over 65 are dependent on Social Security?</td>
<td>90%</td>
<td>4. Social Security</td>
</tr>
<tr>
<td>How much does the average retired couple receive from Social Security in 2017?</td>
<td>$27,100</td>
<td>5. US Dept of Health &amp; Human Services</td>
</tr>
<tr>
<td>For persons reaching 65, what is their average life expectancy?</td>
<td>19+ years</td>
<td>6. H.Res. 1499</td>
</tr>
<tr>
<td>How many Americans don’t have any estate plan?</td>
<td>120 million</td>
<td></td>
</tr>
</tbody>
</table>

**Most Americans who reach age 70 are almost out of money!!!**

What’s in your financial future?
Which area of your personal finances frustrates you the most?

- Dealing with debt
- Financial calculations
- Financial paperwork
- Student loans
- Tracking your Net Worth
- Banking services
- Cash flow statements & bookkeeping
- Investment research
- Tax preparation
- Where to keep important documents
- Educating children about finances
- Dealing with eldercare issues

Financial education
Making financial decisions
Finding the right kind of work
Consumer financing management
Insurance & risk management
Asset allocation
Financial advisory services on call when needed
Asset management
How much can I give?
Your future should not be a gamble. . .
Try using a systematic approach to

- Empower you to make the best informed everyday financial decisions
- Give you the best chance for a secure financial future
Getting Organized

Now is prime time to get organized and put your financial house in order

Quick –

- When’s your auto registration due?
- Where’s your pink slip to your car?
- Where’s your Durable Power of Attorney?
- Where’s the deed to your house or your parent’s?
- Who are your back up executors and trustees?
- Where are your important login’s and passwords?

For those who missed Part 1 visit at

http://www.monterey.org/library/Events/Financial-Awareness-Workshops
Let Financial Planning Be Your Key to A Secure Financial Future
6 Easy Steps to a Better Financial Future

STEP 1: Define Your Goals
STEP 2: Gather & Organize Your Financial Data
STEP 3: Analyze Your Situation & Discuss It with Advisors
STEP 4: Develop Your Strategies
STEP 5: Implement Your Plan
STEP 6: Track & Monitor Your Progress
5. What Are Your Personal Goals

- Decide what’s really important to you
- What are your personal & financial goals?
- What are your gift plan and legacy plans?
- Where do you want to live in 3 years, 5 years, 20 years?
- How much time should you give to your work, your kids, your spouse, yourself, your community…?
- It’s your dream…
Personal & Financial Goals

Lifestyle Goals

PERSONAL GOALS

Food & Finance

- Save quality time with family; help kids with his golf games, help Sue get a job

Self Improvement

- Take a class course every other quarter to improve job skills & make more money

Living Situation

- As the kids get older, will need another bedroom

Unemployable Issues & Concerns

- Sit on School Board — want to improve our school system

Health & Beauty

- Work out 3 times per week

Parents' Social Event Ideas/Theme

- Golf or tennis on Saturday morning - early

Vacation Ideas

- Take quarterly trips — 3 one-day or weekenders, 1 full week for 10-day trip

Car & Home

- Help The Financial Awareness Foundation on their Improving Financial Literacy Campaign; someday establish a Doctor's Adviser Fund to provide golf scholarships for the local university students

Other


FINANCIAL GOALS

Income

- Follow the Financial Partner system to keep control of our paperwork

Investments

- Increase net worth and relative debt

Credit

- Work harder and smarter to generate more income to help fund our other goals

Financial Independence/Retirement

- Reach a level of financial independence before I have to retire

Main Savings

- Landscaping

- Trees

- Replace roof in 5 years — $5,000

- Replace the pool in 8 years

- Other

- Done planning for a special occasion for our 50th anniversary

Income

- Build our investment net worth to provide for comfortable retirement and to feed major expenses

Downside

- Net property more than our fair share

Insurance

- Protect our assets that we cannot afford to lose

Income Replacement

- Take care of and protect the family if I get sick or prematurely pass away
Common Mistakes to Avoid in Dealing With Defining Your Life Goals

1. Failing to set personal or financial goals
2. Being unhappy and not living your life to its fullest
Essential Principles to Defining Your Life Goals

1. Define what’s really important to you
2. Regularly review what matters most to you personally and financially
6. Financial Independence / Retirement

- When will you reach your financial independence / retirement?
- When can I stop working and still maintain my lifestyle?
- For how long?
- What rate of return do I need on my assets to get reach and maintain my goals?
The Numbers!

