

Managing Your Finances: A Personal Financial Security Review

Prepared for: **Your Client**

Presented by:



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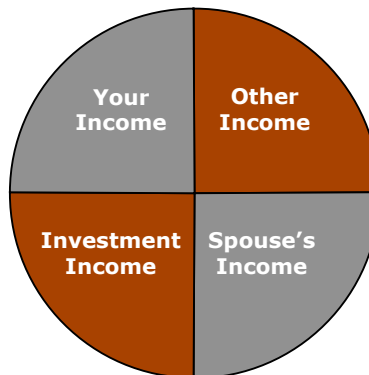
What are your personal financial security needs?

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Your Earning Power

Earning Power:

Your earning power - your ability to earn an income - is your most valuable asset.



Few people realize that a 30-year-old couple will earn 3.5 million dollars by age 65 if their total family income averages \$100,000 for their entire careers, without any raises.

How Much Will You Earn in a Lifetime?

Years to Age 65	Your Future Earning Power If Your Family Income Averages:			
	\$50,000	\$100,000	\$250,000	\$500,000
40	\$2,000,000	\$4,000,000	\$10,000,000	\$20,000,000
35	1,750,000	3,500,000	8,750,000	17,500,000
30	1,500,000	3,000,000	7,500,000	15,000,000
25	1,250,000	2,500,000	6,250,000	12,500,000
20	1,000,000	2,000,000	5,000,000	10,000,000
15	750,000	1,500,000	3,750,000	7,500,000
10	500,000	1,000,000	2,500,000	5,000,000
5	250,000	500,000	1,250,000	2,500,000

What steps have you taken to protect your earning power in the event of death or disability?

How much of this money will be available to achieve future financial objectives, such as funding a child's college education or enjoying a secure retirement?

How much of your earning power will you save and keep saved?

What Are the Personal Financial Security Needs?

In order to provide for themselves and their families, as well as protect the way they live, most people want to provide for one or more of these personal financial security needs...

Protecting Your Family's Future

How will your family replace your earning power in the event you die prematurely?

Preparing for Your Retirement

What will happen to your standard of living when your earning power ceases at retirement?

Providing for Your Child's Education

How much of your earning power will be available to help pay for your child's education?

Preparing for Disability

If you are sick or hurt and unable to work, how will you replace your earning power?

Making Your Home Debt-Free

How much of your earning power will be spent on unnecessary mortgage interest?

Planning Your Estate

Have you made plans to have funds available to pay estate settlement costs at your death?

Which of these needs would be your top priority?

Protecting Your Family's Future

If Your Objective Is to Protect Your Family's Future...

Did You Know...

- Your greatest asset is your earning power?
- It costs money to die?
- When an income earner dies, income goes down but family expenses tend to stay about the same?
- Social Security was never intended to fully cover the living costs of your surviving dependents?

May I Ask...

- Have you had your Social Security audited recently?
- Would you expect your spouse to earn sufficient income to replace your earning power if something happened to you?
- Would family expenses be cut in half at the death of either you or your spouse?
- Have you made specific provisions for regular monthly income to be continued to your surviving dependents?
- Will your children be able to attend college if something happens to you?

Preparing for Your Retirement

If Your Objective Is to Prepare for Your Retirement...

Did You Know...

- Most people borrow more money in a lifetime than they save?
- Early retirement results in a permanent reduction in the Social Security retirement benefit?
- Some people still qualify for a tax-deductible IRA?
- You have a variety of IRA choices?
- AARP estimates that Medicare paid for about half of beneficiaries' total health care costs in 2000? (Source: What Share of Beneficiaries' Total Health Care Costs Does Medicare Pay?, September 2002, AARP Public Policy Institute)
- At age 65, people face at least a 40% risk of entering a nursing home at some point in their lifetime, and about 10% will have a nursing home stay of five years or longer? (Source: A Guide to Long-Term Care Insurance; AHIP, 2004)

May I Ask...

