FINANCE FUNDAMENTALS: REDUCE RISK AND TAKE CONTROL OF YOUR FUTURE
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Thank you all for joining us today for our presentation of Finance fundamentals: Reduce Risk and Take Control of Your Future. I'd like to welcome back our presenter, Andrew Hall from the Institute for Financial Education who has presented on various financial topics for us before. Thank you for being with us today Andrew. I'll hand it over to let you tell a little more about yourself.

All right. Thank you very much, Cynthia. Like she said, my name is Andrew Hall, I am a CPA, I run an organization called the Institute for Financial Education. We are nonprofit organization, based out of St. Louis, Missouri where my home base is. I do stuff all over the country. Traveling around the country, educating specifically federal employees, quite a bit. All the way from the Pentagon to agencies in California. I have been from sea to shining sea. My background is CPA. I successfully ran a financial services business for over a decade now. I really like to specialize in tax and estate, building financial roommates financial roadmaps or people from all different backgrounds. So much so we panted the financial roadmap thing we do. That is my background. And to come today we will talk about the fundamentals of what you need to do to step it up and take control of your finances. My goal in creating the nonprofit we created in educating people is just that, education. It is not, I'm not going to give you all the answers today. I don't know if I have all the answers, but what I hope to give you is some ideas and concepts and philosophies and questions for you to start asking yourself, that you can follow, you can step it up, take control and be off in a better situation financially by the end of this, then you were at the start. That being said, as we go through this, I want to throw a disclaimer here, because I don't want people going off and just doing something willy-nilly because they heard in a 45 minute presentation. I am not in any way advocating for, and offering advice, not making recommendations about the stock market or investment securities, or insurance. These types of decisions are really important. You are encouraged, every single one of you, are encouraged to seek advice from licensed professionals if you want actionable recommendations. I am here to give you educational information, available to the public. That is just the quick disclaimer. Today, we have four basic objectives. Understand the fundamentals of creating a financial plan. What does planning mean? the areas, we can hold him down to six different areas for purposes of today, to build this thing called the lifetime inventory of financial evaluation. Evaluate your debt and improve your credit. I think that's a very fundamental thing that a lot of us are missing, and discover areas where you can reduce financial risk. You can save investor money, put own the stock market and hope to grow, that's great. But that is not really a plan. That simply picking an investment in hoping for the best. We will not talk about that much today, we will figure out how can we do all the things in other areas of life that we actually need to.

Let's dive right into it. These are the six areas we have identified. Taking inventory is going to be very, very important. It is like a Matthew McConaughey commercial, I think. Yet to figure out who you are. You have to figure out what you have. It's not uncommon for individuals to seek financial help or ask questions, come in or maybe talk to me or one of my colleagues or somebody that works for the Institute, we ask them how much is in your bank account or how much is in your TSP. Are you doing traditional or Roth and do you know. It's on, for people not to know answers to questions about their financial life. Very important you take inventory of your life, include all your assets and liabilities, evaluate this inventory. It's going to be incredibly important that you create a budget. Creating a budget might not necessarily be the fact that I need to create a budget in the sense that I don't have enough money left at the end of the month and I'm really living paycheck to paycheck, that would be important for that group of folks as well. But if you are in the group of folks maybe getting ready for retirement, maybe you are retired are getting close to retirement, one of the questions I ask folks in that demographic is, if I could give you a check every single month for the rest of your life after taxes, what would that check need to be for you to live comfortably? That is a hard question for people to ask. Or answer. Creating a budget, understanding what that is understanding your cash flow needs can actually help you make a plan. Not just investing money, but make a plan, make a roadmap. And finally me $3000 a month and have X amount of dollars I know that we can create an income stream from X amount of dollars that will generate $3000 a month and free up of their money to decrease risk, improve credit, pay off debt, save for the future, pay off long-term care et cetera. Reducing debt is going to be key. Obviously. One of the things people think about I need to see more money, invest more money, reducing debt is pretty much the same. I love Mark Cuban, the owner of the Dallas Mavericks and shark tank guy talks about how I can guarantee you in 18% rate of return on your money, how do we do that? Pay off an 18% credit card. Same thing, paying debt. Improve your credit. It's important. I'm good , financial fundamentals there. Of course decreasing risk in your overall life, protecting your identity, creating a strong financial base, utilizing insurance, et cetera. and of course, you have to save for your future. Let's dive into these six areas one by one here and give you the key things you need to know in each area. Take inventory. We call this in our organization part of our process is when we sat down with people and help people, we