



Fundamentals of Financial Planning

June 2020



Discussion Topics

01
Personal
Financial
Management

02
Retirement
Planning

03
Life Insurance
& Protection
Planning





Brittany Taylor, CFP®
Principal and Senior Financial Advisor
btaylor@hbkswealth.com



Matthew Costigan, CFP®, CPA/PFS
Principal and Senior Financial Advisor
mcostigan@hbkswealth.com



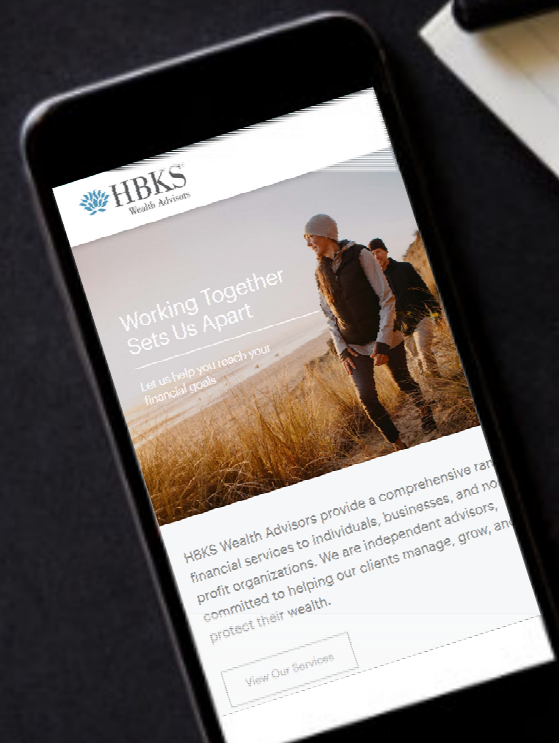
David Darwish, CFP®
Principal and Senior Financial Advisor
ddarwish@hbkswealth.com

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Personal Financial Management

Specific Topics:

1. Creating and Monitoring Your Budget
2. Building Your Credit and Managing Debt



Creating and Monitoring Your Budget

Keep it Realistic!



Itemize
Expenses

Essential
vs
Non-Essential



Establish Plan
for Discretionary
Income

Set Short and Long-Term Goals
Build Emergency Funds
Automate Savings



Use Tools to
Create and
Monitor Budget



PocketGuard

Building Credit and Managing Debt

How to start building credit:

- Utilities
- Debt Payments
- Credit Cards

Differences between good and bad debt:

- Good: Mortgage, student, car loans
- Bad: High interest credit cards, personal loans for discretionary purposes, payday loans

How to get rid of credit card debt:

- Negotiate lower rate
- Prioritize debt and payments



Discussion Topics

01

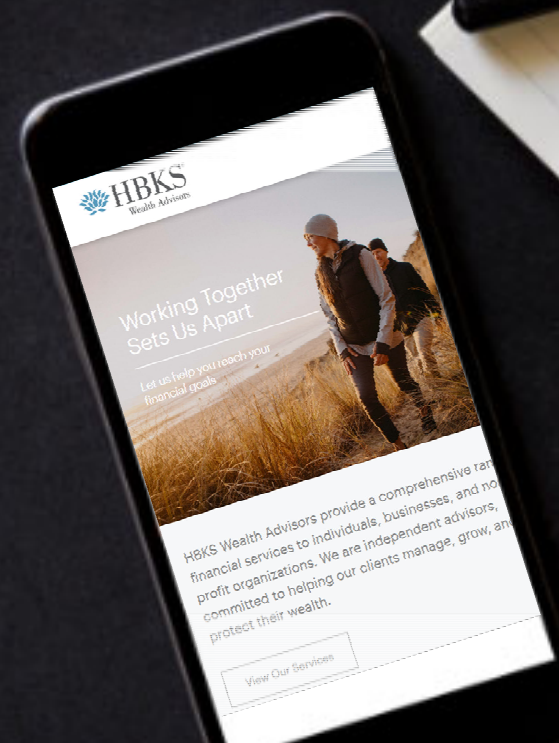
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Retirement Planning

