

Financial Institute:

# Building Your Financial House

Session 3



# Financial House



A background image showing a person's hands using a calculator on a desk. There are financial documents, a laptop, and a pen visible. The image is overlaid with a dark green header and a series of horizontal lines for notes.

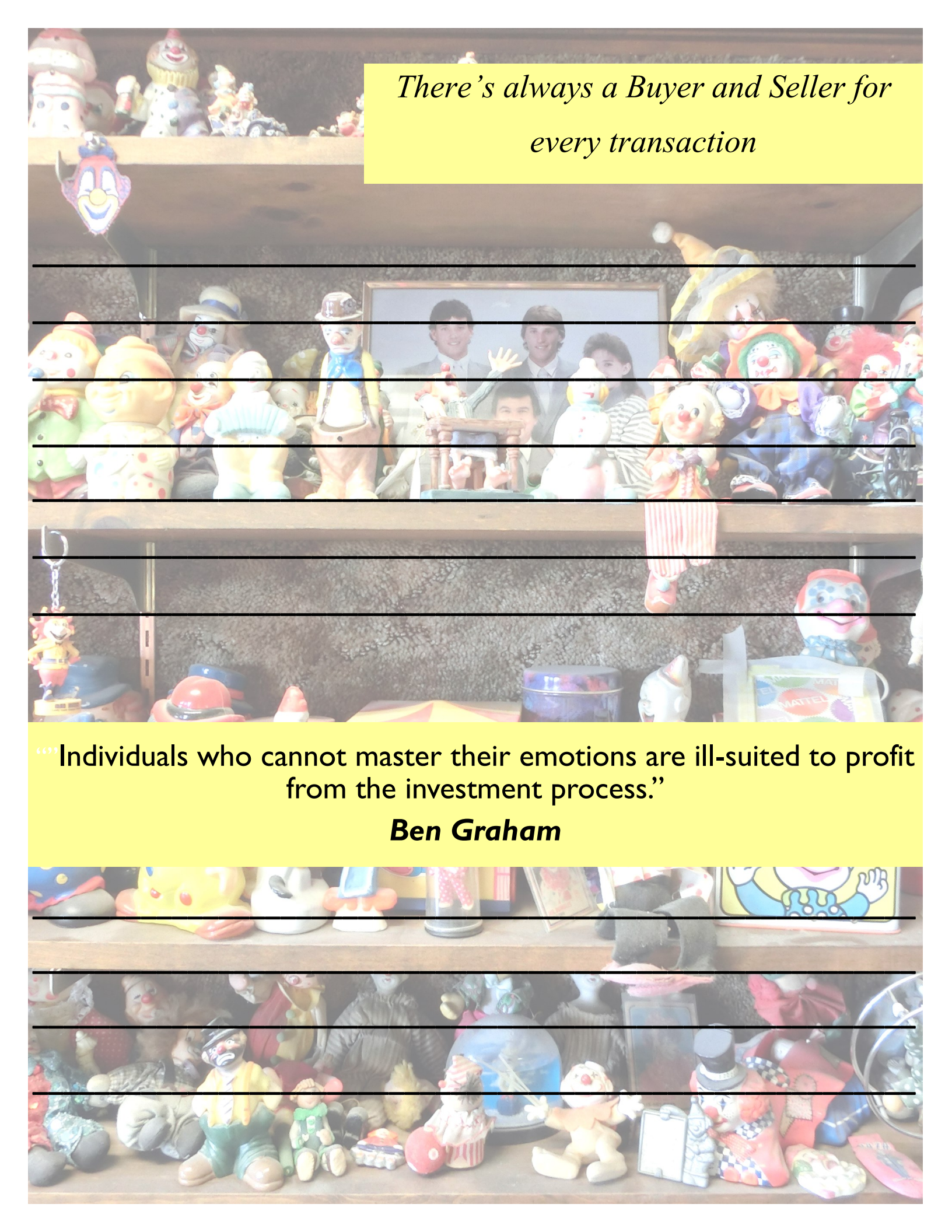
## Session 3: Investments & Retirement Planning



*Beware of Huge Promises of Gains– There's no Free Lunch*





The background of the slide is a photograph of a collection of clown figurines and toys arranged on wooden shelves. In the center, a framed photograph of four young people is visible. The shelves are filled with various clown-themed items, including figurines, plush toys, and a small sign that says "MATTTEL".

*There's always a Buyer and Seller for  
every transaction*

**“Individuals who cannot master their emotions are ill-suited to profit  
from the investment process.”**

***Ben Graham***





*A Goal Without a Plan is Just a Wish...*

*“The stock market is a device to transfer  
money from the ‘impatient’ to the ‘patient’.”  
-Warren Buffett*

-687.91

9:30A.M.