really want to take inventory. We call it your life inventory. Lifetime inventory. Not only take inventory, but give a financial valuation of here is where you are at come here areas you need to improve. Everybody should do this. This is a fundamental thing people should do. You should know what you have going on. I do this in my life. About every six months. I take a really good hard look at everything I have. One of the reasons I did this is when I was recently married, I realized I know what's going on in my life, I haven't told anybody, if I died tomorrow my spouse would have no idea where anything is. The accounts I have, if I did not set them a probably she would no passwords to get in, if she was missing something and millions upon millions of dollars goes to unclaimed property every year because of this. Taking inventory of your life is important. Putting in the safe, secure location is important were somebody come in my instance I told my spouse this is where everything else. If anything ever happens to me, go here and you will see every single thing we have. Accounts, numbers, who to call, everything. It's important step everybody should take. You should really understand what is your salary, what is your take on versus what is your gross because it's two different things. Again when I talk to people how much money do you need, somebody might come in and they say I make $100,000 a year, you actually do make $100,000 year that's a great salary. How much are you living off of? by the time we take away TSP savings and insurance payments, take away pension and Social Security taxes that we pay on income taxes, you might only be living off of $42,000 a year. That is going to be really important especially later on in life when you figure out how much do I need to make in retirement and how do I set myself up to ensure I can get that income later on. Current versus future. If you make a 100,000 all your salary chances are you don't need to make $100,000 a year in retirement because of all the things I said. You have to understand will come from Social Security, pensions, assets and how best to set that up. You need to know which are savings are, what is the emergency fund, with liquid and available to you in case of emergency. Six-nine months has always been the rule of thumb everybody's a little different. What investment accounts you have, IRA, 401(k), TSP, nonqualified, stocks, funds, mutual funds, CDs? Roth, traditional? Do you know the difference? Very important to have these down. If you do talk to somebody, if you were to say I want to talk to you and talk to you about my life and I'm going to sit down and say what IRAs you have, traditional or Roth? Knowing the break up of that is very important for me as a coach, but also important for you so you understand what's going on in your life. Don't forget about your real estate. What is your home worth versus what did you purchase it for? Are there gains? Are you paying mortgage interest for obviously you give a mortgage you are probably paying interest. What your interest rate? Have you considered refinancing? All-time lows right now. Really good time to refinance. Are you paying private mortgage insurance? It basically says if you don't have 20% of equity in your home you have to pay private mortgage insurance. With home prices all around the country no matter where you live going up, might be able to refinance out of that work on your mortgage company and drop that insurance because your home value now has given you the equity you need. Are you renting? You depreciating it properly? What about your debt? Is as important from what your balances, what are minimum payments, what are interest rates, how many remaining payments you have? If you want to build a plan you need to know those things. We will talk about that we talk about reducing trust. Are trying to avoid probate? You want your to pass officially to your heirs? Do you need a trust? Do have powers of attorney set up et cetera? and, last but not least, insurance. Federal employees group life insurance. How many times your solid you have? You know how that works in retirement? Have you thought about the cost of what that means when you're 55, 60, and beyond? I know a specific individual that works for the federal government that has five times her salary, 75 years old, paying almost $30,000 year to keep their group life insurance because of the amount they have. Are you planning on keeping it in retirement? You know how that works? You know the cost of that? You have other life insurance? You have term insurance or permanent insurance? Does your insurance have cash value? Are you using a? Do you know what the current benefit versus future benefits? What premiums are you paying? Long-term care? Where the premiums, what are the benefits? I know this might seem pretty basic stuff but that's what this is, fundamentals. You need to ask yourself, what do I have, I know I have a life insurance policy, which you need to put on paper and understand what is the benefit versus the future benefit, premiums, cash value, all those. Sat down on go through this if you need to. Ask yourself these questions as you go through. Once you take this inventory evaluate your inventory. Insurance, that a strength or wheat next? Oh, news traditional from a coma money is Roth is that a strength or weakness? All my money is in my TSP, all my money is in cash. Is that a strength or weakness? Once you evaluate once you have formulated a plan for long-term success in here is the key to whether uncertainty. When I say a plan I'm not talking about how to invest for me, I have people that walk-in my door who honestly have never met before who said I have $1000 or $50,000 and I need to invest this money somewhere. I want to put it in a couple of investments were to invest this? I say well, that doesn't make sense. I'm not an investor. I don't choose where to invest my money. We need to build a plan. With your cash flow needs? And he created a budget? Do