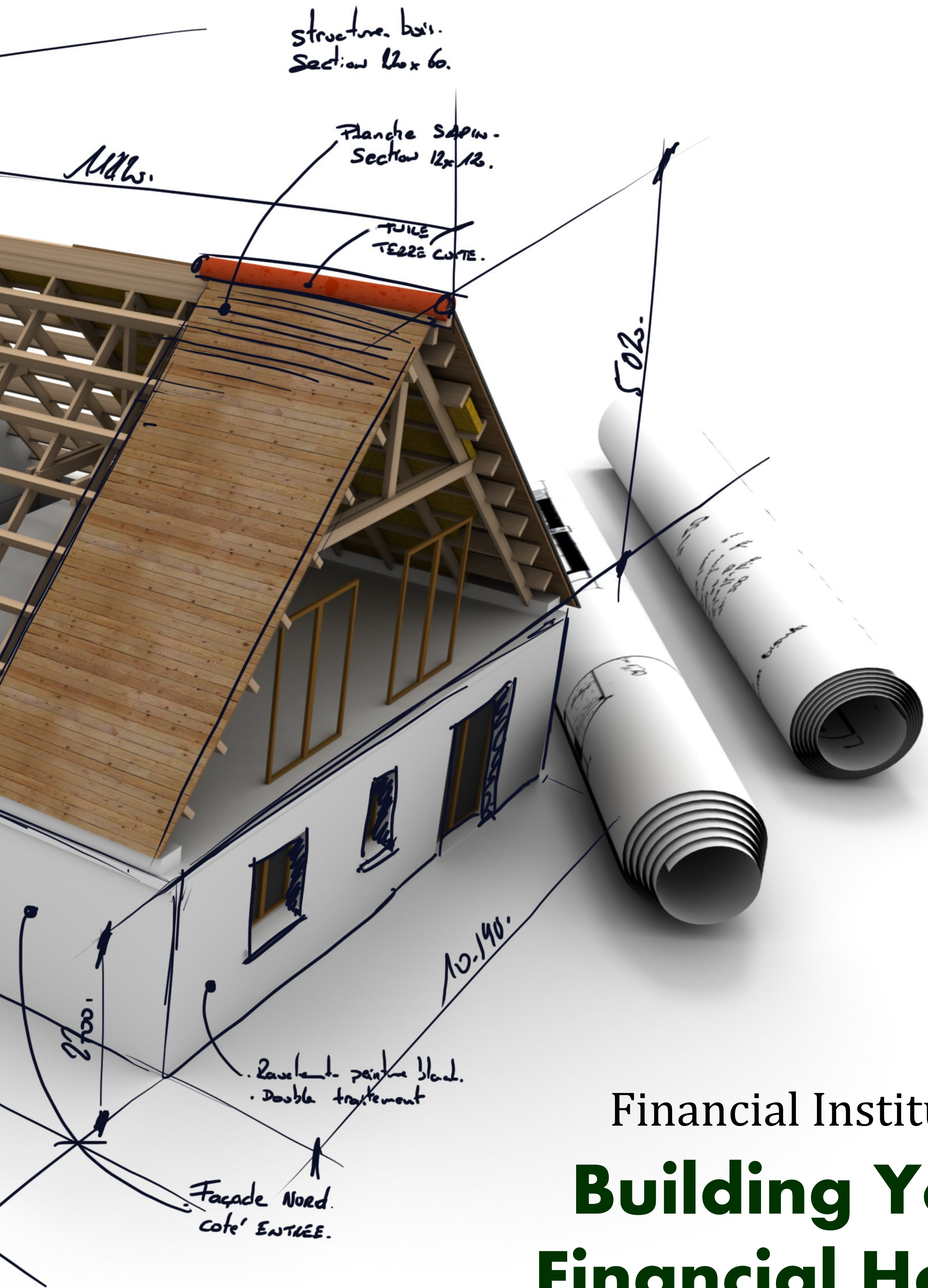


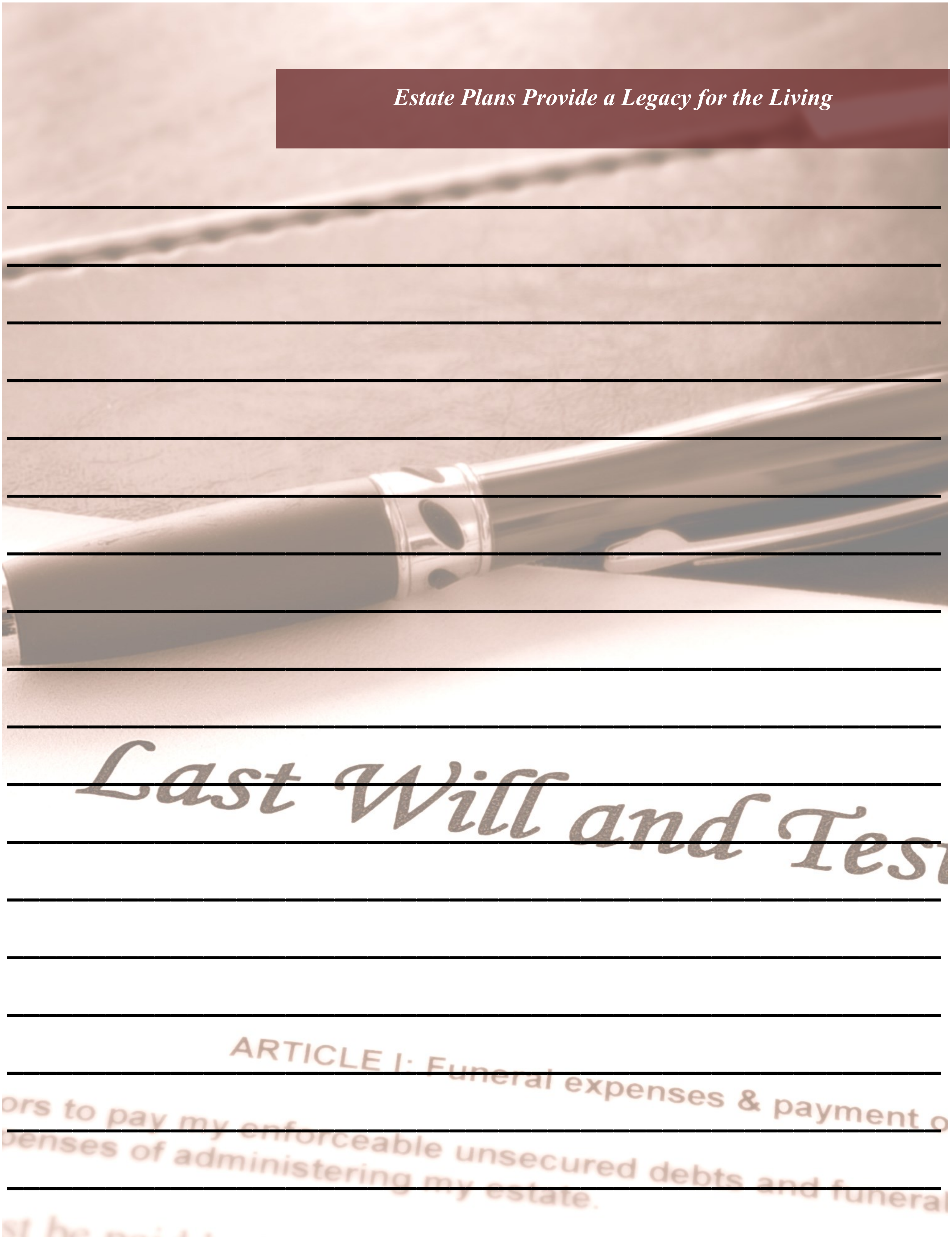
Financial Institute:

Building Your Financial House

Session 4

Financial House

Live Right, Die Right


Last Will and
ARTICLE I: Funeral expenses & payment
ors to pay my enforceable unsecured debts and funeral
penses of administering my estate.

