

Financial Wellness Series

**Financial
Planning**



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A Planning Shortfall

- The average American doesn't possess a full financial plan



What Percentage of Americans Have A Financial Plan



On average, only

27.88%

of Americans have a financial plan

(Schwab, Riintel, Fortunly, AICPA, Debt.com, Savology, Planadviser, Spendmenot, and CNBC)

- Approximately 66.7% of Americans have challenges navigating between spending and saving.
- 70% of Americans agree that their financial planning needs improvement.
- 42% of Americans seek financial guidance when they have an important financial decision to make such as buying a home or making saving and investing while 25% seek financial guidance when they encounter a financial crisis.

Source: Northwestern Mutual



Why Doesn't Everyone Have One?

42%

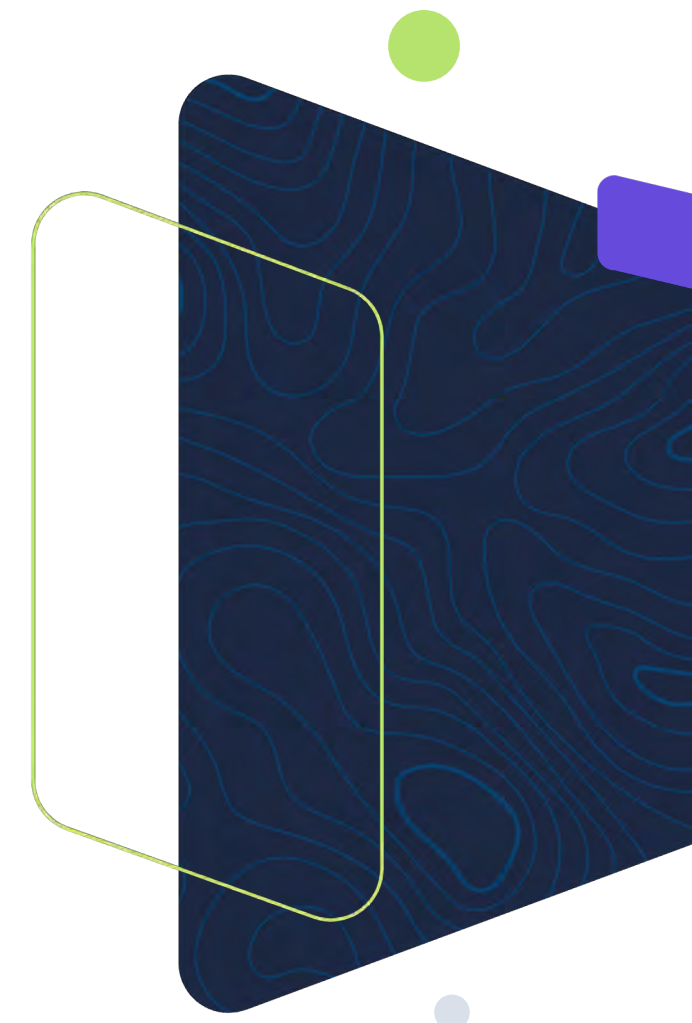
I don't have enough money to need a plan.

19%

I don't have enough time to make a plan.

22%

It seems too complicated to make a plan.



Why a Financial Plan?

So you can do what you want!

- Gain clarity on your goals and achieve them
- Increase confidence
- Remain accountable
- Jumpstart your savings
- Stay in tune with your financial reality
- Worry less about money
- Organize your finances

"Anytime is a good time for a financial plan."



What is a Financial Plan?

1. Understanding your net worth
2. Identify financial goals
3. Budget and cash flow planning
4. Debt management
5. Creating a retirement plan
6. Establish emergency fund
7. Insurance coverage
8. Estate planning



Understanding Your Net Worth

- Every plan needs a baseline
- Accurate and realistic
- Assets and liabilities





Financial Goals: Key Questions to Consider

- What do I want to accomplish with my money?
- What is the time horizon to accomplish these goals?
- What is my risk tolerance?
- Where am I in my life stage?

Goal-Based Planning: Time Horizon

- Short term 0-3 years
 - Paying off debt/ buying car
- Medium term 3-10 Years
 - Down payment on home
- Long term 10 years +
 - College, retirement





Goal-Based Planning: What is Risk Tolerance?

- What can you tolerate regards to market volatility?
- Current financial situation
- What is your financial acumen?



Goal-Based Planning: Life Cycle

- Young adulthood 18–25
- Family/career 26–45
- Planning to retire 45–65
- Retirement 65+



Goal-Based Planning: Life Events

Having the proper plan in place for expected and unexpected life events.