How long will it take for your principle to double?

Divide 72 by your rate-of-return

At 8% it will take 9 years

\[(72/8 = 9 \text{ years})\]
Understanding the power of “time value of money” and “compounding”

Question: Which would you rather have?

1. A check for $1 million?
2. A check for a penny doubled each day for 30 days?

![Table showing the doubling of pennies for 30 days]
Understanding the power of “time value of money” and “compounding”

1. If a child began working at age 17 and earned over $5,500 a year going forward.
2. The child opens a ROTH IRA.
3. The child with their earnings, and if necessary with the assistance of family and close friends begins funding the ROTH IRA with $5,500 each year for the next 13 years until age 30.
4. The ROTH IRA is invested in an S & P index fund.
5. This fund generates a Compounded Annual Growth Rate of 8% (These funds are not guaranteed and could lose money, but for this example it is lower than the last 50 year historical Compounded Annual Growth Rate of the S & P 500 (9.99%).
6. Then stops funding the ROTH IRA and doesn’t make another contribution.
7. At age 65 the child could have over $2 million dollars!
8. If the child waits one year before starting this program, at age 65 they will be $151,000 short, even thought they saved the same amount of money.
9. If the child were to wait until age 30 before starting this program they would be $1,289,000 short!!! Even though they saved the same amount of money!!!
The Numbers

To Accumulate $1,000,000

<table>
<thead>
<tr>
<th>Weekly Savings @ 8%</th>
<th>Monthly Savings @ 8%</th>
<th>Years to $1 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>$43</td>
<td>$190</td>
<td>45</td>
</tr>
<tr>
<td>$66</td>
<td>$286</td>
<td>40</td>
</tr>
<tr>
<td>$154</td>
<td>$671</td>
<td>30</td>
</tr>
<tr>
<td>$390</td>
<td>$1,698</td>
<td>20</td>
</tr>
<tr>
<td>$1,257</td>
<td>$5,466</td>
<td>10</td>
</tr>
</tbody>
</table>

To Spend $5,000 per month

<table>
<thead>
<tr>
<th>Capital Needed at 8%</th>
<th>Monthly Spending</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$681,417</td>
<td>$5,000</td>
<td>30</td>
</tr>
<tr>
<td>$597,771</td>
<td>$5,000</td>
<td>20</td>
</tr>
<tr>
<td>$412,107</td>
<td>$5,000</td>
<td>10</td>
</tr>
</tbody>
</table>
Finding the Money???

Just think if you were to forgo a daily coffee, or soda, or other daily habit, and were able to save and invest just $3.00 per day. Look what it might grow into.

<table>
<thead>
<tr>
<th>Years</th>
<th>Rate of Returns</th>
<th>6.00%</th>
<th>8.00%</th>
<th>10.00%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td>$1,128</td>
<td>$1,140</td>
<td>$1,151</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td>$15,002</td>
<td>$16,772</td>
<td>$18,811</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td>$45,336</td>
<td>$54,095</td>
<td>$69,938</td>
</tr>
<tr>
<td>30</td>
<td></td>
<td>$92,140</td>
<td>$137,153</td>
<td>$208,896</td>
</tr>
<tr>
<td>45</td>
<td></td>
<td>$253,245</td>
<td>$487,053</td>
<td>$974,130</td>
</tr>
</tbody>
</table>

Think what this extra money could mean for your financial future.
Common Mistakes to Avoid In Planning Your Financial Independence / Retirement

1. Failing to plan
2. Not starting a savings and investment plan early enough
3. Not investing prudently
4. Counting on your home equity to finance your retirement
5. Assuming the lottery or an inheritance will get you through your later years
Common Mistakes to Avoid In Planning Your Financial Independence / Retirement

