

# PRIORITIZE & ORGANIZE YOUR FINANCES:

## Financial Planning & Investing For Young Professionals



**FINIPEDIA**

Wealth Management Tools, Tips, & Resources  
For Young Professionals

**Altfest**  
personal wealth management<sup>SM</sup>

# Firm Summary

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- Fee-only family-owned firm founded in 1983 with approximately 30 professionals
- \$1.2 billion in client assets under management
- Consistently recognized as leading financial advisor:
  - *Barron's*, 'Top 100 Independent Financial Advisors'
  - *Financial Times*, 'Top 100 Financial Advisers'
  - *Financial Advisor*, 'All-Star Research Manager'

**Plan • Research • Learn • Invest**



**INVESTING  
IN YOURSELF**



# Prioritize & Organize

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

Assessing Your Financial Situation

Prioritizing Goals

Managing Debt

Saving and Investing

Risk Management / Insurance

# Assess Your Current Financial Position

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

Balance Sheet			
Assets:		Liabilities:	
Checking	3,000	C.C. Balance	500
Savings	7,000	Student Loans	150,000
Investment Account	12,000	Car Loan	8,000
IRA	5,500	Total Liabilities	158,500
Car	10,000		
Total Assets	37,500	Net Worth = A - L	(121,000)

# Assess Your Current Financial Position (contd.)

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

Cash Flow Statement	
Income	
Paycheck (net)	8,000
Expenses	
Rent	1,800
Utilities	150
Student loan payments	1,000
Auto loan payment	300
Groceries	300
Cable/Internet/Cell Phone	120
Gas & auto insurance	170
Medical out of pocket	60
Gym	50
Entertainment/Restaurants	150
Vacation	300
Net Cash Flow	3,600

# Prioritizing Your Goals

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

**Ranking goals establishes your financial priorities and helps you make decisions**

- Establish an emergency fund
- Pay off debt
- Contribute to a retirement plan, like a 401k or IRA
- Starting a Family
- Save for a practice
- Buy a home

# Managing Debt

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- Bad Debt vs. Good Debt
  - Mortgage
  - Auto loan or lease
  - Credit cards
- Prioritizing Debt
  - Interest Rate
  - Student Loan Repayment Strategy
- Consolidating/Transferring Debt



# Student Loans

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- **Inventory your loans**
  - Federal or private
  - Interest rate
  - Current balance
  - Repayment plan
  - Monthly payment
- **Determine your goal**
  - Minimize the total cost over the loan life
  - Maintain affordable monthly payments



# Choosing The Right Repayment Plan

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

## **Federal Loans**

- Fixed interest rate
- Flexibility: deferment, forbearance, cancellation or discharge
- Income-driven repayment options

## **Private Loans**

- Fixed or variable interest rate

## **Consolidation**

- Consolidation of federal loans does not necessarily lower your interest rate

## **Refinancing**

- Private loan interest rates are based on your credit

# Building Your Credit History

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

## **Protecting Your Identity**

- Safeguard your personal information
- Check your credit report on [annualcreditreport.com](http://annualcreditreport.com)

## **Building Your Credit File**

- Borrow responsibly
- Always pay on time
- Avoid closing old CCs
- Pay off CC balance in full
- Use a variety of accounts
- Building history takes time

# Managing Your Credit Score

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- **Payment History** (35%)
- **Credit Utilization** (30%)
- **Age of Credit History** (15%)
- **Account Mix** (10%)
- **Credit Inquiries** (10%)

# The Importance of Starting Early

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

Growth of savings accounts



Source: JP Morgan Guide to Retirement, 2015 Edition



# Investing

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- **Time horizon**
- **Risk tolerance**
- **Diversification and asset allocation**
- **Picking specific investments**
  - Stocks
  - Bonds
  - Mutual Funds
  - ETFs
- **Working with a fee-only advisor**