you know your cash flow needs? What is your debt, what is your credit score? How are you saving, earning, investing money for retirement? Where's the money going? Have you considered your estate plan, will, trust, longevity? Only then do we develop a plan to understand more about many should be and how it should be invested in what different products. So a plan is just that, it's a plan, roadmap, not a product. It is a plan. I cannot stress that enough. Sometimes creating a plan after you take an inventory and understand where you are at, fundamentally create your budget. Determine your net income. The actual amount of money you receive after a state, federal, Social Security and other taxes have been deducted. What are you living off of? Categorize expenses, daily living, monthly, quarterly, yearly. A certain amount of money you need to keep your light bill, car payment, mortgage payment then there is food, water and entertainment. I recommend you evaluate your spending. If you account all transactions, charting to start off on the right foot, evaluate your spending, review all the accounts you spent over the last 60 days, sort by margin, description, identify, reduce, limit cost. Live on 75% of net income, saving 25%-30% of your salary if you want to live off of the same amount of retirement income you are making currently need to be saving around 25-30% of your salary. For federal employees, you are different because of its you have a 5% match. Now you only need to save 20% of your salary. And TSP you have a 5% match. In addition you have a pension. How much? You might not need to save 25% of your salary is a federal employee because of the match, because of the federal pension et cetera, but overall, we want to get you to a spot where you are making about the same amount of money while you were working, taking home and taking home a living off of it. Crating a budget is a great way to do this. There is a resource handout you have access to after this course. There are really good resources that will help you understand this. But only then can you figure out I now know my inventory, I know all the assets I have and how they function, I know how much money I'm making any year that I'm living off of, I can else you are funny to see more money I know where I can cut those transactions and I know how to save. Down starting to put 1 foot in front of the other come building up a plan. The next part, let's evaluate our debt this is an important fundamental from reducing debt is crucial to a fundamental financial plan. The average stock market rate of return the last ten years has been 6.25%. All he did was look at the S&P 500 and just average it from 99-2196 and one quarter%. The average credit card interest rate according to credit karma, 15% 2019. Where is your money best spend? Earning 6.25% or saving 15%? Paying off debt is crucial, especially high interest rate debt in the double digits. Paying off your debt and increasing your cash flow, I'm a really big fan a big proponent of cash flow in the planning I've done throughout my career with my clients and the people I partner with. I'm a real big fan of having excess money to do what we want whether save, invest, whatever. I like casual. Crating as much cash flows possible is important in reducing debt is important if you have high interest rate debt or would you save and invest in something in my earn 6% or 7% when you have a 15% debt sitting out there. How do we do this? After we figure out how hard it is, remember what we need to know on the inventory page, the balances, minimum payments, interest rates and remaining payments. Once we know what information we build upon each other, it's important to have an emergency fund from doesn't have to be overly big but we need a little bit of money, so we don't have to take on another set of debt. Make a list of all the debt, sort by lowest balance owed, also look at the interest rate. Important have a mentor if you can but really what we want to do is to cut different schools of thought here and no one is right or wrong, there is an economic way to do it and a behavioral way to do it. Unfortunately, a guy just won a Nobel Prize for this, we can't have one without the other. A lot of it comes down to behavior more than anything. But the idea of paying off debt is using the snowball approach. What you want to do is organize debt and pay the minimum balance on only one thing. Only one debt sorry strike would pay the minimum ballast on all your debt except for one and the one you target you focus and be laser focused on target that particular debt. If you do of the fastest most efficient way to pay them off. Haphazardly paying up to, I got an extra hundred bucks this month output $50 here, $70 here and whatever, that's fine but not a targeted plan. I'm to pay my minimum balances and put all my extra money on wind it changes your behavior which is very important, changing that behavior in a positive way. Web another program we patented the helps folks will the debt plan while saving. The idea is for yourself once you have enough money to pay your debt pairs of back pay off a debt pay yourself back, pay off the debt. Economically it might not be the absolute most efficient way to do it, but still pretty darn good and changes your behavior in order to create the patterns you need to do to put yourself in a good, fundamentally strong place. And repeat. Continue to repeat that. Acknowledge your accomplishments accomplishments. Give yourself credit for your efforts to reduce debt. It feels good to pay something off. The worst thing you can do is pay something off and be okay I paid the saw I can now for that TV. No, you can't. Not quite yet. Get you to a spot where we can do that. Reducing debt is crucial, because some of the interest rates and lack of cash flow. If you have a bunch of debt and you get for load or COVID happens, you lose your job, whatever that is and you have minimum payments, you can't meet, that is troublesome. That is