Six Ways to Get Your Financial House in Order in 2021

Many families think they have a sound "financial plan" because they own investments or have established a saving strategy for retirement. This is a good start but it's incomplete. There are many components to ensuring your financial future and getting your "house in order" is the first step. What do I mean by that? I'd like to share 5 ways you can accomplish this. Let me explain…

Do you know what the three leading causes of death are in the United States? Many people correctly guess cancer and heart disease as numbers one and two. What is number 3? Accidents? Alzheimer's? Strokes? You may be surprised to learn that the third leading cause of death in America is medical malpractice! The doctor's fault? Nope- our fault. We go to the hospital totally unprepared. The average American over the age of 65 will take 11 different prescription drugs this year. You're in an accident and brought to the hospital, the hospital administers a pain reliever and the combination of what you are taking and what they have given you- kills you. Have you ever had a heart attack? Do you carry nitroglycerine with you? Have you been warned that the combination of Cialis and Nitro will kill you? Is this a risk you are willing to take? Or maybe when they ask you what prescriptions you are taking you mispronounce Omicor when you meant Amicar. Yes, medical malpractice is third leading cause in America. We don't want this to happen to you, so it is time to get your house in order!

Resolution number 1..Don't go to the hospital unprepared!

1) Do you remember the story about Terri Schiavo? At 26, Terri had a massive coronary, was resuscitated but experienced irreversible brain damage that left her in a coma. Fifteen years later, the Supreme Court made the final decision to remove the feeding tube. This long-term ordeal would not have happened if a simple healthcare directive and a living will had been in place. A misconception we frequently encounter is that healthcare directives are only for older adults. We've seen clients experience unexpected, lifechanging circumstances at all ages and believe that health care directives should be a priority for everyone. Please don't let this happen to you or a loved one. Please get your house in order.

Resolution number 2..Sign a healthcare directive and living will.

2) What do Steve McNair, Abraham Lincoln, Pablo Picasso and the musician Prince have in common? They all died without a will. Steve McNair's mother was removed from the house he had given her because there was no will to prove he had given it to her- I'm pretty sure that was not his intent. Having this document is essential to ensuring your wishes are carried out but it is one of the most frequently postponed documents to be put in writing. Your will protects you and ensures that your future wishes for your estate are carried out. According to the Virtual Attorney, 32% of Americans would rather do their taxes, get a root canal, or give up sex for a month than create or update their will! Even though we are not attorneys, we can help you facilitate this- let you help you get your house in order.

Resolution number 3..Create or update your will.

3) In 2005, Anne Friedman, a former school principal, died suddenly of a massive heart attack. She had accumulated over $900,000 in her Teachers' Retirement Fund but never named anyone as her designated beneficiary. By law, her surviving spouse would have been entitled to the money. However, in 1978, in a previous job, before she was married, she had filled out a designated beneficiary form naming her mother, her uncle and her sister as her designated beneficiaries. Her mother and uncle had since passed away, but her sister was still living. By law, the sister was entitled to the money, which she received, and didn't share a dime with the now destitute husband. We see this every day. Proceeds from Life Insurance, 401(k) plans, and IRAs are being left to the wrong beneficiaries because the owners never thought to update them. Your financial documents must be regularly reviewed and evaluated as your life evolves, particularly when it comes to your beneficiaries. Marriages, divorces, births, deaths and other major life events can all warrant changes. These documents are too important to leave unattended. Let us review these for you.

Resolution number 4…. Review and update beneficiary designations with life changes