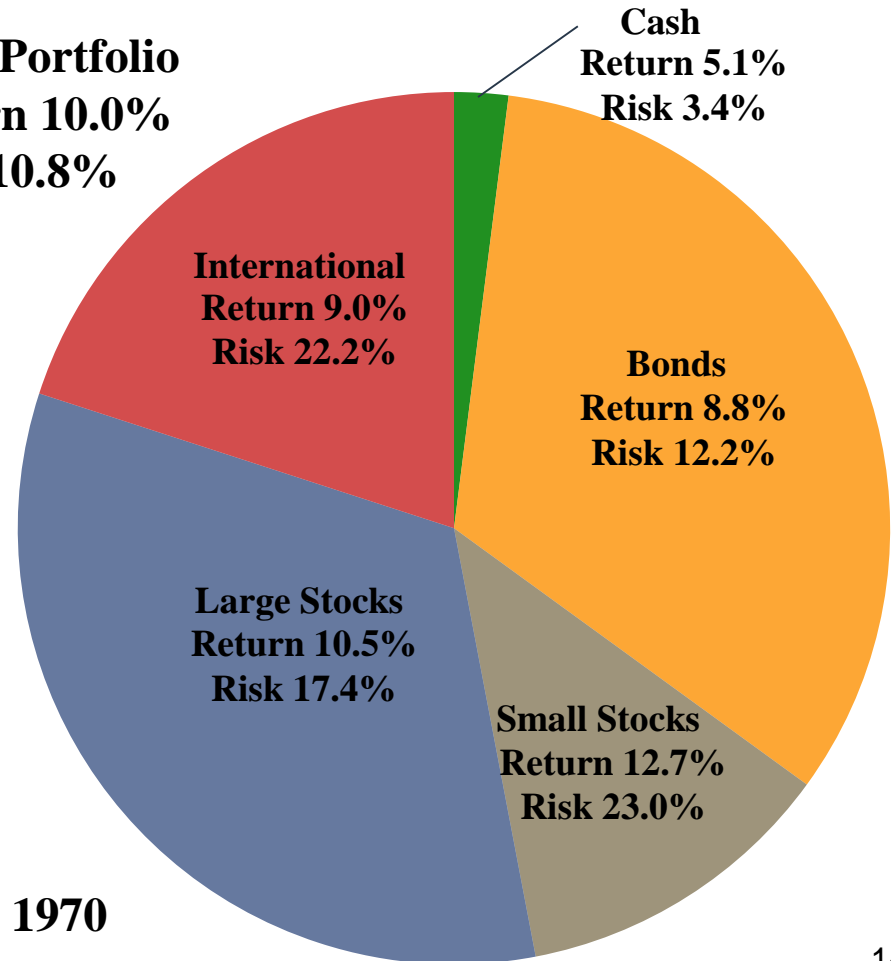
# Typical Investor Portfolio

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- Diversified Allocation
- Range of Returns
- Range of Risk
- Portfolio Risk
- Actual Historic Data

**Total Portfolio**  
**Return 10.0%**  
**Risk 10.8%**



**Since 1970**

# Saving for Retirement

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- Retirement savings plans
- Traditional vs. Roth
  - Pay taxes later or pay taxes now?
- Take advantage of employer matching
- Other savings accounts

# Types of Retirement Accounts

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

	IRA	401(k)/ 403(b)	SEP IRA	Solo 401(k)	Simple IRA	Defined Benefit Pension Plans
Who It's For	Anyone with earned income	Employees of public/private company	Self-employed individuals or small business owners	Self-employed individuals or small business owners with no employees	Self-employed individuals with < 100 employees	Employees
Who Funds it	Individual	Employee deferrals & employer contributions	Employer contributions only	Employee deferrals & employer contributions	Employee deferrals & employer contributions	Employer funded
Employee Contribution Limit (2016)	\$5,500	\$18,000	N/A	\$18,00	\$12,500	N/A
Advantages	Easy to set up & Maintain	Maintained by the employer	Easy to set up & Maintain	Higher contribution limits than SEP IRA	Allows for employee salary deferral	Potentially for substantially larger contributions



# Starting a Practice

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

- Risk & Reward
- Financial Commitment
  - Starting Costs
  - Financing
- Monthly Expenses (salaries, rent, insurance, supplies)
- Planning for unexpected costs

# Buying a Home

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

Rent	vs.	Buy
Mobility		More space
No maintenance/repairs		Freedom to set up home as you like
Lower insurance expenses		No rent increases
No property taxes		Possibility of increase in value of home
		Build Equity
		Property taxes and interest tax-deduct.