*Retirement is not an age, it's a cash flow.*





## Reflection:

*Which investment vehicles work best for your investment portfolio?*

*Investors who contribute monthly experience better returns due to dollar cost averaging. What amount can you commit investing each month?*

*What is your investment philosophy about risks, diversification, loss tolerance, and costs?*

### Action Steps:

- ☐ Review your Investments and Contributions
- ☐ Review/create a detailed retirement plan
- ☐ Review plan for Social Security



# Budget Planning

## Savings & Giving 10-10-10-70 Plan

**Pay Yourself First:** When you first get paid, save 10% toward Retirement, 10% toward your emergency fund, and 10% toward charity/Tithe. By making this transfer before paying other bills or spending, you will make sure these important goals are not bumped to a lower priority.

Savings & Giving (30%)	Projected	Actual
Charity/Tithe (10%)		
Short-term Savings (10%)		
Retirement (10%)		
Other:		
Subtotal		
Housing (25 –35%)	Projected	Actual
Mortgage/Rent		
Association Fees		
Property Taxes		
Home Improvement/Furniture		
Home Maintenance/Housekeeping		
Homeowner/Renter Insurance		
Other:		
Subtotal		
Utilities (5 –10%)	Projected	Actual
Electricity/Gas		
Water/Sewer		
Trash		
Phone/Internet/TV		
Other:		
Subtotal		
Transportation (10 –15%)	Projected	Actual
Auto Payments		
Auto Insurance		
Gas & Oil		
Auto Maintenance/Repairs/Tires		
License & Taxes		
Parking		
Other:		
Subtotal		
Food (5– 15%)	Projected	Actual
Groceries		
Restaurants		
Subtotal		

## Housing

Owning a home is much more expensive than a mere mortgage payment. Be sure to budget for additional costs, such as maintenance and repairs. They can happen when you least expect it. Downsizing can also be a great way to save money and pay off debt. Talk to your financial advisor to see if this is a solution that fits your needs.

## Utilities

“Turn off those lights!” may be your method to save money here, but it could be those sports and movie channels that are really costing you. Save money with a streaming service, like Netflix, or rent movies from your local library for free.

## Transportation

Cars make it easy to get around, but they can be big liabilities in your budget. Be prepared for regular maintenance such as oil changes (\$30— \$100), brake pads (\$100+), tires (\$600+) and much more. You could easily spend more than a \$1000 on maintenance and repairs per car each year. Better to overestimate in this category, or else you might be tempted to turn to credit cards to cover unexpected expenses. Just because you can afford the payment, doesn’t mean you can afford the car!

## Food

Eating out less, packing a lunch for work/school, and couponing are all great ways to save money in your food budget.

Family (10—15%)	Projected	Actual
Clothing		
Laundry/Dry Cleaning		
Health Insurance		
Medical Expenses/Medications		
Dental Care		
Personal Care/Cosmetics		
Household Supplies/Toiletries		
Memberships/Subscriptions		
Child Care/Sitter		
Pet Care		
Education		
Child Support		
Alimony		
Other:		
Subtotal		
Financial (10 –15%)	Projected	Actual
Life Insurance		
Bank/Card Fees		
Financial Advisor Fees		
Long Term Care		
Disability Insurance		
Identity Theft		
Other:		
Subtotal		
Entertainment (5– 10%)	Projected	Actual
Entertainment/Hobbies/ Sports		
Vacations/Travel		
Music/Technology		
Other:		
Subtotal		
Debt (0 –15%)	Projected	Actual
Student loans		
Credit Cards		
Other Loans/debt		
Subtotal		
Total	Projected	Actual
Total:		

## Family Matters

Clothes, shoes, hair, nails, school, pets, home goods, and much more- all of these seemingly small things will add up. Keep track of your expenses before spending spirals out of control. Keep in mind your needs vs. wants.

## Financial

The unexpected death of a working spouse could shift the family into deep financial troubles. For this reason, life insurance is the foundation of your financial house– a house that needs to be rebuilt after an unexpected loss.

## Entertainment

Remember this category is discretionary. Be sure to keep track of your hobbies and sports spending. Typically these can be expensive and could come at the expense of your retirement savings. Also, don't forget to save for a new computer or smartphone since they typically don't last longer than 3 –5 years.

## Debt

Your Goal is 0% in this category. On the next page you can utilize the snowball debt plan to get rid of your debt.

# Debt Planning

Living debt free will enable you to build the rest of your financial house. Follow the next 6 steps to get out of debt.

1. Save \$1000: This is the start of your emergency fund if you don't have one, and it should help you to stop using your credit cards.
2. List what you owe and snowball your debt: Use the snowball method to eliminate your high interest credit cards, loans, credit line, and auto loans. However, you may want to consider keeping low interest debts and invest your additional payment.

## Snowball Debt Plan

How much additional per month can you put toward your debt now: X= \_\_\_\_\_

Debt (List least to greatest)	Balance	Interest Rate	Minimum Payment	Total Payment
			(A)	A+X=
			(B)	A+B+X=
			(C)	A+B+C+X=
			(D)	A+B+C+D+X=
			(E)	
			(F)	
			(G)	
Total				

Once debt (A) is paid off, add its minimum to paying off debt (B).

Keep adding the previous debt payment.