going to hurt your credit. As you can see we are building on things. Taking inventory. Creating a budget. Reducing debt . Now, we want to improve our credit. Fundamentals. How do we improve credit? Is the deal, Equifax, Trans Union, Experian are three reporting bureaus. You are typically entitled to receive one free credit report each year from each bureau. People pay big money to have credit monitoring and things like that. You can do it yourself, especially now because the bullet point on the right-hand side, the CARES Act allows for a free weekly credit report all the way through April of next year. So, you can go to Equifax, Trans Union, Experian and pull a credit report every week basically until April of next year. I highly, highly suggest, as part of the inventory process, as part of that lif e design, you want to go to these bureaus, pull your credit report, make sure they are accurate. I see it quite a bit, where somebody's credit might be a lot less than what they think it is because they have a 70-dollar cable bill in collections they forgot to pay when they moved out of an apartment. It could all be cleared up for $70 and you can skyrocket your credit for something as simple as that because you didn't know it existed. Go to the credit bureau and pull your credit report. Make sure they are accurate. On your credit report, what's going to happen is you are going to see a couple different areas on that. We will give you your PII, personally identifiable information. Make sure your name is spelled right so you don't get stuff from someone else on your report. It's also going to show every single account you own. This includes accounts you've opened her clothes, typically in the last seven years, the current balance in the current payment history, including late payments. It is also going to show you anybody looking at your credit. Two types of credit queries. There is a hard inquiry, a lender pulls you report to determine if they are going to lend you, give you new credit. A soft inquiry is if you, or lender, check your report for accuracy, not for the purpose of lending. It's really important, these two. A hard inquiry impacts your credit score negatively. A soft inquiry, you checking your credit report et cetera, has no impact on your score whatsoever. Only a hard inquiry. If there is information about public records, such as collections, courts, collection agency in bankruptcy, that will be on your report as well. Typically for the most part most stays in your report seven years until it falls off. You want to look at this you want to figure out what is on your report and if it is accurate. And then you want to improve. Obviously having better credit is one thing that a lot of us strive for and listen to get better interest rates, allows us to refinance the house, car, anything like that. In all types of myths about how to improve your credit. Some people pay people money to say we will improve your credit for you but they don't do too much. There are three big things on the right side of the circle starting at the top left. Actually closer to the top right. Payment history. This is the number 1 thing you can do to improve your credit. Consistency of on-time account payments versus delinquencies . On-time payments are the most important thing. You want to improve your credit quickly, to credit card, swipe it for 1 dollar every month and pay that off every month. Doesn't matter the balance, 1 dollar looks the same as if you paid $1000 off every month. Pay that consistently and on time, monthly. Don't miss a payment. That will improve your credit. This is coupled with the amount of money owed on the left-hand side there, 30% of your credit score. Between the amount you owe and paying on time is like 65% of your overall credit score. The amount you owe might be something known as utilization, credit utilization. What the credit utilization is basically saying is how much credit is extended to you versus how much are you accusing. If I have a credit card that has a 10,000-dollar limit on it, and I'm using 9999 dollars of it, my utilization is very, very high and doesn't look very good, there for the amount owed is bad on my credit report. But, if I have a $10,000 limit on my credit card and I only owe $500 on it, that amount owed is really, really good and improves my credit score. I have credit extended available to me that I am not using, it looks good. So if you ever get an opportunity, about every year I get an opportunity on my personal credit card to increase my balance, or my limit, why not. Great. Increase it. I don't ever use it, I personally pay my credit card off every month, put everything on and pay it off every month. Those of the two big things. And the third, the length of credit. The amount of time your credit accounts have been active, including age of your oldest to newest accounts. I have a credit card I open, my first credit card ever, I don't even use it anymore I actually think I have it on lockdown so it can't be used unless I go in and take it out. But, and keep it open because it is good credit, in good standing, it is utilization, credit available to me that I will use and the length it has been open, since I was 23 years old. So it is establishing a very good history. That is 80% right there. 80% of everything is your payment history, amount owed, how long you've had credit open. New credit, types of credit, credit card or retail credit card, installment loan, student loan, mortgage, they have a little effect on their. If a lot of people are doing hard inquiries on your report, that has little effect on it. Really what it comes down to, on-time payments and amount owed. We really want to focus on the on-time payments and amount of. Now, we are moving on. We talked about our inventory. We talked about creating a budget, understanding cash flow needs, talked about shoring up debt and improving credit. All fundamental things everybody should do. The next area I am about to talk about, juicing risk.