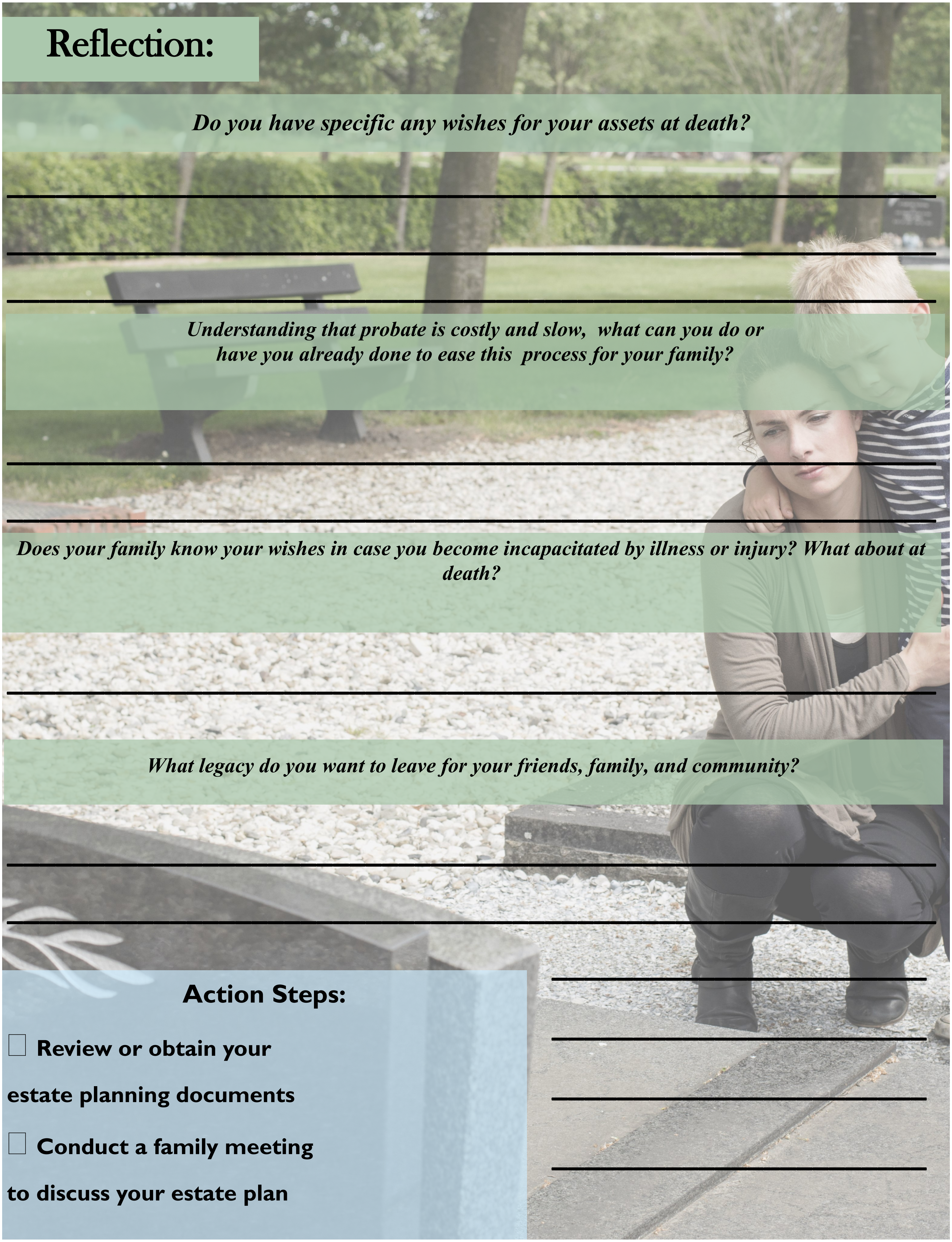
4) How many of you own a business? How about those of you that have a real estate investment? Better yet, how many of you have children driving a car? Do you have proper insurance? Have you fully limited your liability? Are your investments titled properly to limit liability? If you have trust documents, titling of property, insurance coverage(s) and other liability documents, also need to be regularly reviewed. We can help you do this.

Resolution Number 5... Regularly review legal/liability documents:

5) Frederick Vanderbilt, J.D Rockefeller, JP Morgan, Franklin Roosevelt, and Elvis Presley all died without an estate plan. Please re-read that list. Some of the most successful, intelligent, and powerful people in America did so much for so many- they failed, however, to protect all of the wealth they had created. Although we can't predict the future, it's important to have a comprehensive plan in place for how your money and other assets should be distributed when needed. Your life stage will determine the needs of your estate plan. If you're young and single, your plan may only include a few items, such as a will, beneficiary designations and medical and financial powers of attorney. If you have substantial wealth, you may need one or more trusts to control how your assets are taxed, managed and distributed.