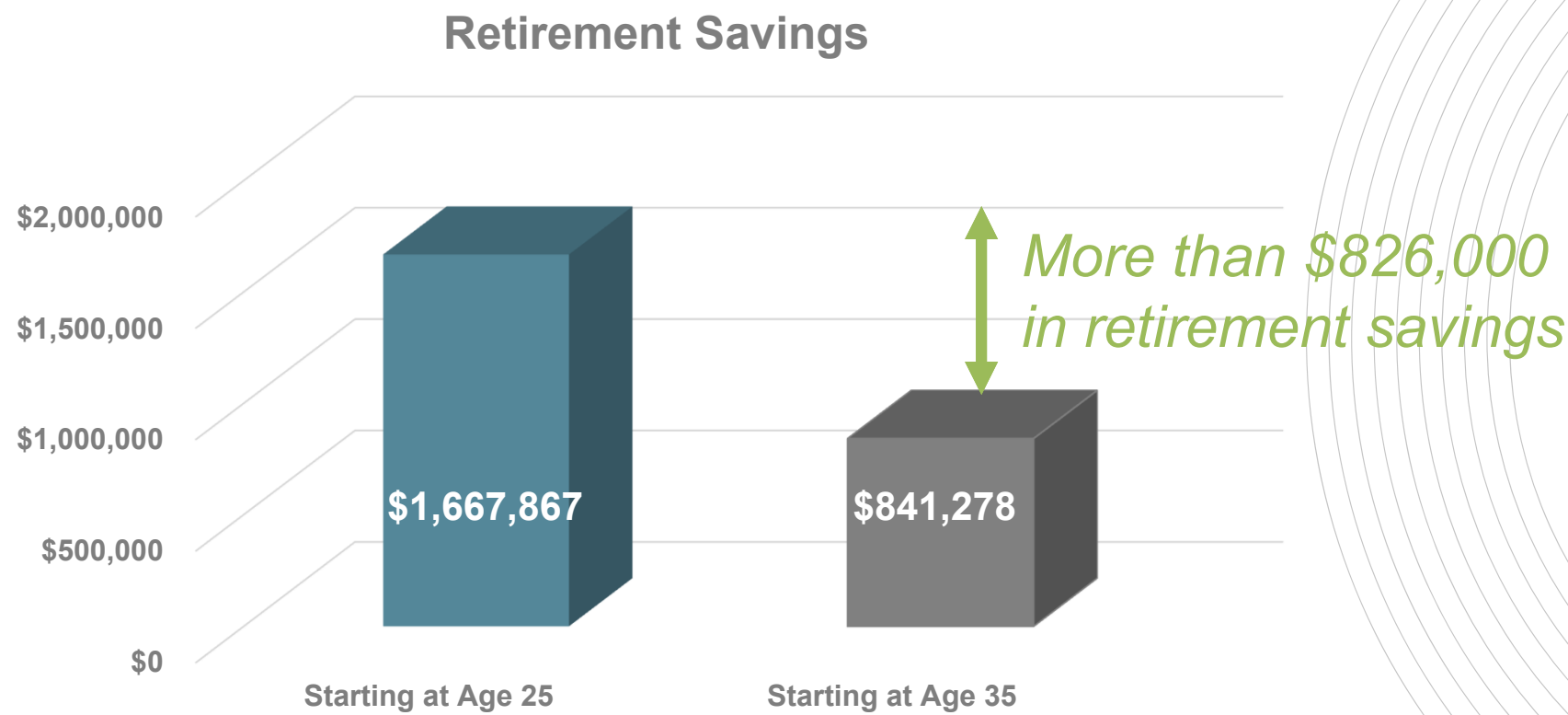
Specific Topics:

1. When to Start Retirement Planning
2. Types of Retirement Plans



Start Early to Maximize Savings

\$10,000 invested annually until age 65



**6% annual rate of return, \$10,000 annual invested equally each month

Types of Retirement Plans

	401K or Employer Sponsored	Individual Retirement Account (IRA)	Plans for Self-Employed
Who Contributes	Eligible employees Employer match	Individuals only	Individuals only
Pre-Tax or After-Tax Contribution	Pre-tax, possibly after tax	Pre-tax Post-tax with Roth IRA	Generally pre-tax, but post tax is possible
Maximum Annual Contribution	\$10,500 \$26,000 for those over age of 50	\$6,000 \$7,000 for those over age 50	Varies, but could be as much as \$57,000
Vesting Period	Employee contribution vests immediately Employer match vesting period may be longer	Immediately	Immediately
Fee Structure	Typically minimal fees	Varies 0% to 1.50%	Varies 0% to 1.50%
Withdrawal Eligibility	Generally age 59 ½	Generally age 59 ½	Generally age 59 ½

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Life Insurance and Protection Planning

Specific Topics:

1. When Should You Purchase Insurance
2. Types of Insurance Solutions

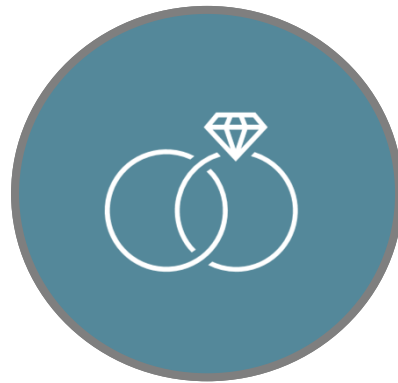


When to Purchase and Re-evaluate Insurance Coverage

Life Event Triggers:



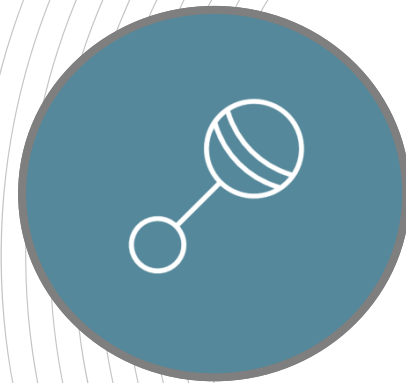
New Job



Marriage



New Home



Baby

Types of Life Insurance Policies

	Term	Permanent
Policy Period	5, 10, 15, 20, 30 years	Entire life
Cash Accumulation	No	Yes
What is Covered	Pre-mature death	Pre-mature death
Medical Exam Required	Sometimes	Always
Conversion Features	Yes	Not Applicable
Long Term Care Riders	No	Yes

Policy amounts will vary based on intended use of the insurance benefits.

