

10 financial myths demystified



important notes

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- **May Go Down in Value**

important notes

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today's workshop objectives

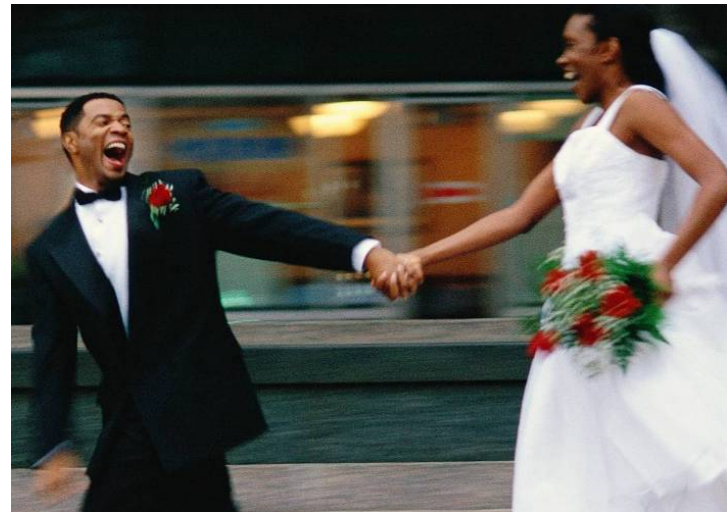
- Dispel 10 common planning misconceptions:
 - General planning
 - Insurance strategies
 - Investment strategies
 - Retirement planning
 - Estate planning strategies
- Learn about some of your planning options.
- Get information on what you can do to help enhance and protect your assets.

general planning/ preparing for the future



myth #1

- I am still young. I can wait another few years before I start saving.



truth...

Power of Time and Compounding

Hypothetical Example					
Age	Years Until 65	Monthly Contribution	Total Contribution	Growth*	Total Value
25	40	\$189	\$90,905	\$409,095	\$500,000
30	35	\$276	\$115,920	\$384,070	\$500,000
35	30	\$407	\$146,689	\$353,311	\$500,000
40	25	\$614	\$184,090	\$315,905	\$500,000
45	20	\$954	\$229,023	\$270,977	\$500,000
50	15	\$1,568	\$282,299	\$217,701	\$500,000

*Chart assumes 7% growth for illustrative purposes. These figures are not intended to indicate the performance of any specific investments. Taxes and fees were not taken into consideration.

myth #2

- I can easily pay for my child's college tuition because I started an Education IRA.



truth...

Average Published Tuition and Fees in Constant 2017-2018 Dollars¹

Academic Year	Private Four-Year	Public Four-Year
1997-1998	\$21,020	\$4,740
2007-2008	\$27,520	\$7,280
2017-2018	\$34,740	\$9,970

¹College Board, Trends in College Pricing 2017.

- With a \$2,000 annual limit, an Educational IRA may not be enough.
- 529 Plans are designed to help families save for future college costs and reap special tax benefits.²

1. Tuition, fees and room and board. Does not include books and personal expenses. Individual college information provided by collegeboard.com. Costs, dates, policies and programs are subject to change.

2. *If you are investing in a 529 plan outside your state of residence, you may lose available state tax benefits. Make sure you understand your state tax laws to get the most from your plan. 529 plans are subject to enrollment, maintenance, administration/management fees and expenses. 529 plans are subject to fluctuation in value and market rise, including loss of principal. Investors should consider the investment objectives, risks, charges, and expenses of 529 plans carefully before purchasing. More information about 529 plans can be found in the issuer's official statement which can be obtained from a financial professional. Please read the official statement carefully before investing.*

myth #3

- The best gift I can give to charity is money.

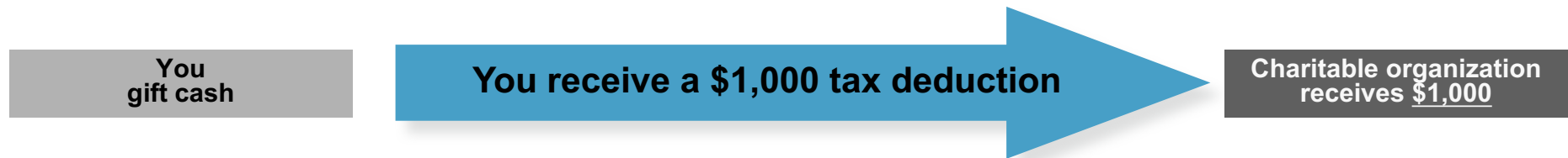


truth...