Resolution Number 6... Establish an Estate Plan.

6) It's critical to remember that financial planning is not solely based on investment planning or picking the right investments. While this must be done properly, there are many other vital areas that get overlooked or forgotten. Keep your financial house in order by regularly reviewing your plan and ensuring that you have the fundamentals in place. By this time next year, you'll be glad you did.



Reflection:

Do you have specific any wishes for your assets at death?

Understanding that probate is costly and slow, what can you do or have you already done to ease this process for your family?

Does your family know your wishes in case you become incapacitated by illness or injury? What about at death?

What legacy do you want to leave for your friends, family, and community?

Action Steps:

- ☐ **Review or obtain your estate planning documents**
- ☐ **Conduct a family meeting to discuss your estate plan**

Actions Steps

- Review auto, home, renters insurance
- Review/Obtain life insurance-

Look for:

  - The longest affordable term
  - Terms that will get you to age 70-75
  - Should cover 8-10x your income, plus your debt

- Review/Implement your Legal Plan-
  - Will or Trust
  - Powers of Attorney
  - Living Will (healthcare directive)
- Review Beneficiaries and asset registration
- Build Your Emergency Fund *(3-6 months expenses)*
- Create a Debt Elimination Plan
- Calculate Your Financial Independence Number (FIN#)
- Implement Your Retirement Plan
- Consider Getting Long Term Care Insurance
- Develop an Income Growth Plan
- Begin Your Financial Literacy Plan

Budget Planning

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		

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.

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		

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.

Tip for Husbands: The task of daily purchases such as these are often managed by wives. If this is the case in your marriage, take time to sit down with your wife and discuss this important budgeting area. Chances are, you may not know how much these items cost or how frequently they need to be purchased.

Financial (10 –15%)	Projected	Actual
Life Insurance		
Bank/Card Fees		
Financial Advisor Fees		
Long Term Care		
Disability Insurance		
Identity Theft		
Other:		
Subtotal		

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 (5– 10%)	Projected	Actual
Entertainment/Hobbies/ Sports		
Vacations/Travel		
Music/Technology		
Other:		
Subtotal		

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 (0 –15%)	Projected	Actual
Student loans		
Credit Cards		
Other Loans/debt		
Subtotal		

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.

Total	Projected	Actual
Total:		

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. You get the picture.

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.

Income Planning

A good budgeting method is to spend less than you make. However, there are times when you need to increase your income to make ends meet. Some solutions include working overtime, adding a part time job, or earning a raise. Even if you are happy with your current job, don't be afraid to send out your resume for a better opportunity. Educating yourself is also very important to continually increase your income and stay competitive in the workforce. So, finish your degree or get higher credentials and you'll be on your way to financial independence.