6. Thinking Social Security or other government retirement programs will be adequate

7. Not taking inflation into account when estimating after-retirement expenses

8. Not being prepared for medical emergencies

9. Failure to address longer life expectancy

10. Procrastination
Essential Principles to Planning for Financial Independence / Retirement

1. Learn about financial independence/retirement planning
2. Understand the power of “time value of money” and “compounding”
3. Use your Six Steps to Financial Independence / Retirement Planning
4. Annually update and review your Financial Independence/Retirement Savings Projections
5. Avoid the Common Mistakes in Dealing with FIR
7. Major Expenditures

- Prioritize major expenditures
- Should I get a new car or a new used car?
- Should I buy or lease my home?
- Should I fund my child’s college costs?
## Major Expenditure Prioritizer

<table>
<thead>
<tr>
<th>Expenditure</th>
<th>Need</th>
<th>Priority</th>
<th>Target Date to Acquire</th>
<th>Estimated Total Cost</th>
<th>Current Funds Allocated</th>
<th>Future Monthly Commitment</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td></td>
<td>A</td>
<td>6 years</td>
<td>60,000</td>
<td>13,000</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td></td>
<td>B</td>
<td>December</td>
<td>15,000</td>
<td>120</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automobile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Recreation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establish Trust Fund</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Planned Giving</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Expenditures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Priority Levels: A = Necessary, B = Important, C = Optional, D = Not Appropriate*

**The Financial Awareness Foundation**

"Your Financial Partner"

Improving Financial Awareness & Financial Literacy™
Common Mistakes to Avoid In Planning Major Expenditures

1. Failing to plan
2. Living day-to-day with no specific goals
3. Buying on impulse based on peer or marketing pressure
4. Financing when you should have waited and paid cash
5. Lacking product research before making a purchase
6. Procrastination
7. Making unrealistic assessments of your budgeted ability to pay for a major expenditure
Essential Principles to Major Expenditure Planning

1. Learn about major expenditures
2. Begin prioritizing your planned major expenditures
3. Use your Six Steps for Major Expenditures Planner
4. Avoid Common Mistakes in dealing with major expenditures
8. Investments

- Wise investing is a lifelong task
- How do investments earn money?
- What are some good investment strategies?
- What’s the advantage of taking money out of my salary for a retirement plan?
Some Investment Terms

1. Asset Allocation
2. Asset Classes
3. Diversification
4. Investment Risks
5. Target Rate of Return
Common Mistakes to Avoid In Investing

1. Failing to organize finances
2. Investing without clearly defined objectives
3. Investing without a plan
4. Not understanding your current or potential investments
5. Not understating your risk tolerance
Common Mistakes to Avoid In Investing

6. Allocating assets improperly
7. Diversifying insufficiently
8. Being sold investments instead of finding them
9. Selling in a panic
10. Procrastinating
Essential Principles to Investing

1. Learn about investments
2. Determine your risk tolerance
3. Avoid investing without clearly defined objectives
4. Use your Six Steps to Investment Planning Planner
5. Annually review and update your Investment Policy Statement & Plan
6. Properly asset allocate your investments
7. Have sufficient investment diversification
8. Avoid the Common Mistakes in investment planning
9. Taxes

- Taxes are an inevitable part of life
- Paying your fair share
- Opportunities for minimizing your tax obligations
- Year long tax planning can save you money
- Always ask the question:
  - What are the tax consequences of this transaction?
Saving Tax Dollars

- Planning ahead
- Reduce taxable income
- Employment Tax Advantages
- Increasing tax credits & deductible expenses
Charitable Gifts Can Come in Many Forms

- Outright Gifts of
  - Cash, Securities, Real Estate, Art & Collectibles, Personal Property Gifts
- Charitable Gift Annuity
- Charitable Remainder Trust
- Charitable Lead Trusts
- Pooled Income Fund
- Private Foundation
- Community Foundation
- Life Estate
- Gift Easement
- Transfers by Will, Trust or Beneficiary Designation -
- Partial Interest Donations
- Donor Advised Funds
Common Mistakes to Avoid In Tax Planning

1. Unorganized finances
2. No pro-active tax planning
3. Not taking advantage of all your deductions
4. Consistently receiving tax refunds
5. Failing to take advantage of salary-reduction options such as a 401(k) plan
Common Mistakes to Avoid In Tax Planning