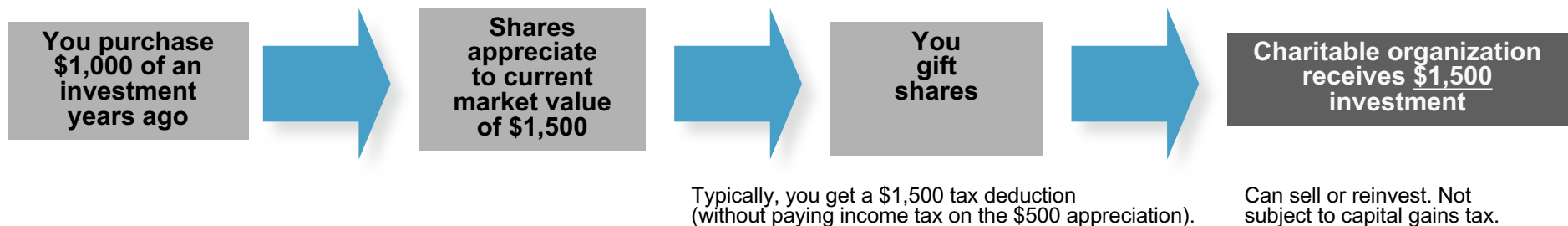
- By giving cash to a charity, you are missing a chance to save on income taxes and give more money to the charity.
- Give an appreciated capital asset instead:
 - Deduct the value as a charitable gift without paying income tax on the appreciation.
 - Charity will acquire the full value of the contribution.
 - Charity can cash in stock for market value or invest it to make more money.

truth...

Cash or cash equivalents (cash, T-bills, CDs)



Appreciable assets (stocks, bonds, mutual funds shares, other securities)



Assumes maximum annual limit on income tax deduction allowable for charitable contributions is not yet met.

giving with life insurance

Charitable giving with life insurance

- Donor gives money or property to the charity and asks the Foundation to purchase life insurance on a donor's life.
- The charity is the owner and beneficiary of the policy.
- Alternatively, life insurance currently owned by donor that is no longer needed can be gifted to the charity.

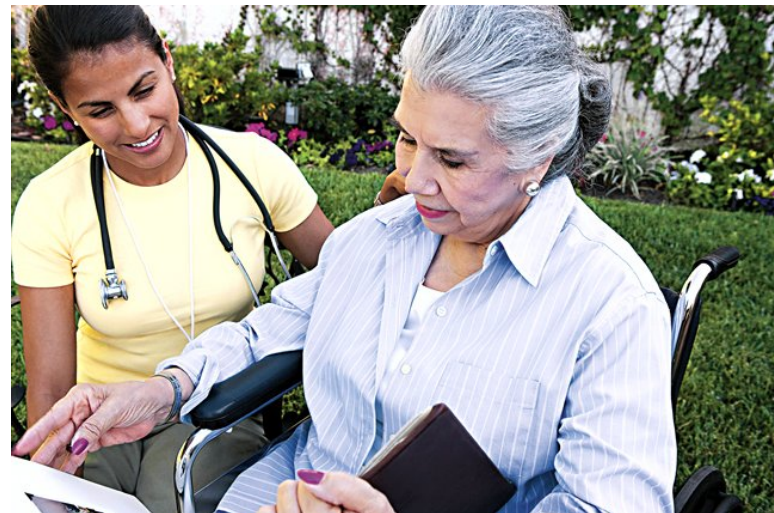


insurance strategies/ protecting yourself and your loved ones



myth #4

- My medical insurance will cover any unexpected illnesses that come my way.



truth...

- 70% of people over age 65 will need long-term care in their lifetime.¹
- Average monthly cost for nursing home care is almost \$7,148.²
- Medical insurance, Medicare won't cover costs.
- Long-term care insurance:
 - Helps to protect your assets.
 - Helps to preserve an estate for heirs.
 - Quality medical care.
 - Helps preserve your independence.
- Medicaid may offer certain benefits, but only if a person has limited income and assets or the person's assets have been substantially depleted. The exact income eligibility vary by state.

1. Administration on Aging <http://longtermcare.gov/the-basics/who-needs-care/>

2. Genworth 2017 Cost of Care Survey, <https://www.genworth.com/corporate/about-genworth/industry-expertise/cost-of-care.html>,

myth #5

- I have life and disability insurance through my job. I don't need any more.



truth...

- 5,190 workers were killed on the job in 2016 – on average, almost 99 a week or more than 14 deaths every day.¹
- In many cases, group insurance may offer minimal or restrictive coverage and may not be there if you lose your job.
- Social security qualifications are strict.

1. US Department of Labor, BLS 2017 Workplace Fatality Preliminary Data

truth...

- Individual insurance can offer more:
 - Many insurance policies provide you with the customized coverage.
 - Unlike group term life insurance, individual life insurance can also serve as a versatile tool to address other needs.
- It's important to:
 - Secure your family's future in your absence.
 - Protect your assets, retirement saving and child's college fund.

how much life insurance do you need?

“Quick” answers:

- 7 to 10 times your gross income, as a bare minimum.¹
- The U.S. Department of Justice used the following criteria to calculate the amount of compensation to distribute to the families of 9/11 victims:²
 - 12 times annual income to couples without children.
 - 20 times earnings to those who were survived by a spouse and minor children.

1. Based on industry associations, including the American Council of Life Insurance and Life Underwriter Training Council. (Revised, 2012),

2. Explanation of Process for Computing Presumed Economic Loss (Revised April 2, 2002), Department of Justice, September 11th Victim Compensation Fund of 2001.

needs analysis

The “comprehensive” answers...