3. List What You Own and **Sell** What You Don't Use

Assets & Property	Market Value	Sell or Keep	Put towards Savings or Pay Off Debt
	(A)		
	(B)		
	(C)		
	(D)		
	(E)		
	(F)		
	(G)		
Total			

4. Reduce your expenses

5. After becoming debt free, begin investing all the debt payments to build wealth for your future. Now compound interest will work for you.



# Our Top Investment Rules

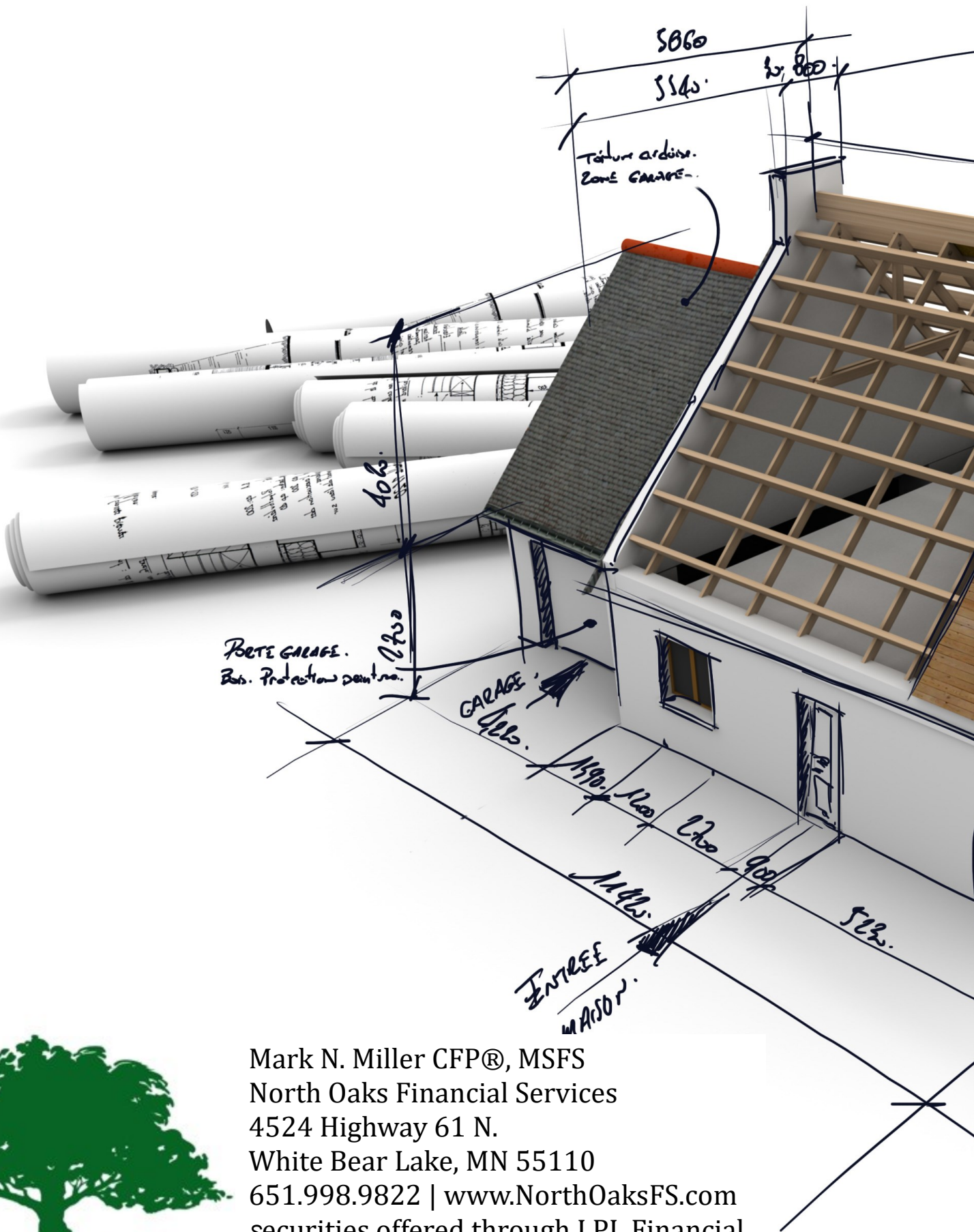
“A goal without a plan is just a wish.” - Antoine de Saint-Exupery

1. Create an emergency fund
2. You don't have to be safe to succeed
3. Diversify your investments
4. Automate your investments
5. Minimize taxes
6. Beware of hot tips
7. Have a plan and stick to it
8. Seek professional advice

## Recommended Books

- *Total Money Makeover* by Dave Ramsey
- *Rich Dad Poor Dad* by Robert Kiyosaki
- *Cash Flow Quadrant* by Robert Kiyosaki
- *Managing God's Mutual Funds* by Kenneth Copeland
- *Thou Shall Prosper* by Rabbi Daniel Lapin
- *Think & Grow Rich* by Napoleon Hill
- *How to Win Friends & Influence People* by Dale Carnegie
- *Success is not an Accident* by Tommy Newberry
- *Positioned for Promotion* by Mac Hammond





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