# Employee Benefits

**Altfest**  
personal wealth management™

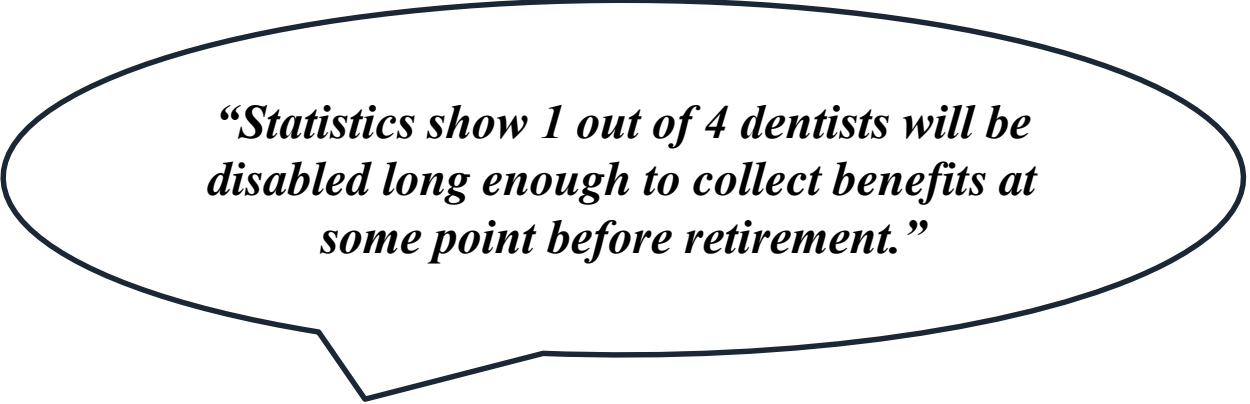
Brought to you by **FINIPEDIA**

- Qualified Retirement Plans
- Commuter Benefit Plans
- Health Insurance
  - HSA or FSA?
- Disability Insurance
- Life Insurance

# Disability Insurance

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**



*“Statistics show 1 out of 4 dentists will be disabled long enough to collect benefits at some point before retirement.”*

- Cost will depend on the terms of the policy
- Definition of disability: “Own Occupation” vs. “Any Occupation”
- Premiums paid with after-tax dollars → disability benefits not taxable
- Do not rely on Social Security & state disability plans!



# Life Insurance

**Altfest**  
personal wealth management\*

Brought to you by **FINIPEDIA**

- Consider income your family will need if something happened to you
- Co-signers on student loans
- Term life insurance
  - Pure insurance for a given period
  - Usually the most affordable and best option for younger people

# Property & Casualty

**Altfest**  
personal wealth management™

Brought to you by **FINIPEDIA**

## **Business Coverage**

- Malpractice
- Office Overhead Expense
- Business Succession Planning

## **Personal Coverage**

- Auto
- Home
- Umbrella Liability



Altfest Personal Wealth Management®  
445 Park Avenue, 6<sup>th</sup> Floor  
New York, NY 10022

212 406 0850  
[www.altfest.com](http://www.altfest.com)

## **FINIPEDIA**

**Wealth Management Tools, Tips, & Resources  
For Young Professionals**

**Altfest**  
personal wealth management<sup>SM</sup>

This presentation was designed to complement the discussion and should not be a complete resource for these topics. Altfest does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions.