

# Financial Planning For Young Families

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August 17th, 2022



# Housekeeping

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- The chat feature is disabled for this webinar. If you have any questions, you may always reach out via email.
- We will not be able to provide a copy of the slides nor a copy of the recording at this time.
- More information about our offered services is available for you in the Handouts section.

# Agenda

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1

What does  
wealth mean to  
you?

2

Investing:  
beyond the  
headlines

3

Considerations  
for growing  
families

4

Build your  
foundation

# What do you **want**?

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- ✓ Be secure financially
- ✓ Feel confident about investing
- ✓ Be debt free
- ✓ Balance different goals
- ✓ Invest to fulfill goals
- ✓ Learn about investing



# What does “wealth” mean to you?



# It's personal. Put your wealth in the **spotlight**.

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**Support  
my  
family**



**Pursue  
creative  
interests**



**Independence**



**Focus on wellness**



**Travel**



**Volunteer  
and  
donate**

**Wealth**

# What are your goals?

S. Specific

M. Measurable

A. Achievable

R. Relevant

T. Time-bound

- Dollar amount
- Timeframe
- Needs vs. wants



# Needs vs. wants

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## Short-term:

- Need: Pay off \$10K credit card debt
- Want: Save \$2K to take mom on a trip

## Medium-term:

- Need: Re-finance mortgage
- Want: Education/College savings for a child

## Long-term:

- Need: Save \$1M for retirement
- Want: Buy a second home in Cape Cod



# Investing: beyond the headlines

# Knowledge is power

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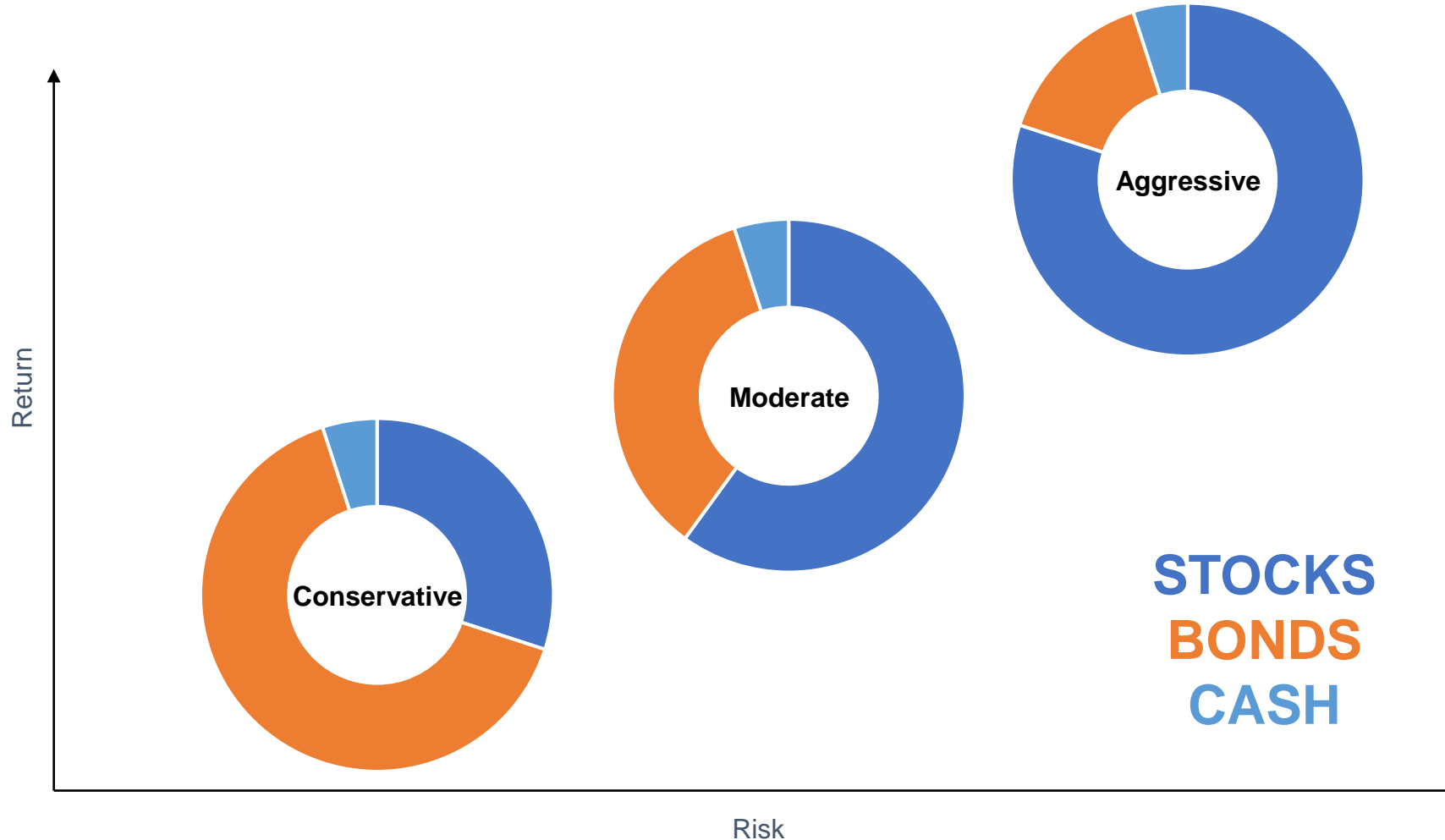


# What is risk?



How much risk are  
you willing to take on?

# Your investment profile determines investments appropriate for **you**.





# How your investments fare year to year can be unpredictable...



2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Bonds 7.8%	LC value 17.5%	Sm cap 38.8%	LC core 13.7%	LC growth 5.7%	Sm cap 21.3%	LC growth 30.2%	Cash 1.9%	LC growth 36.4%	LC growth 38.5%
LC growth 2.6%	Int'l 17.3%	LC growth 33.5%	LC value 13.5%	LC core 1.4%	LC value 17.3%	Int'l 25.0%	Bonds 0.0%	LC core 31.5%	Sm cap 20.0%
LC core 2.1%	Sm cap 16.4%	LC value 32.5%	LC growth 13.1%	Bonds 0.6%	LC core 12.0%	LC core 21.8%	LC growth -1.5%	LC value 26.5%	LC core 18.4%
Div port 1.8%	LC core 16.0%	LC core 32.4%	Div port 8.1%	Div port 0.1%	Div port 8.7%	Div port 15.1%	LC core -4.4%	Sm cap 25.5%	Div port 14.7%
LC value 0.4%	LC growth 15.3%	Int'l 22.8%	Bonds 6.0%	Cash 0.1%	LC growth 7.1%	Sm cap 14.7%	Div port -4.7%	Int'l 22.0%	Int'l 7.8%
Cash 0.1%	Div port 12.2%	Div port 20.3%	Sm cap 4.9%	Int'l -0.8%	Bonds 2.7%	LC value 13.7%	LC value -8.3%	Div port 22.0%	Bonds 7.5%
Sm cap -4.2%	Bonds 4.2%	Cash 0.1%	Cash 0.0%	LC value -3.8%	Int'l 1.0%	Bonds 3.5%	Sm cap -11.0%	Bonds 8.7%	LC value 2.8%
Int'l -12.1%	Cash 0.1%	Bonds -2.0%	Int'l -4.9%	Sm cap -4.4%	Cash 0.3%	Cash 0.9%	Int'l -13.8%	Cash 2.3%	Cash 0.7%

Source: Informa Investment Solutions. Past performance is no guarantee of future results. The information provided is for illustrative purposes and is not meant to represent the performance of any particular investment. Assumes reinvestment of all distributions. It is not possible to directly invest in an index. Diversification does not guarantee a profit or protect against loss. Cash is represented by the ICE BofA 3-month Treasury Bill Index. Diversified portfolio is composed of 35% of the Bloomberg Barclays U.S. Aggregate Bond Index, 10% of the MSCI EAFE Index, 10% of the Russell 2000 Index, 22.5% of the Russell 1000 Growth Index and 22.5% of the Russell 1000 Value Index. Bonds is represented by the Bloomberg Barclays U.S. Aggregate Bond Index. International is represented by the Morgan Stanley Capital International (MSCI) EAFE Index. Large cap core is represented by the S&P 500 Index. Large cap growth is represented by the Russell 1000 Growth Index. Large cap value is represented by the Russell 1000 Value Index. Small cap is represented by the Russell 2000 Index.

# But the risk of those investments is more predictable



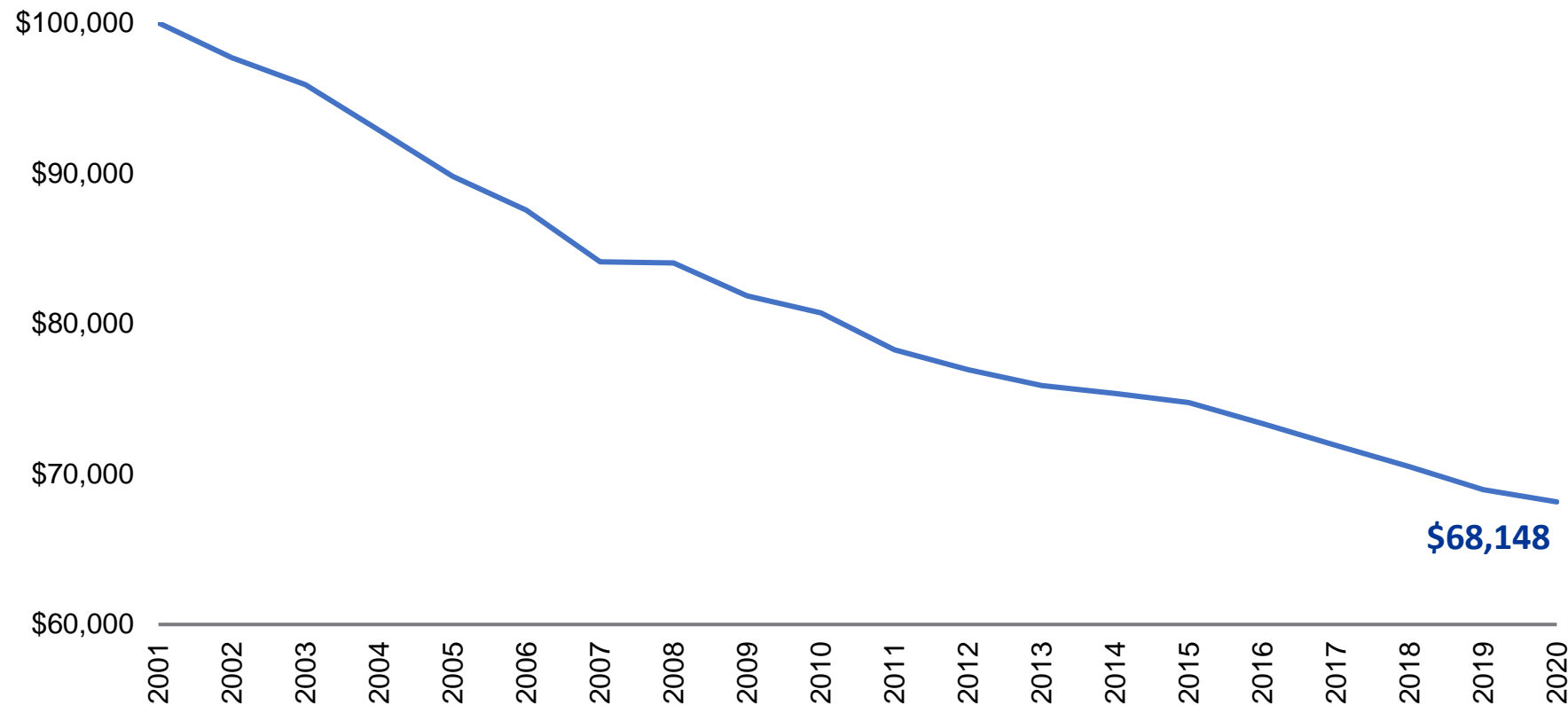
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<b>Bonds</b> 7.8%	<b>LC value</b> 17.5%	<b>Sm cap</b> 38.8%	<b>LC core</b> 13.7%	<b>LC growth</b> 5.7%	<b>Sm cap</b> 21.3%	<b>LC growth</b> 30.2%	<b>Cash</b> 1.9%	<b>LC growth</b> 36.4%	<b>LC growth</b> 38.5%
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# Don't sit on the sidelines