6. Not seeking tax advice before entering into a major transaction
7. Keying in tax data improperly when using tax preparation software
8. Aggressively using tax shelters
9. Procrastination
Essential Principles to Tax Planning

1. Learn about your federal and state tax laws
2. Avoid unorganized finances
3. Use your Six-Steps to Tax Planning Planner
4. Practice pro-active tax planning
5. Start your tax planning early in the year and complete it before year-end
6. Seek tax advice before entering into a major transaction
7. Avoid aggressively using tax-sheltered investments
8. Avoid Common Mistakes in dealing with tax planning
10. Insurance

Minimize Surprises Through Insurance / Risk Management

- Do I need life insurance? How much is enough?
- Am I paying too much for car insurance?
- What are the various kinds of insurance?
Insurance Summary

Financial Insurance Summary

Property & Casualty Insurance Summary

TOTAL ANNUAL PREMIUMS

The FINANCIAL AWARENESS Foundation
"Your Financial Partner"
Improving Financial Awareness & Financial Literacy

Building Blocks to Successful Financial Planning
Common Mistakes to Avoid In Insurance Planning

1. Failure to plan
2. Having too little, too much or the wrong insurance
3. Paying too much for insurance
4. Not coordinating the ownership and beneficiary selection of life insurance with your estate plan
5. Procrastination
1. Learn about insurance
2. Use your Six-Steps to Insurance Planning Planner
3. Review and update your summarized insurance policies annually
4. Be sure to coordinate the ownership and beneficiary selections of life insurance with your estate plan
5. Avoid having too little, too much, or the wrong kind of insurance and paying too much for it
6. Avoid Common Mistakes in Insurance Planning
11. Estate Planning

- Good estate planning protects you and your family.
- It’s not like I’m a Mark Zuckerberg or Bill Gates or Prince. Why do I need an estate plan?
- How do we tactfully find out if mom has an estate plan?
- Does it make sense to create a trust fund for my kids?
- How can I make a lasting difference?
What ... No Estate Plan!!!

IF YOU DON’T HAVE UP-TO-DATE DOCUMENTS
- Here are a few problems you or your family might encounter

- You can't find funeral instructions
- A costly search for a will may be required
- The appointment of an estate representative and minor child’s guardian becomes much more complicated and expensive
- Wrong people or nonprofits may inherit
- The wrong person may pay the estate tax
- Money may go to children too soon
- Actions in the probate estate may cause untimely delays and be much more expensive
What ... No Estate Plan!!!

IF PROPERTY TITLES & BENEFICIARY DESIGNATIONS ARE OUT OF DATE
Here are a few more problems that might be encounter

- Wrong people or nonprofits may inherit
- The wrong person may pay the estate tax
- Money may go to children too soon
- Embarrassment & unnecessary litigation
Common Estate Planning Terms

- Probate
- Wills, Executor, Guardian
- Trusts, Trustee, Revocable vs Irrevocable Trusts, Living vs Testamentary Trusts
- Durable Powers of Attorney
- Advance Health Care Directive
- Beneficiary
- Unified Credit
- Portability
An Estate Planning Overview

- Start with Your Personal Goals
- Gather Your Personal & Financial Information
- Seek Out the Right Attorney
- Make the Most of Your First Meeting
- Review, Edit, & Sign Documents
- Take Care of Title & Beneficiary Designations
- Estate Planning is Forever
Estate Planning Tip

To save time & money, prepare an estate planning package

- Your background info – names and address, family, friends, & advisors
- Your Net Worth Statement
- List of your Estate Planning Objectives, Questions, & Concerns
- Copies of Your Important Financial Documents
  - Wills, Trusts, Powers of Attorney
  - Deeds to real property
  - Partnership Agreements, Buy/Sell Agreements
  - Retirement Plan Beneficiaries Statements
  - Life, Disability, and Long-Term Care Insurance Policies
  - Life Insurance Beneficiary Designations
  - Divorce & Property Settlement Agreements
  - Pre & Post Nuptial Agreements
  - Two years of Income Tax Returns
Finishing Touches