6. Earn More

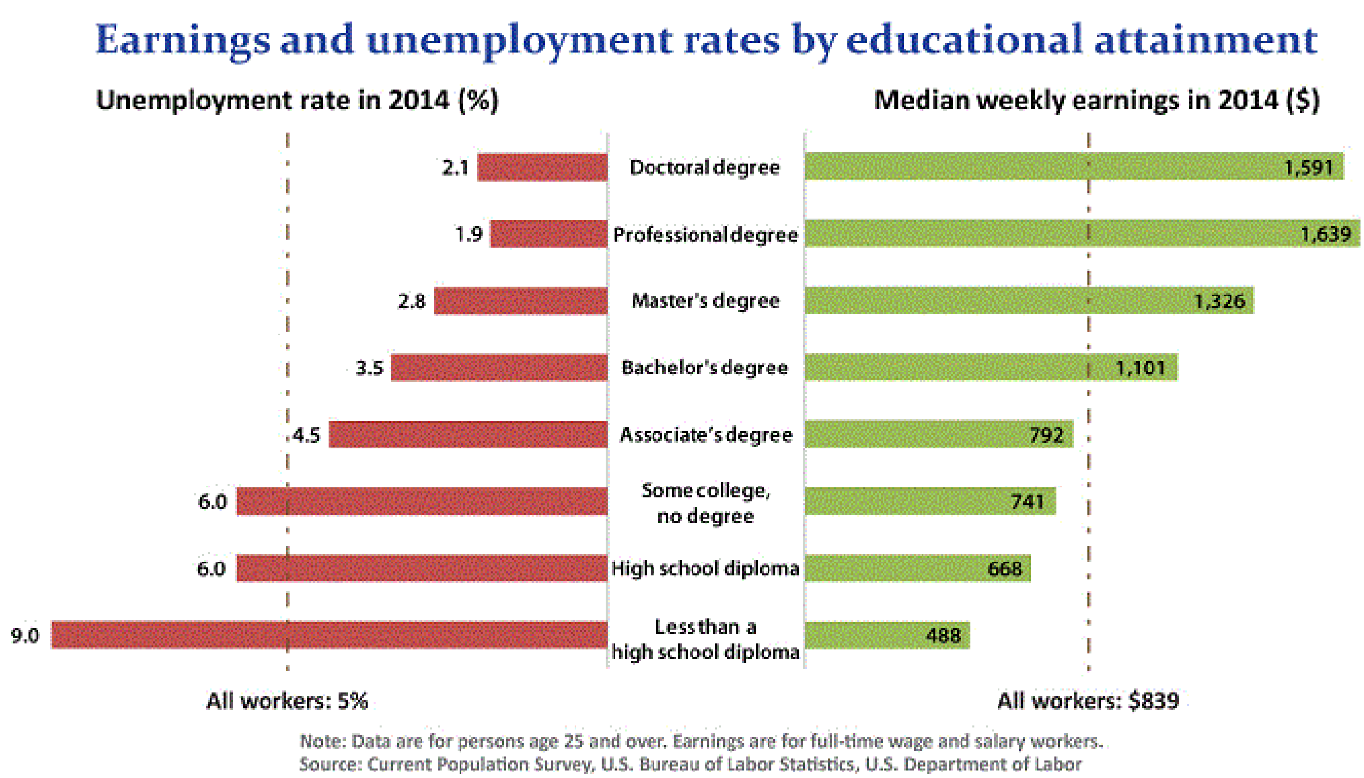
Addt'l Income Sources	Client	Spouse
Primary Salary/Income		
Part-time Job		
Rental Properties		
(Part-time) Business Income		
Other income		
Subtotal		
Total		

Start a Business

1. Learn your career/job inside out
2. Save money and find investors/partners
3. Start your own business.

Go to www.sba.gov to learn more about business plans, legal structure and managing employees.

This should be higher than your total expenses.



	Stewardship Quiz	Strongly Disagree	Disagree	Sometimes	Agree	Strongly Agree
1	I confine my tasks and responsibilities to only what is required of me.	5	4	3	2	1
2	Even if my excellent work is not immediately rewarded, I will ultimately benefit because of my knowledge and experience.	1	2	3	4	5
3	I base my lifestyle on my income, spending most of what I make.	5	4	3	2	1
4	I have to constantly seek outside advice to make even daily decisions.	5	4	3	2	1
5	I am comfortable making multiple attempts before eventually solving difficult challenges.	1	2	3	4	5
6	I have become known as the person who gets the assignments that are too difficult for others to accomplish.	1	2	3	4	5
7	Some of my most significant raises, bonuses and promotions come from "showing my worth" first, without agreeing to an incentive in advance.	1	2	3	4	5
8	I actively tell management, clients, or prospects about my new ideas.	1	2	3	4	5
9	I am called upon frequently to explain processes and procedures to new hires, or to deal with highly irritated customers.	1	2	3	4	5
10	I believe my role as employee is to increase the value of my company.	1	2	3	4	5
11	I work as if I were working for the Lord rather than just my boss or a paycheck.	1	2	3	4	5
12	I always do more than what is expected of me, even if it is above my pay grade.	1	2	3	4	5
13	I frequently find excuses not to work hard.	5	4	3	2	1
14	Its better to fail while trying than never to try at all.	1	2	3	4	5
15	I can resolve and take responsibility for the mistakes of my team or subordinates.	1	2	3	4	5