saving, investing, investing in order to earn as much as possible, absolute portion of your financial plan everybody should have but you need to have the fundamentals down first. Create a strong financial base. Utilize insurance when necessary because it's very, very important. Don't forget about long-term care, and don't forget your money might outlive you. If you want everything to be a safe and sound as possible, and not hemorrhage money is much as possible, make sure your plan includes these four areas. At least as talked about. Maybe you decide I'm going to risk it, find. At least you talked about and thought about it. Creating a strong financial base. Reduce debt and improve credit. Start an emergency fund, six months of expenses at least. Start an investment account. Ensure your risk level is adequate with your age and tolerance. This could be inside your TSP. I think the base for you guys is 5%. You absolutely need to be investing 5% in your TSP. Anything above that 5% I think really warrants a conversation where that money is best saved and invested. In your own Roth IRA? Flexibility and control, especially retirement. Right? Something interesting, when it comes to TSP, the Roth TSP when you take money out of the Roth TSP, it is considered income for determining if your Social Security is taxable. But a Roth IRA isn't. There is a lot of intricacies were comes down to the details of all these counts. But you need to start an investment account and absolutely be putting 5% in your TSP. They maybe look at Roth IRAs, a nonqualified account, life insurance, whatever it is. You need to understand your tax situation. Should you do a traditional or Roth IRA? That's a really big question. A strong financial base gives a good tax analysis. Do you think, and have you done, have you put in the worth and once you do a lifetime inventory and you figure out what is my current salary and what is my future projected to be, the better understanding of this whether to do traditional or Roth. You want to pay taxes now for the right to never pay them again, order for them and pay them later? a lot of us are in the lowest tax bracket we will ever be in because tax rates are generally low right now. It is really, really important to do a tax situation for go showed you traditional or should I do Roth? Ensure proper insurance. I think insurance is a really bad rap, because I think insurance agents get a bad rap. They are not talking to you when they are talking about insurance about planning, they are talking about, in order to do this one very specific thing the best product for you. That can leave a bad taste in people's mouth. It's incredibly important to have. More importantly has to be part of a plan. Ensure property and casualty is cost-effective, review prices annually. Amazing how much property and casualty oftentimes have become commoditized price, price, price. Sometimes not always price can you can buy one of the big bargain discount deals, might have a hard time. If you get in an accident or have one incident, all of a sudden through the roof. Those things have to be looked at. But it really does behoove you to do a annual review of the stuff. I really like independent agents personally, because they have more insurance to offer then maybe a captive agent. That's my personal preference. Disability insurance, important as well. Disability insurance, what happens if you get hurt and never work again? How are you going to survive? You have a little benefit from the federal government, Social Security disability, it is not enough? Many disability insurance policies if you pick the right ones have return of premium riders, which basically says if you become disabled, you will get paid every year until you are 65 years old, but if you don't, when you're 65, we will return a portion, or in some cases, all the premium you paid into it. What better way to protect yourself from disability than that? of course life insurance is incredibly important. Not just a benefit if used properly, many products include living benefits. What does that mean? It to give you access in the case of disability or long-term care. It means they will pay the premium for you if you become disabled. It means if there is cash value, the money you pay goes into an interest-earning account, accessible at any time. And can be tied to or independent from the stock market, even. You can have cash value shelter from things like college planning, the death benefit is tax-free and often times the cash grows tax-free as well. Is in the greatest, fastest, flashiest way to save, invest, grow money? No. Is that a good, sound financial base that will protect you in case of emergency, yes. I did it but I will tell you if I lost my job that would be trouble because I'm self-employed