## Erosion of purchasing power

Cumulative inflation (12/31/2001-12/31/2020)

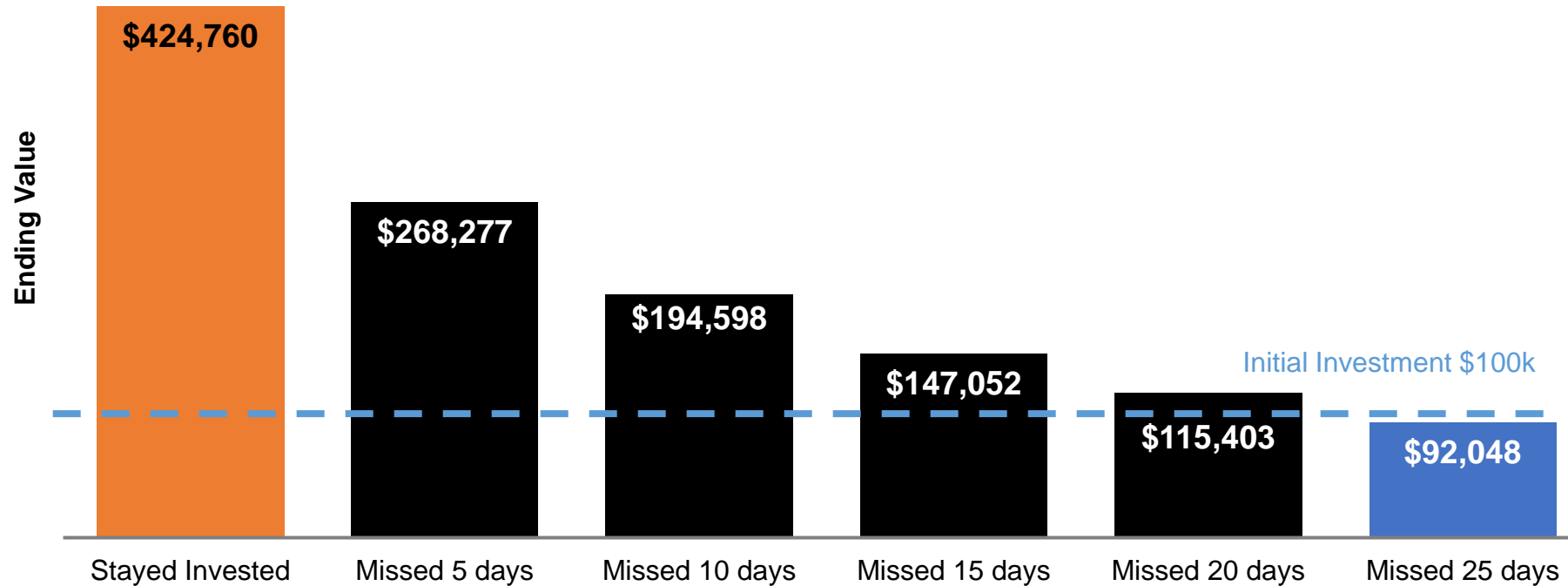


Source: BlackRock, Informa Investment Solutions as of 12/31/20. Inflation represented by the Consumer Price Index. For illustrative purposes only. Past performance does not guarantee or indicate future results. You cannot invest directly in an index.

# Time in the market vs. timing the market

## Missing top-performing days can hurt your return

Hypothetical Investment of \$100,000 in the S&P 500 Index over the last 20 years (2001-2020)



Source: Morningstar. Past performance does not guarantee or indicate future results. Index performance is shown for illustrative purposes only. You cannot invest directly in an index.



# Considerations for growing families

# Review your benefits & insurance policies

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- Workplace benefits
- Health insurance
- HMO & PPO
- HSAs & FSAs
- Disability insurance
- Life insurance



# Education & college savings

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## Top savings strategies

- 529 Plan
- Coverdell Education Savings Account
- UGMA or UTMA investment account



# Life & disability insurance coverage

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- What do you have?
- What do you need?
- What's the cost?
- What can you truly afford?