- How much income do you feel you will need at retirement?
- If sufficient retirement income is not available, will you defer your retirement age, or will you reduce your standard of living?
- Have you taken inflation and long-term care costs into consideration in your retirement planning?
- Have you made provisions to maximize your pension income when you retire?
- How satisfied are you with your preparation for retirement?

Providing for Your Child's Education

If Your Objective Is to Provide for Your Child's Education...

Did You Know...

- The cost of college tuition and fees has been growing faster than general inflation (2007-2008 college tuition and fees increased an average of 6.3% at four-year private institutions and 6.6% at four-year public institutions)? (Source: The College Board Annual Survey of Colleges, 2007-2008)
- In 2007-2008, average tuition, fees, room and board costs are estimated at \$13,589 for a public college and \$32,307 for a private college, compared to \$12,796 and \$30,367 respectively in 2006-2007? (Source: The College Board Annual Survey of Colleges, 2007-2008)
- In 2005, the median annual income of a typical full-time worker age 25 or older with a bachelor's degree was \$50,900, almost 62% more than the \$31,500 earned by a typical full-time worker with only a high school diploma? (Source: College Board's Education Pays 2007)

May I Ask...

- Do you expect your children to attend a state or private school?
- Have you checked the current cost of room, board and tuition?
- Do you feel that college costs will go up or down in the future?
- Do you want to finance all or a portion of your child's college education?
- Do you expect to pay college costs out of current income, or do you want to accumulate part of those funds before they are needed?
- How much money have you saved for educational needs?
- Are you familiar with the various education tax incentives available today?
- In your opinion, do you think that student loans and grants will be more or less available in the future?

Preparing for a Disability

If Your Objective Is to Prepare for a Disability...

Did You Know...

- The odds of becoming disabled for 90 days or longer are much greater than the odds of dying during your working years? (Source: 1986 Commissioners Disability Table)
- From 1996 through 2005, an average of only about 48% of Social Security disability claims were eventually approved and the average monthly Social Security disability benefit received in 2006 was only \$977.70? (Source: Annual Statistical Report on the Social Security Disability Insurance Program, 2006; released August 2007)
- There is a one in three chance that you will become totally disabled before age 65? (Source: 1986 Commissioners Disability Table)
- Disability is 16 times more likely than death to cause foreclosure of a home? (Source: Savings and Loan League)

May I Ask...

- Do you consider your earning power your greatest asset?
- How much money would you need after taxes to pay your basic living expenses if you were sick or hurt and could not work?
- If you are permanently disabled and cannot work, can you count on Social Security to cover all your living expenses?
- How would you meet the expenses of a disability, just at the time your earning power ceases?

Paying Off Your Home Mortgage

If Your Objective Is to Pay Off Your Home Mortgage...

Did You Know...

- Mortgage interest can more than double, or even triple, the cost of your home?
- It may make economic sense to pay your mortgage off early?
- Paying your mortgage off early can save tens of thousands of dollars in needless interest costs?
- Extra payments made to your mortgage company cannot be recovered if you have a financial emergency or opportunity, without selling your home, refinancing or taking a second mortgage (if available)?

May I Ask...

- Do you know the real cost of buying your home?
- Have you considered the investment opportunity that could be created with funds that otherwise go to pay mortgage interest?

Updating or Implementing an Estate Plan

If Your Objective Is to Update or Implement an Estate Plan...

Did You Know...

