



Your Routine Financial Checkup

Presenter



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Darlette S. McCormick is an accredited financial counselor, a certified housing counselor, and a licensed real estate broker. She received her bachelor of science degree from Wake Forest University in 1991 and has worked with Workplace Options for the past 3 years.

She is a member of several professional organizations, including the Association for Financial Counseling and Planning Education (AFCPE) and the National Association of Realtors. Darlette was a 2011 Military Spouse Fellow selected by the National Military Family Association and the Financial Industry Regulatory Authority (FINRA) to become an accredited financial counselor assisting military families with their financial matters.

Darlette teaches financial literacy workshops in her community and recently founded her own financial counseling business, Foundations for Wealth, LLC. On a personal note, Darlette has been married for 25 years, has four children, and resides in Raleigh, NC.

Learning Objectives

- Discuss setting financial goals
- List tips to examine your current financial situation
- Discuss key aspects of personal financial management and retirement planning
- Identify additional resources to assist you

Financial Management

You are the manager of your finances, so make a **PLAN** to reach your financial **GOALS**. Then implement it. **ACTION** is the key word!



What Are Your Financial Goals?

Short-term

- Within 2 years
- Example: Pay off credit card debt

Intermediate

- Within 3 to 9 years
- Example: In 5 years, have \$15,000 saved for a house

Long-term

- Within 10 or more years
- Example: Have \$20,000 saved for retirement

Understand Your Financial Position

- Write down everything that you owe to get a better understanding of your current financial position.
- Prioritize your bills from most important to least important.
- Ask yourself: Have you prepared for the unexpected?



Poll

If I were faced with an emergency situation,
I feel that I would be financially prepared.

- A. I agree
- B. I disagree

Are You Prepared?

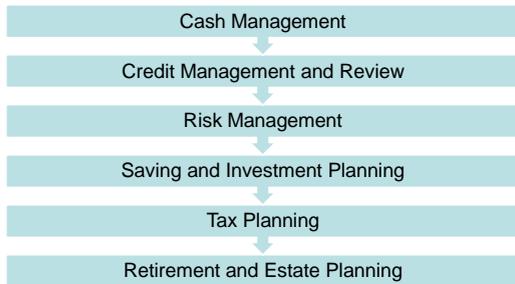
What if I . . .

- Lose my job?
- Have to relocate?
- Have to care for a loved one?
- Need to be cared for?

List five ways to come up with money for an emergency:

1. _____
2. _____
3. _____
4. _____
5. _____

Six Key Areas of Personal Finances



1. Cash Management

- Managing cash flow
- Building cash flow
- Positioning cash
- Controlling debt



Budgetary Guide

- Review your current budget.
- Revamp your budget based on current circumstances.
- Look for ways to cut back.



Recommended Budget Percentages

- | | |
|-----------------------|---------|
| • Charities | 4%–10% |
| • Housing | 20–35% |
| • Food | 5%–14% |
| • Transportation | 10%–20% |
| • Medical | 5%–10% |
| • Clothing | 2%–7% |
| • Investments/Savings | 5%–13% |
| • Debt payments | 5%–20% |
| • Personal/Recreation | 5%–10% |

2. Credit Management and Review

- TransUnion
- Equifax
- Experian

www.AnnualCreditReport.com



3. Risk Management

- Financial protection
- Life insurance
- Disability income coverage
- Medical policy
- Long-term care needs
- Auto, home, and liability insurance



4. Saving and Investment Planning

Determine a suitable approach that meets your needs

- Goals
- Time horizon
- Risk tolerance
- Diversification



5. Tax Planning

Effective planning requires an ongoing effort:

- Plan
- Adjust

Sound tax strategy:

- Income
- Capital gains
- Retirement plans



6. Retirement and Estate Planning: Getting Started

What does retirement look like to you?

- A. Expectations
- B. Goals
- C. Dreams



Poll

The definition of retirement is different depending upon the individual. In terms of the financial piece, the amount of money that you need to have stored up depends on your current standard of living.

Do you feel that you are well on your way to a comfortable retirement?

- A. Yes, I am.
- B. Somewhat.
- C. No, not at all.

Retirement Planning

- Identify your goals and funding sources
- 80/20 rule



Retirement Planning

How much money will you need to achieve your retirement goals?

Example:

70% of current adjusted gross income = Goal: \$49,000
($\$70,000 \text{ AGI} \times .70 = \$49,000 = \text{Goal}$)

Existing income sources to reach goal:

Social Security Benefits	\$10,000
Retirement benefits (IRA, Keogh, 401(k), etc.)	<u>+\$24,000</u>
	\$34,000

Additional annual income needed to reach goal: **\$15,000**
(Goal – Existing income sources = Additional annual income needed)

How will you address the \$15,000 gap?

Estate Planning

What is it?

- Maximizing the amount you leave your heirs to inherit, while maintaining your own financial goals and lifestyle
- Includes documents such as will, power of attorney, and living will
- Can include strategies for increasing, protecting, and distributing wealth during your lifetime

Minimizing Estate-Related Taxes

- Taxable assets to charities
- Tax-free assets to other beneficiaries
- Give money to your beneficiaries while you're still living
- Life insurance policy to beneficiary for estimated amount to cover taxes

Summary

- Review key areas of your finances on a regular basis.
- Monitor and track your spending.
- Review your budget, making changes as needed.
- Make sure you have appropriate insurance coverage.
- Create an emergency fund or a plan for the unexpected.
- Speak with a tax, legal, and/or financial professional for additional assistance.

Resources for More Information

Resources with easy, no-cost access to current information in assisting retirement and estate planning

Investor Guide: www.investor.gov	IRS: www.irs.gov
Social Security Administration: www.ssa.gov	Pension Rights Center: www.pensionrights.org/
American Association of Retired Persons: www.aarp.org	Quicken: www.quicken.com
American Bar Association Estate Planning FAQs https://www.americanbar.org/groups/real_property_trust_estate/resources/estate_planning.html	

For Further Assistance

Contact your Employee Assistance Program

Thank You!

Questions?

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