Once documents are signed

- Place in a financial organizer & store in a fireproof place
- Coordinate title of your property with your estate plan
- Review and update your primary and alternate beneficiaries
- Review insurance needs; acquire or drop insurance as needed
- Annually prepare a list of assets & liabilities and a copy of year-end statements
- Complete estate planning location sheet for executor/trustee
- Address concerns about pets if not addressed in the will
- Write a final letter to loved ones
- Annually review your estate plan documents
- Consider a family office annual meeting
Common Mistakes to Avoid In Estate Planning

1. Lack of planning
2. Unorganized finances
3. Not having a current will, trusts, durable power of attorney, advance healthcare directive
4. Having out of date documents
5. Having “do-it-yourself” wills and trusts / no second opinion
6. Not selecting backup executors, trustees or guardians
Common Mistakes to Avoid In Estate Planning

7. Not coordinating life insurance and retirement plan beneficiaries with your estate plan
8. Not coordinating insurance ownership with your estate plan
9. Not coordinating property title holdings with your estate plan
10. Not having enough life, disability, long-term-care, and liability insurance
11. Not providing executor/trustee with and up-to-date location sheet
12. Procrastination
Essential Principles to Estate Planning

1. Learn about estate planning
2. Use your Six-Steps to Estate Planning Planner
3. Have drafted and keep your estate planning documents current
4. Summarized your estate planning documents and review them annually
5. Keep beneficiary selection for your life insurance and retirement plans are current
Essential Principles to Estate Planning

- 6. Keep title to your various assets current with your estate plan documents
- 7. Annually review and update your Estate Planning Location Sheet and provide a copy to your executor and attorney
- 8. Annually copy year-end statements for your financial accounts and loans, and place them with your estate plan documents
- 9. Annually inventory your assets and liabilities and place it with your estate planning documents.
10. As your estate grows near or beyond the federal estate tax exclusion ($5.49 million for 2017) explore advanced estate planning techniques and tools

11. Talk with your family about your estate and financial planning

12. Avoid Common Mistakes in Estate Planning

13. Develop your own personal philanthropy
Getting & Staying Organized & Financial Planning Are Very Important Lifelong Processes

- Get started now, as you will never have more time.
- Get a “Round Tuit”.

The future is yours
## OVERVIEW OF THE financialPARTNER FINANCIAL PLANNING STEPS™