Rule of thumb is 5x-10x annual salary for head of household.

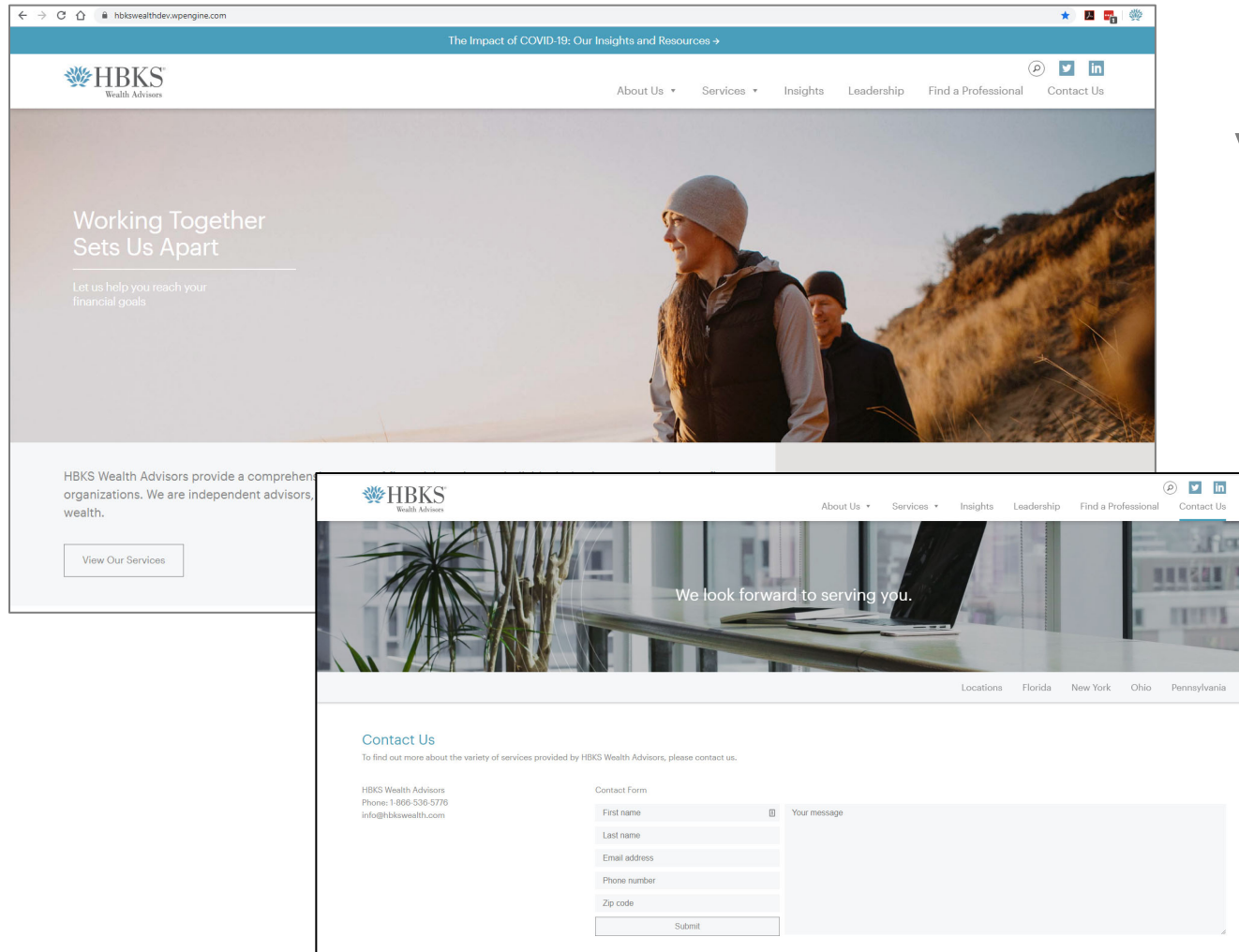
Premium costs vary based on age at the time of purchase and health condition.

Disability Insurance



- Can be purchased individually or through an employer if a group policy is available.
- Types of insurance policies:
 - Short-term disability insurance
 - Long-term disability insurance
 - Other types
- Covers disability as a result of injury or illness and cannot perform normal work duties.
 - 50-60% of income
 - May be taxable depending on who pays premiums
- Benefits last until you can go back to work or number of years stated in the policy. Some policies pay out as long as disabled until age 65.

Online Resources



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- Overview of all HBKS Services
- Insights and articles on a wide range of topics from financial planning to market commentary
- Information about our team members and office locations
- Email sign-up and contact forms

Thank you!



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mcostigan@hbkswealth.com



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