

ACCOMPLISHING YOUR FINANCIAL MISSION

TAKING CONTROL OF YOUR FINANCIAL LIFE

**FINANCIAL PLANNING IS ABOUT
MORE THAN INVESTING. . .**

**...IT'S ABOUT MANAGING
YOUR LIFE!**

WHAT IS FINANCIAL PLANNING?

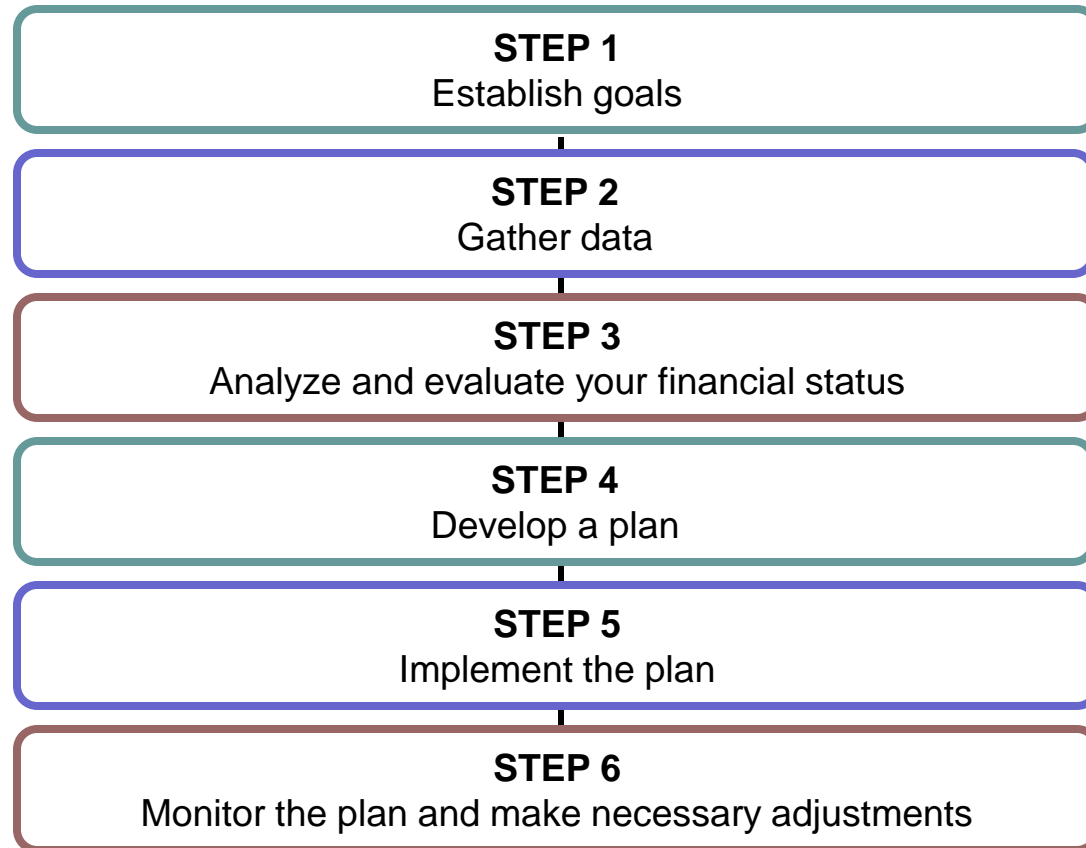
- Financial planning is the process of wisely managing your finances so that you can achieve your goals and dreams – while at the same time helping you negotiate the financial barriers that inevitably arise in every stage of life.
- It is a *process*, not a product

IT'S ABOUT...

- ❑ Controlling spending
- ❑ Managing credit
- ❑ Reducing taxes
- ❑ Increasing savings
- ❑ Buying a house
- ❑ Protecting family & assets with insurance
- ❑ Retiring comfortably
- ❑ And more...



FINANCIAL PLANNING PROCESS



ESTABLISH GOALS

- ❑ Where do you want your life to go short term?
1 to 5 years
- ❑ Be specific
 - ❑ Pay off credit cards.
 - ❑ Improve credit score.
 - ❑ Implement a savings plan.
 - ❑ Save \$10,000 for a down payment for a house.

GATHER DATA

- ☐ Leave & Earnings Statements
- ☐ Bank Statements
- ☐ Credit Card Bills
- ☐ Mortgage Papers / What is your Rent?
- ☐ Credit Report
- ☐ Other Income
- ☐ Other Bills

ANALYZE FINANCIAL STATUS

- ☐ Use a critical eye.
- ☐ How does income compare to spending?
- ☐ What are you spending \$ on?
- ☐ Are you saving enough?
- ☐ Do you have too much debt?
 - ☒ BUDGET - Draw up a spending / debt management plan.

DEVELOP PLAN

- Analysis of where you are compared to your goals.
- Action steps to get from A to B.
- Create NEW spending plan - better spending & savings habits.
- What credit cards & loans to keep and which to pay off. You may need a scissors to cut up cards.
- May need to revise goals if they are unrealistic.

IMPLEMENT PLAN

- Execute the plan.
 - **A plan not executed is USELESS.**
- Draw up a time table
 - Do this in week 1 - this is week 2
 - STICK TO IT!

MONITOR PLAN

- Follow the plan.
- Keep an eye on changing circumstances - promotion - deployment - extra job - baby - etc.
- Adjust if necessary
 - An unexpected crisis may force you to push back some goals.
 - Changing family circumstances may create new goals or make other irrelevant.
 - Change bad habits.