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<tr>
<td><strong>Steps</strong></td>
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<tr>
<td>1. Define Goals</td>
<td>□ When would you like to be financially independent or retire?</td>
<td>□ What do you want?</td>
<td>□ What are your financial goals?</td>
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<td>□ How much money will be needed each year?</td>
<td>□ How much does it cost?</td>
<td>□ How much risk are you willing to assume?</td>
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<td>□ Where and how will you live?</td>
<td>□ Do you wish to make charitable contributions to any organizations?</td>
<td>□ What is the target rate of return needed from your investments to reach your goals?</td>
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<td>□ How long should your money last?</td>
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<td>3. Analyze Situation</td>
<td>□ 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?</td>
<td>□ Prepare financial calculation.</td>
<td>□ Are your assets allocated properly for you?</td>
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<td></td>
<td>□ Compare your goals to projected situation.</td>
<td>□ Do you really need it?</td>
<td>□ Are your investments generating appropriate returns for you?</td>
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<td>□ Adjust the above variables until your projects meet your goals.</td>
<td>□ Budget — Does it support this expenditure now or in the future?</td>
<td>□ Do your return expectations match your risk tolerance?</td>
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<td>4. Develop Strategies</td>
<td>□ Put more money into your 401(k) plan.</td>
<td>□ Identify where the funds should come from, Outline investment plans.</td>
<td>□ What is a reasonable target rate of return for you?</td>
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<td>□ Generate higher returns.</td>
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<td>□ Do you need the advice of a professional?</td>
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<td>□ Delay the time for FIR.</td>
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<td>□ Lower income needs.</td>
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<td></td>
<td>□ Outline investment plans.</td>
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<tr>
<td>5. Implement Plan</td>
<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>
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<tr>
<td>6. Track &amp; Monitor Progress</td>
<td>□ Annually</td>
<td>□ Annually</td>
<td>□ Quarterly or Annually</td>
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<tr>
<td>Tax Planning</td>
<td>Insurance Planning</td>
<td>Estate Planning</td>
<td>Financial Areas</td>
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</table>
| □ Are you using all the tax strategies to pay less tax?  
□ Are you concerned about being audited? | □ How much can you afford? | □ What do you want to happen to your assets in the event of death of disability?  
□ Do you wish your estate to provide charitable contributions to any organizations? | 1. Define Goals | |
| □ Outline taxable income and deductible expenses. | □ Review and update your financial position.  
□ Gather your insurance policies. | □ Review and update your financial position.  
□ Note how you hold title to property.  
□ Note insurance and retirement plan beneficiaries. | 2. Gather & Organize Data |  |
| □ Prepare a current tax position calculation.  
□ If you are paying more than your fair share, why?  
□ Meet with your tax advisor. | □ Determine risk exposure.  
□ Review insurance policies:  
□ Life (perform needs analysis)  
□ Health  
□ Disability (perform needs analysis)  
□ Long-term care  
□ Audit your Social Security account  
□ Vehicle  
□ Property  
□ Liability  
□ Umbrella policy  
□ Meet with your insurance agent(s). | □ Review your existing estate plan. Does it reflect what you want?  
□ Be sure you fully understand your title to property holdings.  
□ Review your appointments. Are they best suited for the job?  
□ Executor  
□ Guardians of the Person/Property  
□ Trustee  
□ Power of Attorney/Health Care Directive  
□ If estate is over $5.43 million ($10.86 million for married couple), do tax calculation.  
□ Meet with your financial advisor or attorney. | 3. Analyze Situation |  |
| □ Identify tax-reduction strategies. | □ Adjust insurance policies.  
□ Shop for better coverage. | □ Identify legal documents needed or adjustments to existing documents:  
□ Will  
□ Trust(s)  
□ Power of Attorney  
□ Advance Health Care Directive  
□ Identify cost-reduction techniques. | 4. Develop Strategies | |
| □ 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. | 5. Implement Plan | |
| □ Quarterly or Annually | □ Two months prior to policy renewal date | □ Annually or after a change in your personal situation | 6. Track & Monitor Progress | |
|--------------|-------------|-------------|------------------------|---------|---------------------------------------------|
| 1. Being unorganized | 1. Not regularly preparing and analyzing a list of what you own and owe | 1. Spending more than you make | 1. Not understanding your benefits and their tax treatment | 1. Failing to set personal and financial goals | 1. Failing to plan |
| 3. Not keeping your primary documents in a central location | 3. Increasing debt by overspending | 3. Not systematically tracking your income and expenditures | 3. Not keeping your primary and secondary beneficiary selections current | 3. Not running your numbers to learn what income you'll need at your FRR and how much capital you'll need to accumulate | 3. Not starting a savings and investment plan early |
| 4. Not keeping your data in order so someone else can locate important information when you get sick or pass | 4. Incur high interest debt, especially debt that cannot be repaid immediately | 4. Not using sound cash flow management techniques | 4. Not managing your retirement and deferred compensations plans. | 4. Not investing prudently | 4. Not counting on the equity of your home to finance your retirement |
| 5. Not using financial advisors properly | 5. Not keeping the title to your assets current with your estate and financial plans | 5. Not resisting impulse spending | 5. Having too much of your net worth tied up in your company's stock. | 5. Assuming an inheritance will get you through your later years | 5. Not considering inflation when estimating future living expenses |
## COMMON MISTAKES TO AVOID

### 7. Major Expenditures Planning
1. Failure to plan
2. Living day to day with no specific goals
3. Impulse buying based on peer or marketing pressure
4. Financing when you could have waited and paid cash
5. Lack of product research before making a purchase
6. Procrastination
7. Unrealistic assessment of your budgeted ability to pay for major expenditures

### 8. Investing Planning
1. Unorganized finances
2. Investing without clearly defined objectives
3. Not understanding your current or potential investments
4. Not understanding your or your spouse/partner’s risk tolerance
5. Improper asset allocation
6. Insufficient diversification
7. Being sold investments instead of finding them
8. Selling in a panic
9. Not using principles of compounding / time value of money
10. Not using investment advisors wisely; not getting a second opinion on major investments
11. Procrastination