the if I was working and I lost my job and needed money the first place I would go is the cash sitting inside my insurance policy right now. I've used it over and over again. Probably have a view on this call come to my talks before. We just bought a Subaru outback a year or two ago. It took the money for my life insurance policy to pay for the outback. Great car, by the way, couldn't recommend it enough, and I don't even live in Colorado where everybody drives one, but we take the money from her life insurance policy, paid off the car and pay ourselves back. Again, insurance involves a piece of everybody's life, but it has to be utilized properly with everything else you have going. Employing long-term care, don't wait before it's too late. The rising cost of care and increasing age of population equals an increased long-term care risk. Evaluate your life with this in mind. Implement insurance when necessary. The cost of care for long-term care is skyrocketing, and no signs of it soon. $8000 - $10,000 a month on average in this country depending on where you live. Do you want to use all of your assets to pay for this? You want to save all of your assets for your entire life? Just to have them all wiped out the last two years because you went into a long-term care facility? Or comedy want to be in a situation we have assets and you want to spend them, but because you are scared of going into a long-term care facility down the road you are not able to take money out? Emotionally? I say that because I see it, I live it. On a weekly basis in what I do for a living. Think about this before it is too late. Honestly cheaper when you're younger. You can sometimes use and combine things like life insurance from the previous slide, look at the bottom one, access to debt, access to death benefit in case of long-term care. You can do both, two birds with one stone. The federal government has a program if you are already sick and can't qualify for long-term care insurance on your own, you can qualify for the federal government's insurance for pre-existing conditions. It is an important risk. To decrease. When we have other aspects taking care of her life dead, disability, long term care, we have the risk mitigated and a planning case that happens, it gives us an exorbitant amount of freedom to spend your money and do what you want with your money. I know where my income is coming from. It's enough for me too live my life. I know what's going to happen if I going to long-term care, have that taken care of. Now I have this IRA over here, TSP of your I want to go on vacation, and freed up to do that. Because I don't need to save that money. There are companies and organizations that will help you do that. Of course, plan for your estates. Plan for your is state. A will is important. A will will help you, a will will help you name guardianship for minor children, named the executor for your estate, name powers of attorney, who can make decisions based on your behalf, health care decisions long-term care decisions, financial decisions. You want that in your life, otherwise cousin Eddie's going to be doing it, and you don't know if cousin Eddie has your best interests at heart. Maybe need to trust, maybe you don't. I will go too much into that but at the end of the day, everybody needs to have a will. Basic, cheap, covers your bases. And, when it comes to estate planning, one of the things you have to realize, I see it again all the time, a lot of folks are of the mindset and not intended leave money to my children. It is not my goal to leave my money to my children. But, if there is some, fine. I see a lot of times with total employees that have a pension and Social Security and a large TSP or a TSP come the end of leaving money behind. If you're not using more than 4% or 5% of your assets, you will leave it behind. Don't you want that to be as efficient as possible? and if you are of the mindset I want to leave money to my children, great. Don't you want to maximize how you leave that money to them so they are not hit with T hit with fees, taxes or inefficiencies? Planning your estate isn't just a piece of paper saying I have a will, of a trust, ask people what was your estate planning to get the answer I have a will or what is your estate plan, I have a trust. That is not a plan, that's a piece of paper. What is your estate plan he said I'm going to be converting my money over from traditional Roth over the next seven years, so when I diet can go three ways if it's not going to be taxable to my heirs and they can spend it however they want and it will be free from estate tax, in the meantime I'm going to use this bucket of money to create an income for myself while I'm alive and that's a plan. But having a trust is on the plan, it's a piece of