# Build your financial foundation

# 5 steps to build your financial foundation

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- 1 Get organized
- 2 Define your goals
- 3 Know your numbers
- 4 Get invested
- 5 Plan for your unique life path



# Protect your wealth

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## Why build an estate plan?

- To position assets to go where intended
- To ensure that assets are taxed efficiently
- To protect and communicate with your loved ones

## Assemble important documents

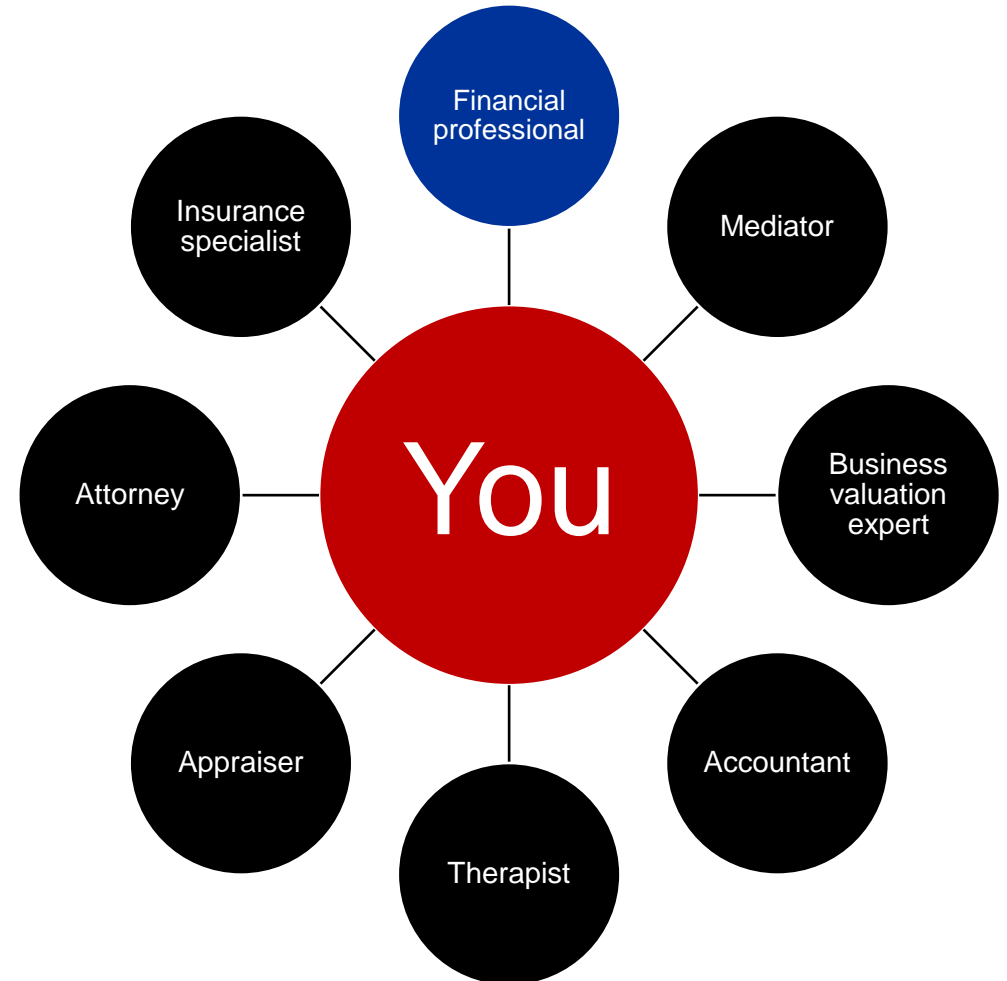
- ✓ Will
- ✓ Power of attorney
- ✓ Directive to physicians (advance directive)
- ✓ Patient authorization
- ✓ Declaration of guardian

# Take action

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- 1 Get organized
- 2 Define your goals
- 3 Know your numbers
- 4 Get invested
- 5 Plan for your unique life path

## Assemble your team of experts







# Talk to your financial professional

# Contact information

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