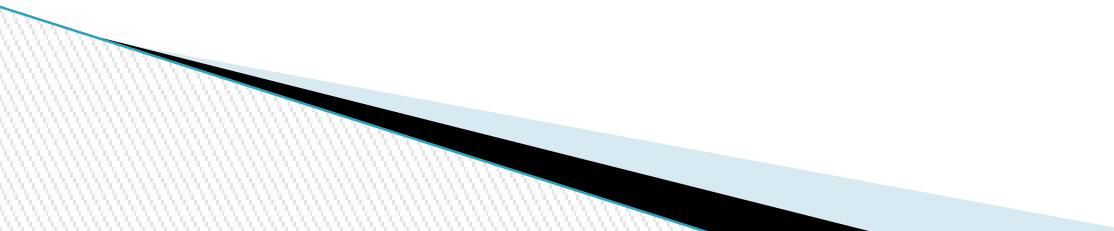


2013
NYSFAAA Conference
Financial Planning

Jim Briggs
The Tax Detective



Session Outline

- ▶ What is financial planning?
 - ▶ Who should use it?
 - ▶ When should it be used?
 - ▶ Q&A
- 

What is financial planning?

- ▶ Financial planning is

A series of steps or goals used to accomplish a financial objective.

Financial Objectives

▶ Typical financial objectives include:

Manage household cash flow (budget)

Save for a specific reason:

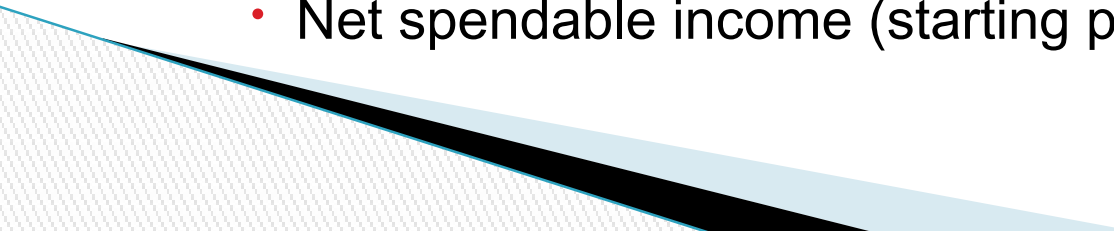
- Retirement
- Purchase an asset (personal residence), vehicle, etc.
- Education costs

Budgeting

- ▶ Creating a personal or household budget involves projecting monthly income and expenses.

Monthly Income

Monthly gross income:

- LESS:
 - Federal income tax
 - State/local income taxes
 - FICA/Self-Employment tax
 - Required Health insurance
 - Required/Voluntary Retirement at work
 - Other deductions
 - Equals:
 - Net spendable income (starting point for budget)
- 

Monthly Expenses

- Housing
 - Clothing
 - Food
 - Transportation
 - Insurance
 - Savings/Investments
 - Debt Repayment
 - Medical/Dental
 - School/Childcare
 - Entertainment/Recreation
 - Other
- 

Guidelines

- ▶ An effective budget will:

Have a purpose

Be simple to maintain

Be flexible

The 60% Solution

- ▶ Suggest 60% of gross income be used for:
 - Taxes
 - Food
 - Housing
 - Clothing
 - Consumer Debt payments

The 40% Remaining

- ▶ Suggest 40% of income be used as follows:

Retirement-10%

Long term savings-10%

Fun money-10%

Contingencies-10%

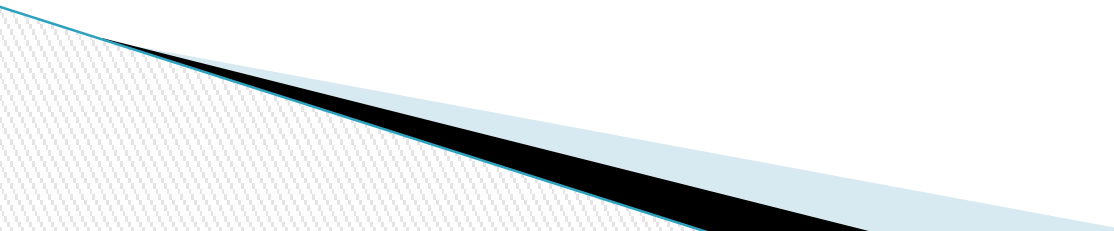
Budgeting Tools

- ▶ Pen and paper
 - ▶ Spreadsheet
 - ▶ Software
 - ▶ Online Services
 - ▶ Financial Institutions
- 

Online Services

- ▶ Mint – www.mint.com
 - Online - Personal budgeting, downloads transactions, bill paying and planning – free
- ▶ YNAB – www.youneedabudget.com
 - Desktop – Personal budgeting, planning, does not download transactions or online bill pay - \$60
- ▶ Quicken – www.quicken.com
 - Desktop – does it all - \$60
- ▶ Mvelopes – www.mvelopes.com
 - Online - Personal budgeting, planning downloads - \$9.95/mo – has some user issues

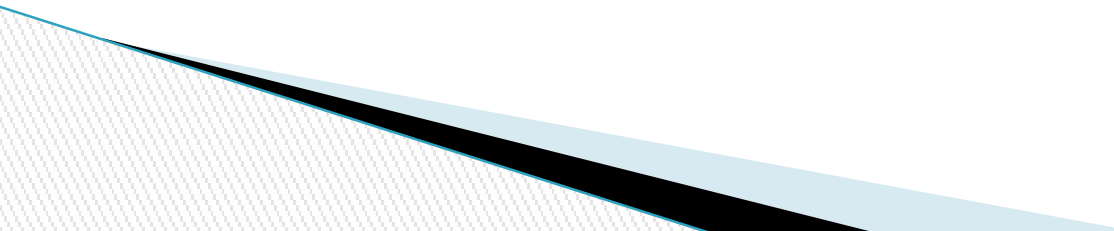
Pick a system

- ▶ Any budgeting system will work from pen and paper to spreadsheets to online.
 - ▶ The main thing is to pick a system that you are comfortable with and will use.
 - ▶ Make it a game to see how actively managing your money produces results.
- 

Professionals who can help

- ▶ CPA – Certified Public Accountants
 - ▶ CFP – Certified Financial Planners
 - ▶ Registered Financial Advisors
 - ▶ Lawyers
 - ▶ Stockbrokers
 - ▶ Life Insurance Salespeople
- 

Projecting Retirement Resources

- ▶ Project post retirement resources:
 - Pensions and annuities
 - Business Income/Compensation
 - Life Insurance
 - Assets
 - Investments
 - Gifts/Inheritances
 - Other
- 

Projecting Retirement Costs

- ▶ Updated costs for:
 - Housing
 - Food
 - Clothes
 - Travel
 - Medical/Dental
 - Insurances
 - Vehicles
 - Entertainment/Recreation
 - Long term care

Questions?

- ▶ Please ask any questions.
 - ▶ Thank you for attending this session.
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