Budget and Cash Flow Planning

- Develop a budget
- Understand expenses
- Developing a cash surplus
- Putting that surplus to work



Debt Management Plan

- Good debt vs. bad debt
- Creating a payment plan
- Utilizing credit
- Building a strong credit score



Goal Based Investment Buckets

- Retirement vehicles
- Education planning
- Home purchases
- Other



40%

of an average worker's income may be replaced by Social Security in retirement.

The rest is up to you.

Ensuring you're
on the right
retirement path.



Maximize Your Retirement Savings Opportunities

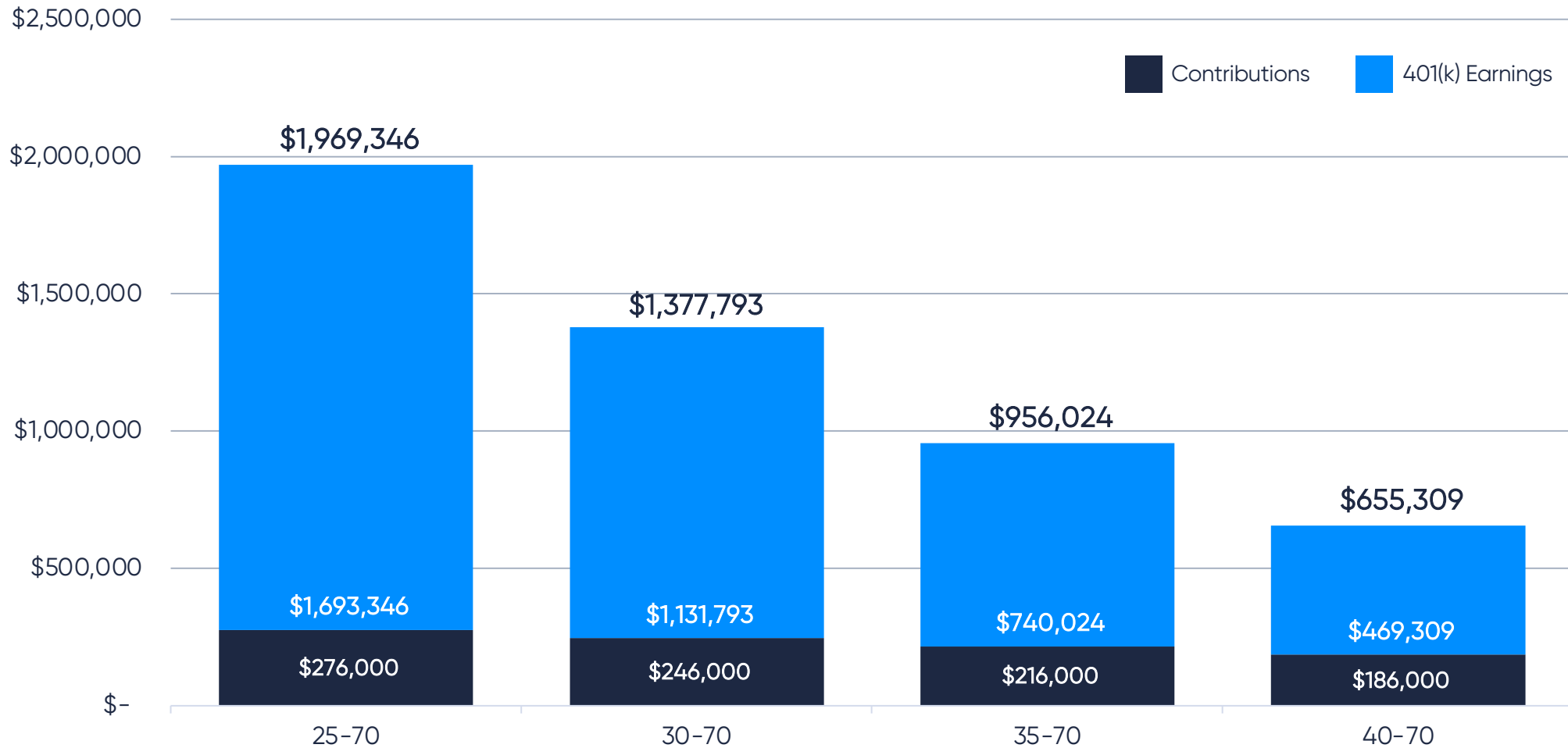
Take steps to help boost your savings today

- Max out your workplace savings plan (\$22,500 in 2023)
- Make catch-up contributions, if eligible (\$7,500 in 2023)
- Fund a traditional or Roth IRA (up to \$6,500 plus \$1,000 catch-up in 2023)
- Take advantage of other tax-advantaged savings (like annuities)