TAKE CONTROL

TO MASTER YOUR FINANCIAL PREPAREDNESS

- ❑ Spend Less, Save More
- ❑ Simplify your financial life
- ❑ Review insurance coverage
- ❑ Guard against financial fraud

FINANCIAL READINESS = MISSION READINESS

Mission Success

- ✓ Good credit
- ✓ Financial stability
- ✓ Regular savings
- ✓ Contribute to TSP
- ✓ Don't Opt-Out for SGLI coverage
- ✓ Low % loans
- ✓ Deployability

Mission Failure

- Bad credit
- Bankruptcy
- No emergency savings
- No retirement savings
- No insurance
- Predatory loans
- Clearance issues

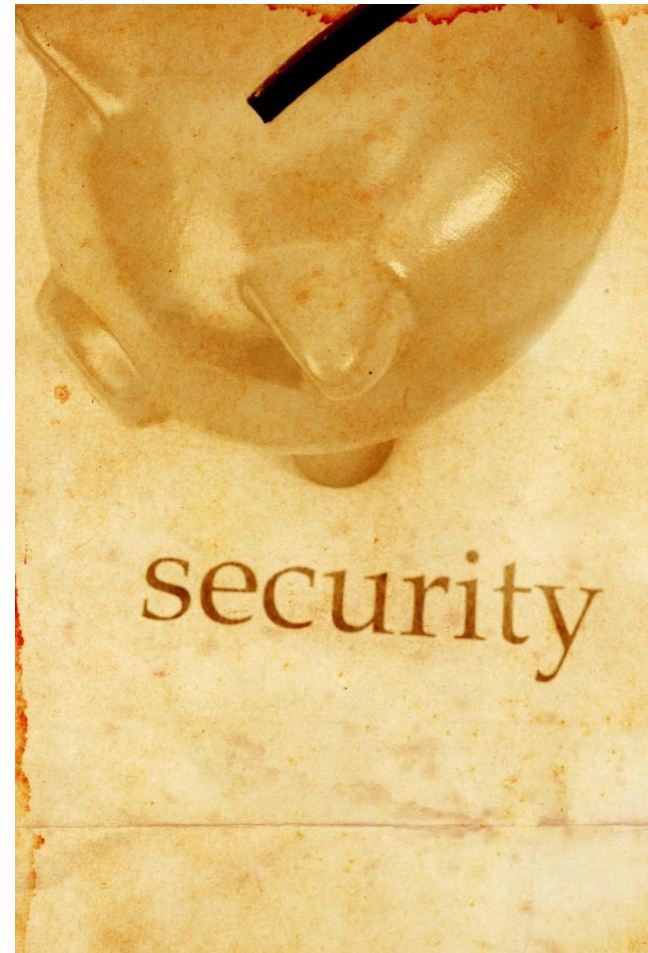
CONTROL YOUR DEBT

- ❑ Know your credit score
- ❑ Spend less than you earn.
- ❑ Pay your bills on time.
- ❑ Use credit wisely.



PAY YOURSELF FIRST

- Save for:
 - ▣ Emergencies
 - ▣ A House
 - ▣ Education
 - ▣ Vacations
 - ▣ Retirement



SAVINGS OPTIONS

- Savings Account
- NOW
 - **Thrift Savings Plan (TSP)**
- AFTER MILITARY
 - Employer-sponsored 401(k) plans
 - Individual Retirement Accounts (IRAs)
 - Simplified Employee Pension (SEP Accounts)
 - Stocks, mutual funds and other investments

THRIFT SAVINGS PLAN

- Pre-tax savings
- Investment Options
 - **Default** – Government Securities Fund (**G**) Fund
 - Fixed Income Index Investment Fund (**F**) Fund
 - Common Stock Index Investment Fund (**C**) Fund
 - Small Capitalization Stock Index Investment Fund (**S**) Fund
 - International Stock Index Investment Fund (**I**) Fund
 - Lifecycle Funds (**L**) Funds

LIFE CYCLE FUNDS

FUND	G Fund	F Fund	C Fund	S Fund	I Fund	Growth Objective	Preservation of Assets
L 2050	7%	10%	41%	18%	24%	High	Very Low
L 2040	18%	9%	37%	15%	21%	High	Low
L 2040	30%	8%	33%	11%	18%	Moderate/ High	Low
L 2020	52%	7%	22%	7%	12%	Moderate	Moderate
L Income	74%	6%	12%	3%	5%	Low	High

THE 7 MOST COMMON TSP / 401(K) MISTAKES

- ❑ **Failure to participate**
- ❑ **Failure to maximize contribution**
- ❑ **Poor diversification** within plan
- ❑ Not enough assets **invested outside of the plan**
- ❑ **Constant changes** within plan
- ❑ **Borrowing** from the plan
- ❑ **Cashing out early**

* Source: *MSN Money*

OTHER ISSUES

- ☐ Power of Attorney
- ☐ Wills and Living wills
- ☐ Life Insurance
- ☐ Long-term health care
- ☐ Part-time work
- ☐ Estate planning

FIND A FINANCIAL PLANNER

- ❑ Look for competence through the CFP® certification
- ❑ Interview several planners
- ❑ Ask for disclosure statements
- ❑ Find a Planner
 - www.fpanet.org/plannersearch - also pro bono
 - www.cfp.net/search

**ONLY YOU
CONTROL YOUR
FINANCIAL LIFE.**



www.foundation-finplan.org