Total Score: _____________

75—61: Excellent

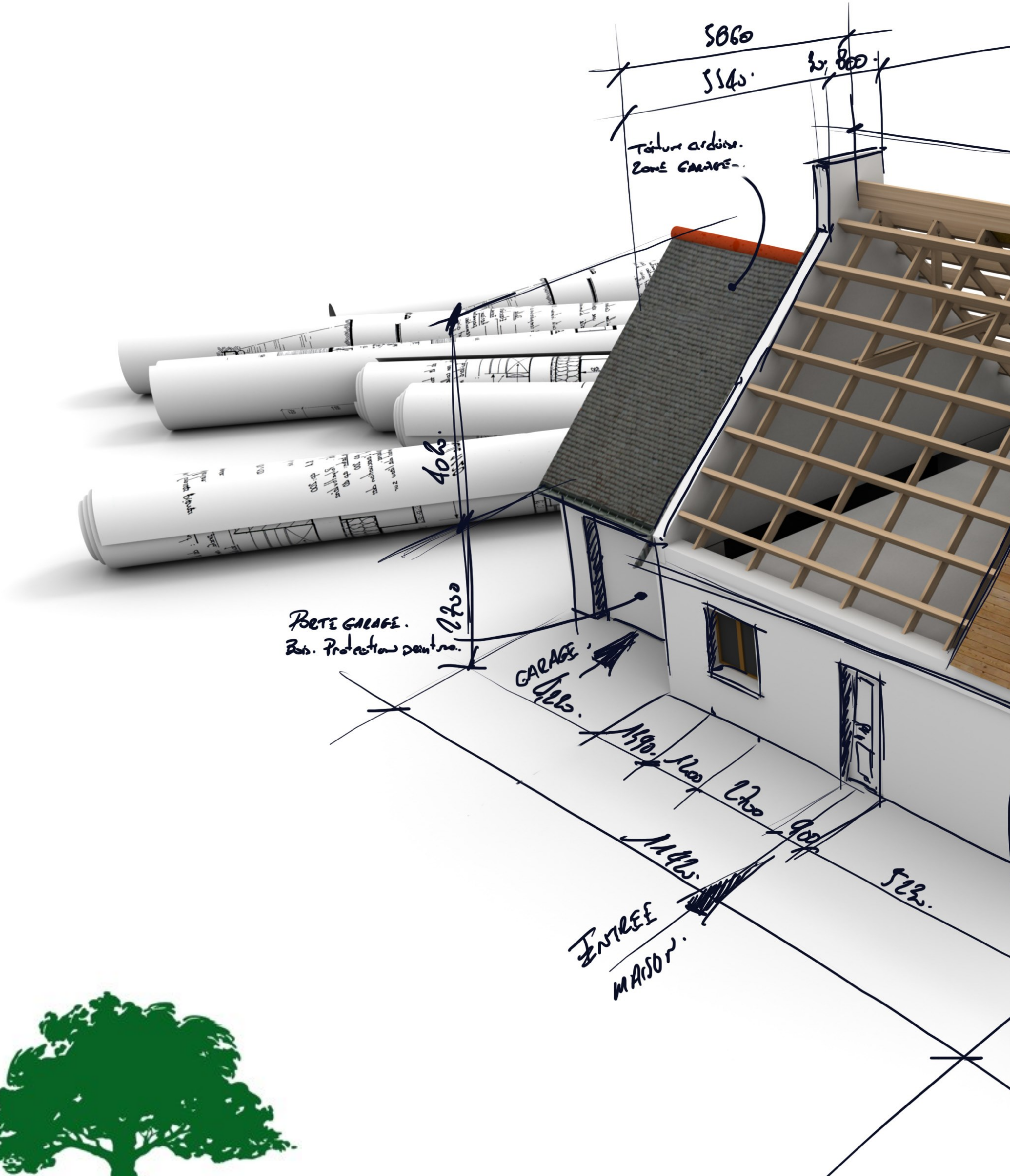
60—46: You're a good steward.

45– 31: You have a lot of potential.

30—less: The most upside opportunity.

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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