401(k) Savings Growth

Start and End Age of Making \$6,000 401(k) Annual Contribution with 7% interest



Investment Planning

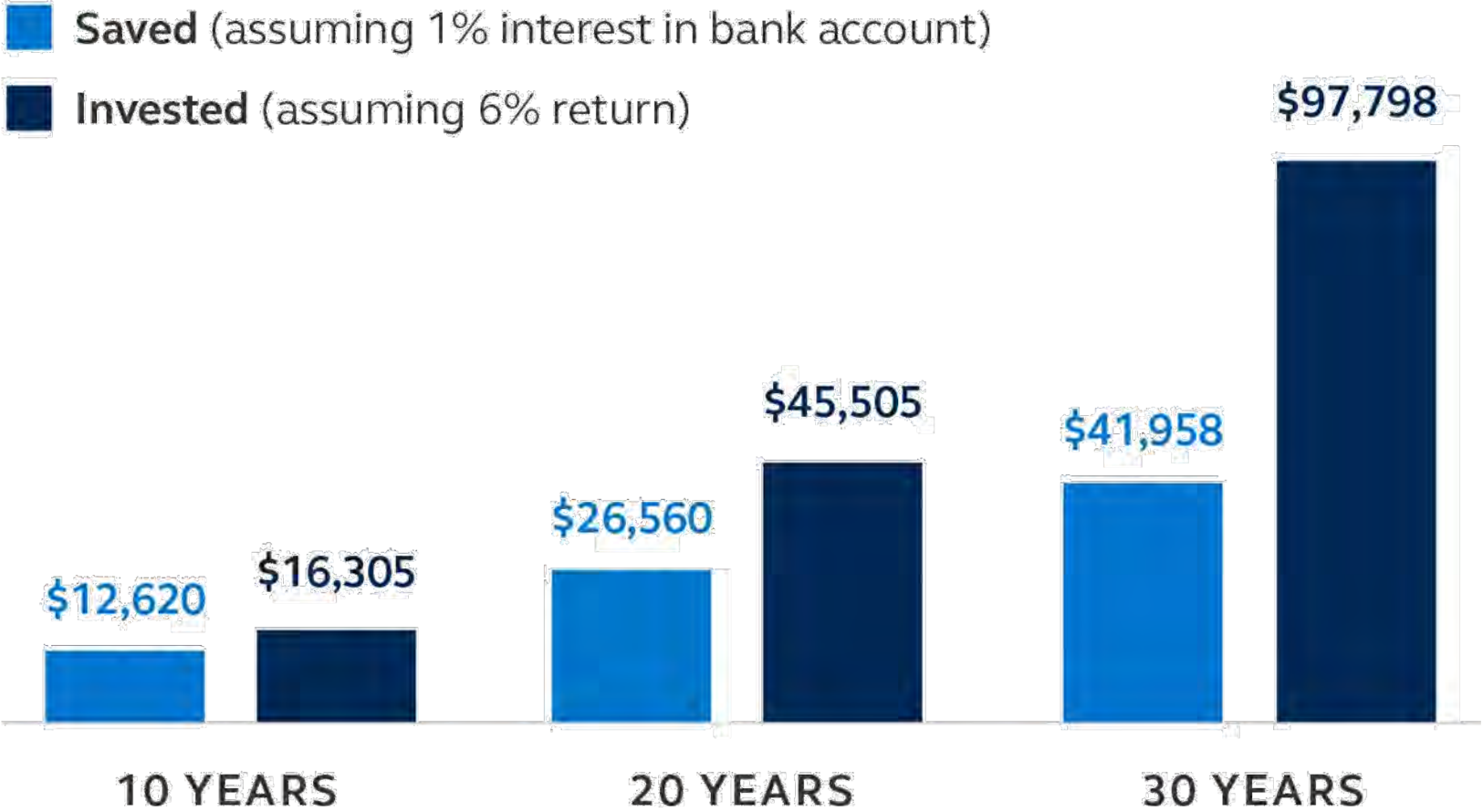
The right investment given the time and nature of the goal

- Appropriate investment vehicle
- Savings and Investment Frequency
- Investment strategy as it relates to your overall portfolio
- Keeping pace with inflation
- Savings vs investing



Saving vs. Investing

\$100 per month saved vs. invested



Planning for Financial Risk

Falling Short of Inflation

The Danger of Inflation: Declining Purchasing Power



- **What to Do:** Make sure you consider investments with the potential to outpace inflation.



Insurance Coverage: Asset Protection

Securing your future

- Health insurance
- Disability insurance
- Homeowners
- Umbrella
- Life insurance





Estate Planning

Solidifying your legacy

- Establishment of a Will and Trust
- Establishment of guardianship for minors
- Incapacity documents (i.e. Healthcare Proxy)
- Beneficiary identification and documentation

Reviewing Your Plan

Semi-annual review or as needed

- Change in financial condition and/or a life event
- Continually monitor, review with your trusted advisor
- Adjust and adapt plan as your life changes



Tying it all Together



Thank you!

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with David**



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