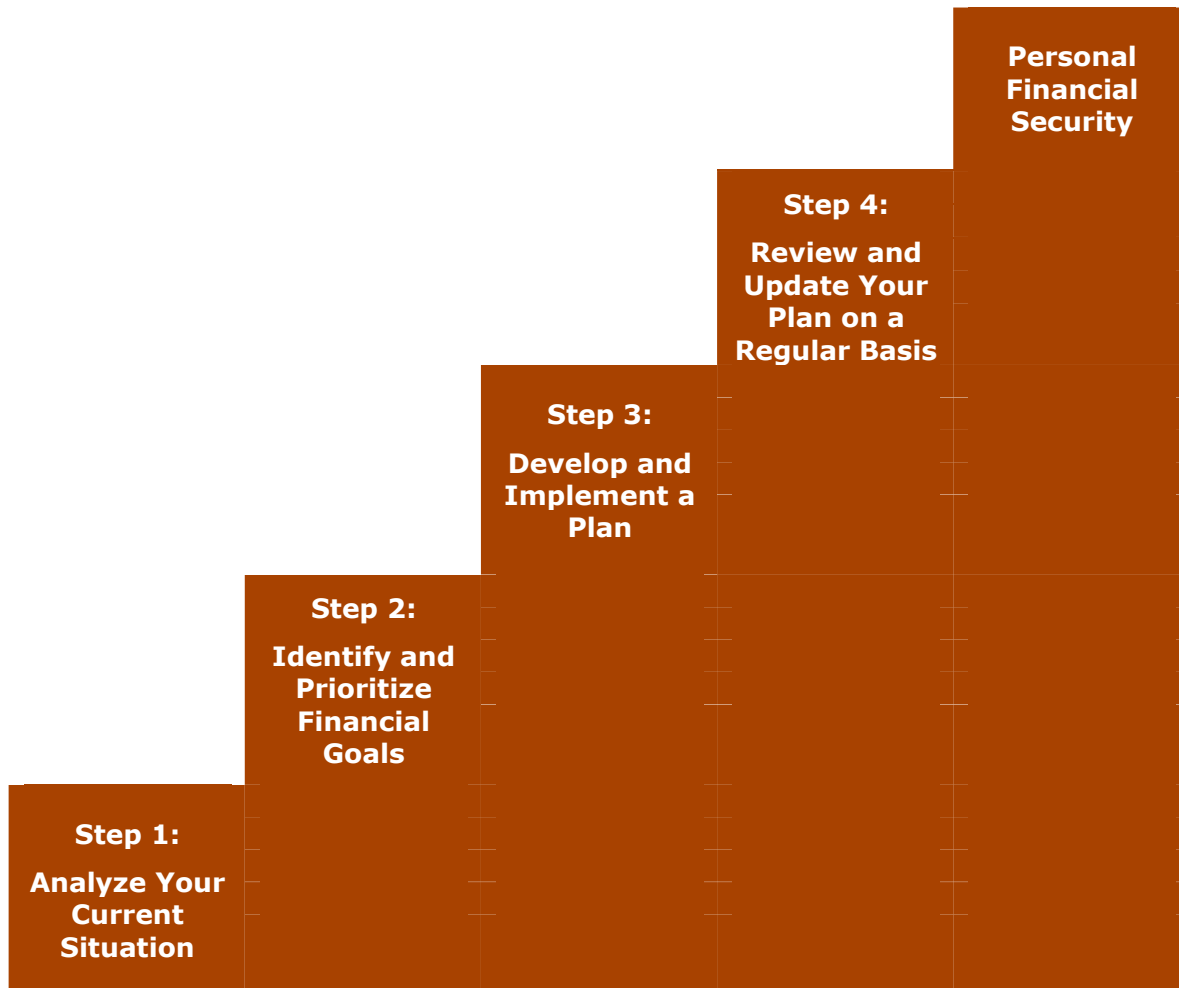
- When you die, several “unwanted heirs” will step forward FIRST for their share of your estate?
- Under current law, federal estate taxes can claim as much as 45% of the value of your estate?
- Estate settlement costs generally must be paid in cash, and the government wants your estate taxes paid in cash within nine months of your death?
- Proper estate planning can reduce or eliminate the estate settlement problems your family might otherwise face?

May I Ask...

- Is your will up-to-date?
- Have you named guardians for your dependent children?
- How difficult would it be to convert 10% to 60% of the value of your estate to cash in just nine months?
- Have you considered the benefits of a durable power of attorney in the event of your disability or incapacitation?
- Have you investigated the value of a Living Trust?

A Four-Step Process

Managing your finances in order to achieve personal financial security is a four-step process:



The longer you wait, the more difficult it becomes to achieve your personal financial security goals.

Shall we begin today?

Important Information

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