paper. You need to consider what happens to your money after your life and part of them would you take in the evaluation you can do is going to reveal to you what does your money really look like for the next ten-20-30 years. And lastly, certainly not least, if we have our bases covered, we know the inventory, reduce debt, increase cash flow, improved credit, we have all the what if's taking care of, keep in mind strategy level diversification during this stage of your life. I have four things dedicated here, this is what we talk about what I have done personally. Every person, every planner you talk to my have a different strategy. Save for your future, as you invest keep in mind strategy level diversification. Yield. What does that mean? Ensure you are saving for your future with income needs in mind. A portion of your assets should be set up in mind, depending on what state in your life, in order to create an income for you. Maybe it is an annuity, maybe it is dividends, maybe it is bond interest, I don't know can be anything. But the yield needs to be there for us. A portion of your assets absolutely needs to safeguard in case of a market downturn. We haven't had a market downturn in years. We head rendering COVID, but it bounced right back, craziest thing we've ever seen. Got a protect for the unknown. If you have all these different fundamentals in place that we talked about, there is absolutely a place to take some risk in your life. Obviously, depending on your individual tolerance and your age, and how fundamentally strong you are, a growth strategy absolutely has to be part. This is something we need to have working for us in case the market for investment does go up 20%, we want to take advantage of that. All the while, finding balance. Find balance between yield and protection and growth to create a well-balanced plan. Fundamentals. Financial fundamentals, really, really important. One of the things I talked about so far today is going to start keeping you on the right path. I can give you the exact advice, you have to do this in X amount of percentage needs to go to insurance and this is to go to the stock market and this is to go to paying down debt. I can't tell you that because everybody is different and unique. That is why this class is called fundamentals. The big, fundamentals. The fundamentals the get you on the right path, but also up to you and your level of input. So take that inventory, create your budget, understand your cash flow needs, maximize your cash flow needs through debt reduction, and ensure your credit is strong, incorporate insurance if you can, savory future, and coordinate all above aspects into a plan. That is what we need to do. We have resources for you. These are various different articles on this here page. Also a resource slide, resource handout that you can absolutely check out. We found through us and the FOH team, good resources to help you. If you'll notice on the right-hand side eye want to point this out, this is important for a lot of folks on the call, because often times I see this question come to the feedback, on the right-hand side under the websites the bottom one this is the Institute for financial education, my IFE .org or IFE online .org, that is me that's the organization I created. If you need to talk to me, if you need to reach out to me or an expert on my team, our information is there. My personal information is on there, my personal email is on there. If you have questions, concerns, don't know where to start, you are considering looking for financial advisors, whatever it is, the resources on our team are available to you and we have no problem making time for you, if you make time for us. There is a bunch of resources available for you. That's the Institute for financial education is where you want to go. IFE online .org or my IFE .org. At this point I will hand it over to Cynthia to finish this up and answer some questions.

Thank you, Andrew I was just going to repeat your website in everything you might flip back to that after a talk about the EAP. Thank you so much for that presentation of useful and important information. If you would like more information on this topic or other topics give us a call or visit us online at FOH4You.com. Support is available 24/7 and services are completely confidential. We just want to remind everyone again that you will be getting an email with the recording, transcript, copy of the slides, handout, and certificate of attendance within 24 Hours, in your email. And, of course, all of the content will be available on FOH4You.com in about 1- 2 weeks. And, Andrew, do you mind switching back to the resources? We have some people wanting to see the website again. I will hand it back over to you to start the question and answer period.