### 9. Tax Planning
1. Unorganized finances
2. No proactive tax planning
3. Not taking advantage of available deductions
4. Consistently receiving tax refunds
5. Failing to take advantage of salary reduction options such as a 401(k) plan
6. Not seeking tax advice before entering into a major transaction
7. Keying in tax data improperly when using tax preparation software
8. Aggressively using tax-sheltered investments
9. Procrastination

### 10. Insurance Planning
1. Failure to plan
2. Having too little, too much, or the wrong kind of insurance
3. Paying too much for insurance
4. Not coordinating the ownership and beneficiary selections of life insurance with your estate plan
5. Procrastination

### 11. Estate Planning
1. Lack of planning
2. Unorganized finances
3. Not having a will, trust, durable power of attorney, or advance health care directive
4. Having out-of-date estate planning documents
5. Having “do it yourself” wills and trusts / no second opinion
6. Not selecting backup executors, trustees, and guardians
7. Not coordinating your beneficiaries with your estate plan
8. Not coordinating your life insurance ownership with your estate plan
9. Not coordinating property title with your estate plan
10. Not enough life, disability, long-term care, and liability insurance
11. Not providing executors & trustees with an up-to-date location sheet
12. Procrastination
### THE ESSENTIAL PRINCIPLES OF SMART PERSONAL FINANCIAL MANAGEMENT

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

1. Learn about major expenditures
2. Begin prioritizing your planned major expenditures
3. Use your Six Steps for Major Expenditure Planner
4. Avoid the Common Mistakes in dealing with major expenditures
5. The planning tips and ideas covered in Chapter 7

## 8. Investing Planning

1. Learn about investments
2. Determine your and your spouse/partner’s risk tolerance
3. Avoid investing without clearly defined objectives
4. Use your Six-Steps to Investment Planning Planner
5. Annually review and update your Investment Policy Statement & Plan
6. Properly asset allocate your investments
7. Have sufficient investment diversification
8. Avoid being sold investments instead of finding them
9. Use investment advisors wisely; get a second opinion when making a major investment
10. Avoid procrastination
11. Avoid the Common Mistakes in Investment Planning
12. The planning tips and ideas covered in Chapter 8

## 9. Tax Planning

1. Learn about your federal and state tax laws
2. Avoid unorganized finances
3. Use your Six-Steps to Tax Planning Planner
4. Practice pro-active tax planning
5. Start your tax planning early in the year and complete it before year-end
6. Seek tax advice before entering into a major transaction
7. Avoid procrastination
8. Avoid aggressively using tax-sheltered investments
9. Avoid Common Mistakes in dealing with Tax Planning
10. The planning tips and ideas covered in Chapter 9

## 10. Insurance Planning

1. Learn about insurance
2. Use your Six-Steps to Insurance Planning Planner
3. Review and update your Insurance Policies Summary annually
4. Be sure to coordinate the ownership and beneficiary selections of life insurance with your estate plan
5. Avoid having too little, too much, or the wrong kind of insurance and paying too much for it
6. Avoid the Common Mistakes in Insurance Planning
7. The planning tips and ideas covered in Chapter 10

## 11. Estate Planning

1. Learn about estate planning
2. Use the Six-Steps to A Successful Estate Planning Plan process
3. Have drafted and keep your estate planning documents current
4. Summarized your estate planning documents and review them annually
5. Keep beneficiary selection for your life insurance and retirement plans current
6. Keep title to your various assets current with your estate plan documents
7. Annually review your estate planning location sheet. If necessary update and provide a copy to your executor & attorney
8. Annually copy year-end statements for financial accounts and loans, and place them with your estate plan documents
9. Annually inventory your assets and liabilities and place it with your estate planning documents
10. As your estate grows near or beyond the federal estate tax exclusion explore advanced estate planning techniques & tools
11. Talk with family about your estate and financial planning
12. Avoid Common Mistakes in Estate Planning
13. Develop your own personal philanthropy
14. The planning tips and ideas covered in Chapter 11
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- Empower you to make the best informed everyday financial decisions
- Give you the best chance for a secure financial future

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The 2017 Movement

The 2017 Improving Financial Awareness & Financial Literacy Movement & Campaigns

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- National Estate Planning Awareness Month /Week (October)

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