- Requires completion of a comprehensive questionnaire.
- A detailed analysis is then prepared.
- Financial professional can then present you with the printed analysis showing and explaining:
 - The financial risks you are exposed to.
 - The recommended strategies for those risks.
 - The options that are available to you to address your needs.

investment strategies/ smart choices, smart investors



myth #6

- Investing is too complicated and time-consuming.



truth...

- Learn about the basics using publicly available resources
 - Your investing goals are based on your situation
 - A financial professional can save you time
 - Update your strategy as your situation and market/investment conditions change

retirement planning/ living the retirement of your dreams



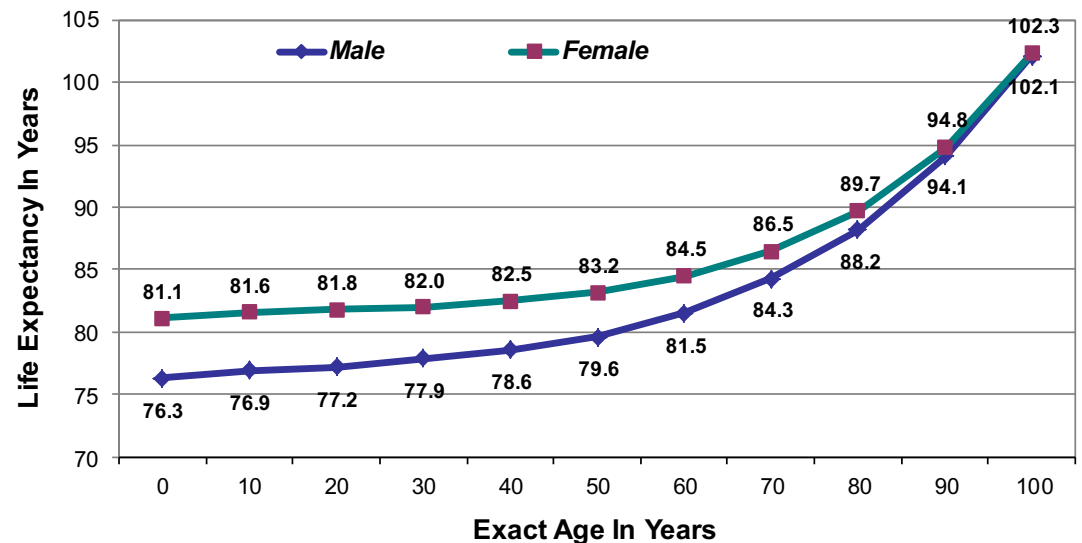
myth #7

- I'm about to retire. I need to move all my investments into CDs and bonds.



truth...

- We are living longer and healthier than ever.
- If you were age 60 in year 2018, your life expectancy is most likely another 23 years!¹



1. Source: Social Security Online, ssa.gov, Life Expectancy Calculator

truth...

- Your money has to work longer and go further.
- Review your portfolio, make choices based on:
 - Your risk tolerance
 - Your health
 - Your life expectancy
 - Your investment objectives
 - Your experience and expectations
 - Your net worth and assets
 - Your source of funds
- You may be able to look beyond considering only traditional “in-retirement” conservative investments and enhancing your estate.

myth #8

- I can't retire when I plan to because my retirement income is in jeopardy.



truth...

- Create a retirement budget to determine your estimated needs
- Review all sources of retirement income
 - Government programs
 - Employer retirement plans
 - Personal savings and investments
 - Other income
- Annuities provide a stream of income for life
- A financial professional can help you generate retirement income

myth #9

- When I retire, I'll just sell all my assets and collect the money. The order in which I do it doesn't matter.



truth...

- Timing and sequencing are important to avoid additional taxes and penalties.
 - Ex: Many pensions, 401(k)s and annuities are subject to restrictions or penalties for early withdrawals.
- Create a planning strategy for retirement.
- At retirement:
 - A 20+ year retirement?
 - Evaluate short and long-term needs.
 - Identify assets for liquidation.
 - Periodic reviews.

**estate planning/
preserve more of your
hard earned assets**



myth #10

- Everything in my estate will automatically go to my spouse and/or children.



truth...

- Wills are the cornerstone of any estate plan
 - Distribute property according to your explicit wishes
 - You can leave your property to anyone you choose
- Trusts are versatile estate planning vehicles
 - You manage your own assets
 - You control how your assets will be distributed after your death
 - You plan for possible incapacity
- Designating beneficiaries is essential on all accounts that you own
- A team of experts should be consulted
 - Attorney to ensure that your will accomplishes your legacy goals
 - Financial professional to review your portfolio and help meet your financial goals

summary

- The truth — the most important tool you need in planning for your financial future.
- The right information can help you make smart decisions.
- Plan ahead.

where do you want to go from here

- Do it yourself.
- Work with us.
- **Most importantly, don't procrastinate; timing is important.**

thank you!