Thank you very much. I think from all of that from what Cynthia said there is help. People here to help. You don't have to do this on your own. I have built a successful practice over the years by some very fundamental concepts. I liken it to being a doctor. I can go to Web MD and read all the stuff I want, but that's not going to help me one of having a heart attack. Right? Same for finances. A lot of people are scared or apprehensive to seek help, but there are people that are out there, resources that are out there, your own EAP is there for you to help you. Use those resources. We can all do better together. Let me go through some questions over the next seven-8 minutes before we have to get off of here. I've got a nice list here, I will go by them one by one. So the first one here says, is it better to pay off debt with cash savings and leave nothing? Or save cash. I don't know your situation but I will say in general, especially if you have high interest-rate debt, I will give you an example, I have somebody in my office on Monday, they had $18,000 in credit card debt. And they had a bank account of about $26,000. And they were getting anywhere on their credit card debt. Because they were paying some, and interest is high on $18,000. A Manalo sense in the world, he sent me an email about an hour ago actually, and it said I used my savings to pay off my credit card debt. I said great. He just saved himself $3000 of interest over the next eight months and now he's paying himself back so he can absolutely make sense to get rid of that cash, sorry get rid of that critic card debt. I don't know if I would pay off, depending on the size of the balance I don't know if he had $25,000 in credit card debt I don't know if I would say pay off all 25,000, and leave a little bit of something in case of an emergency, but for him that could make a lot of sense. If you are compiling too much cash I was absolutely take the credit card debt down. Question two is, how do you get, I will skip and go back to it, I'll go to question three because this goes on with question one is so should I get a loan from the TSP to pay off debt with a high interest rate of about 18%? Again, I don't know your financial situation, I will say this about TSP loans, if used properly, as part of a plan, they are incredibly powerful. I personally, with my, we use TSP loans quite a bit because it saves cash flow. As long as we have a use and purpose for said cash flow. We don't want to take out a loan from TSP and get rid of credit card debt and start racking up credit card debt because all of a sudden a 700 Norman payment now you have a $300 month payment. We don't want to blow that extra $400 difference. If it's part of a plan to increase cash flow and put us off and a better situation, TSP loans are very powerful. The only big risk is if you become unemployed it becomes taxable income to you which is a huge deal unless you're under 59 and a half years old there's a penalty so they were introduced to it. But definitely warrants sitting down and figuring out if it's a good idea. A lot of times it makes sense. How do you get a will or living trust? Typically, go to a lawyer, lawyer will set these up for you and charge you a fee. One of the problems of going to a lawyer for these types of things is they are just selling your product. It doesn't fit in part of a plan. LegalZoom .com, a great resource for this. I would highly recommend for a trust you need to involve a lawyer. Actually know some people that have done them themselves. Really risky in my opinion. For a will, simple will especially they may quicken, I get nothing from Quicken, but I have personally use them and I know a lot of people that have. Quicken WillMaker makes a situation where you can make your own will and update as many times as you want. Make sure you know the rules of your own individual state. Good question. We seek out a financial advisor, do you recommend we only use fiduciary? No I don't. The reason is, I am a fiduciary personally, and people asked me all the time are you a fiduciary et cetera. That definition is very subjective. A lot of it has to do with how you are actually paid on your assets. I have one rule, just because you are fiduciary doesn't make you can plan or by any means and just because you're not a fiduciary doesn't make you a bad planner. I have one fundamental role I built my business and life on and I call it DBD F do business with people you want to do life with. The reason why I do this, the reason why I have thankfully been blessed enough to be lucky and have my business last mile of because I choose to do business with people I want to do life with. Whether my own individual clients, I am a partner with them the rest of their lives and they want to be partner with me the rest of their life so it works out really well so I would say it comfortable, build a plan, understand what's going on and do business with people you want to do life with. Are you or are you not a fiduciary. 30% usage of your credit card limit, increasing your credit card limit decrease your credit card score, no increase your credit limit does not increase your credit card score it will probably help you because you have more utilization. You should have a 30% usage of credit card limit you should have 30% or lower. Keeping a balance on your credit card every single month doesn't help your credit score once, it's better to have a 0% balance but you want that to be 30% or lower to keep your score up. If you get up to 60%-70% utilization your score starts coming down. Would be helpful to have a separate will and trust? You have to have a separate will. Wills are only individual. Why would you get a credit report? Is everything paid off? Get a credit report if everything is paid off because you want to make sure no one's opening anything up in your name. That's important. Make sure you don't have any outstanding balances off over there either. Does running your credit report lower your credit score? No it does not. It's a soft inquiry. A lot of credit report questions. Are credit reports different than credit scores are being provides? Yes. A score is a score of how you are doing, your report actually gives you all the details. Which is really important. Think I have time for about one more question. Is it better to have long-term care insurance? Than to have life insurance of your older? Personal preference.

That the end of the day they are both important. They make hybrid stuff that combines both. That can be a good alternative. My time is up here, everybody. You have our information, thank you, Cynthia if you want to finish this up.

We have reached the top of the hour so we will conclude today. If we did not get your question, or if you have additional concerns, give us a call it the EAP and speak with one of our consultants that can help you with your specific situation. As a reminder, when you exit today's webinar, a satisfaction survey will appear where you can provide additional feedback for us. Once again I would like to thank Andrew for presenting today, and thank you for taking the time to participate. Have a wonderful rest of your day.
[Event Concluded]