

Financial Planning

A road map to navigate life's milestones

September 2020

Presented by Cerity Partners

Today's Discussion

- What is financial planning?
- What are life transitions?
- How can you make those transitions smoother?
- What should you do if you receive an inheritance?

What is Financial Planning?

A collaborative process in which you and your advisor look at your entire financial picture to create a plan for achieving your short and long-term goals.

Key Components:

- Establishing your goals
- Evaluating your financial status
- Handling inheritances
- Caring for family members
- Funding education
- Preparing for marriage or divorce
- Buying, selling, or passing on property
- Planning for retirement
- Tax planning



Life Transitions

*Predictable and unexpected “life-changing” events that can have a significant impact on your financial life.
Common transitions include:*



First Job



Marriage



Home Purchase



Family



Retirement

First Job: Key Planning Considerations

Your first job is an exciting and important accomplishment. It's also an opportunity to get your financial life off to a successful start.



Understanding Your Paycheck

Effective financial planning involves knowing where your gross salary goes.

Earnings Statement

Pay Date: 09/06/2019
 Period Start: 08/24/2019
 Period End: 09/06/2019

| | Rate | Hours/Units | Current Period | Year To Date | | |
|---|----------------|-------------|-----------------------|---|------------------|------------------|
| Earnings | | | | | | |
| Regular | | | 1990.39 | 103168.36 | | |
| Paid Time Off | | | 3980.77 | 11278.85 | | |
| Sick | | | 0.00 | 663.46 | | |
| Holiday | | | 663.46 | 4312.49 | | |
| | Gross | | 6634.62 | 119423.16 | | |
| W/H Taxes | | | | | | |
| Federal W/H(M/0) | | | 836.00 | 14728.56 | | |
| Medicare | | | 92.30 | 1640.28 | | |
| Social Security | | | 394.65 | 7013.70 | | |
| New York State W/H(M/10) | | | 324.72 | 5726.76 | | |
| New York City, NY - Resident Local | | | 204.92 | 3626.88 | | |
| Deductions | | | | | | |
| 401k % | | | 663.46 | 11942.28 | | |
| Accident - Vol | | | 16.47 | 296.46 | | |
| Dependent FSA | | | 192.31 | 3461.58 | | |
| Expense Reimbursement | | | 0.00 | -727.14 | | |
| General FSA | | | 76.92 | 1384.56 | | |
| Life Vol | | | 29.08 | 523.44 | | |
| Transit - Commute | | | 0.00 | 1452.00 | | |
| | Net Pay | | 3803.79 | 68353.80 Voucher No. 204960959DD | | |
| Net Pay Distribution | | | | | | |
| Direct Deposit Net Check | | | 3803.79 | 68353.80 A/C:3645 | | |
| Employee Benefits, Allowances, and Other | | | | | | |
| | | | Current Period | Year To Date | YTD Taken | Available |
| 401k Match % - Match | | | 265.38 | 4776.84 | *Company Match | |
| Life * | | | 11.94 | 214.92 | *Memo Only | |

What is Your Cash Flow?

You also need to understand how much of your income goes toward your expenses and how much you have for your financial goals.

- Income Sources
 - Net salary
 - Interest from checking and savings account
 - Dividends
 - Proceeds from sale of property
- Expenses
 - Rent, mortgage, utilities
 - Loan payments
 - Transportation
 - Entertainment



Marriage: Key Planning Considerations

The “money talk” often gets lost in all the excitement of wedding planning. However, it’s important to think about your finances before and during your marriage. Money is one of the leading causes of divorce.

Be honest with each other about your financial histories

Think about getting a prenuptial agreement

Determine how you will manage your finances together

Set financial priorities

Start saving before your marriage to minimize debt

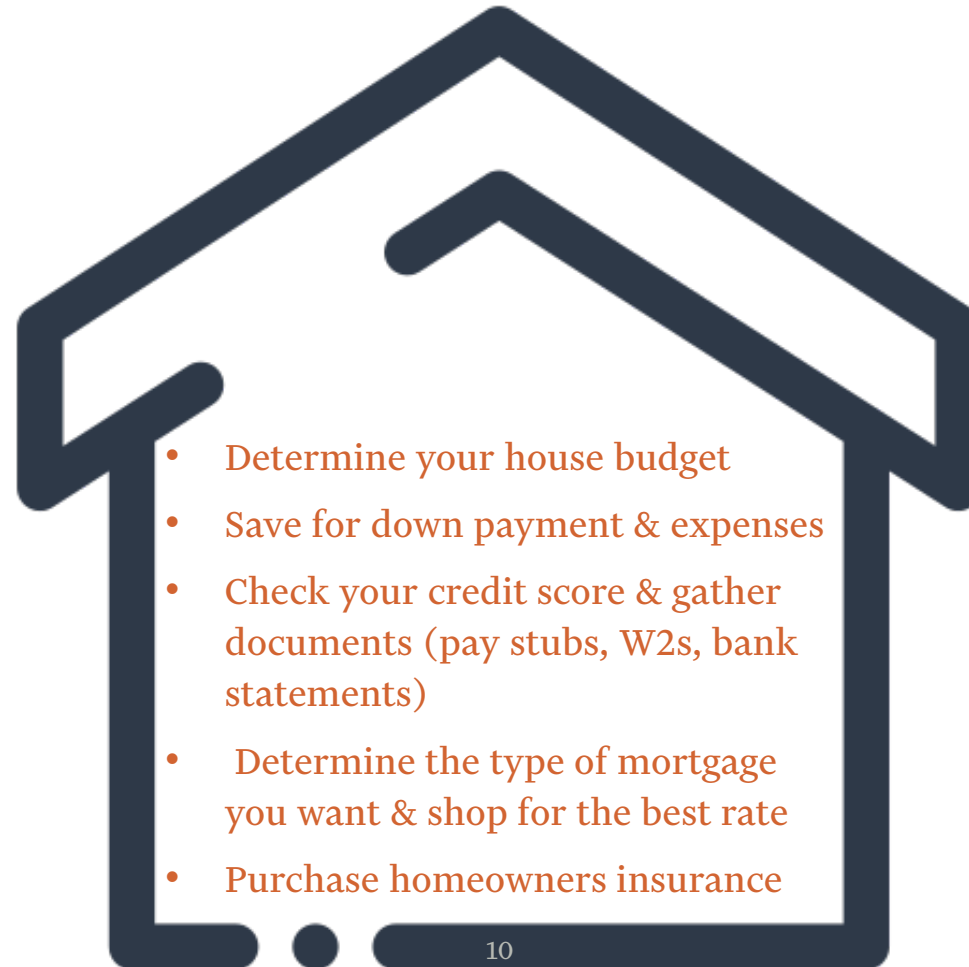
Track your spending and tell the truth about any purchases

Work with financial professionals



Home Purchase: Key Planning Considerations

Like many people, your home may be your largest and most important investment.



Starting a Family: Key Planning Considerations

Having children impacts every aspect of your financial life.



Cash Flow

- How will the additional daily expenses affect your budget?
- Will your existing car fit your expanded family?



Savings

- Do you have an emergency fund?
- How much do you want to save for your children's education?



Insurance

- How will your medical premiums and co-pays be affected?
- Is your life insurance coverage sufficient?



Estate Plan

- Have you written your will and chosen a guardian for your children?
- Should you consider creating a trust?

Retirement: Key Planning Considerations

While retirement is years away, saving now helps ensure you'll have sufficient funds to enjoy the future you envision. You'll likely need to rely on a combination of these income sources to meet your living expenses and medical costs in retirement.



Government



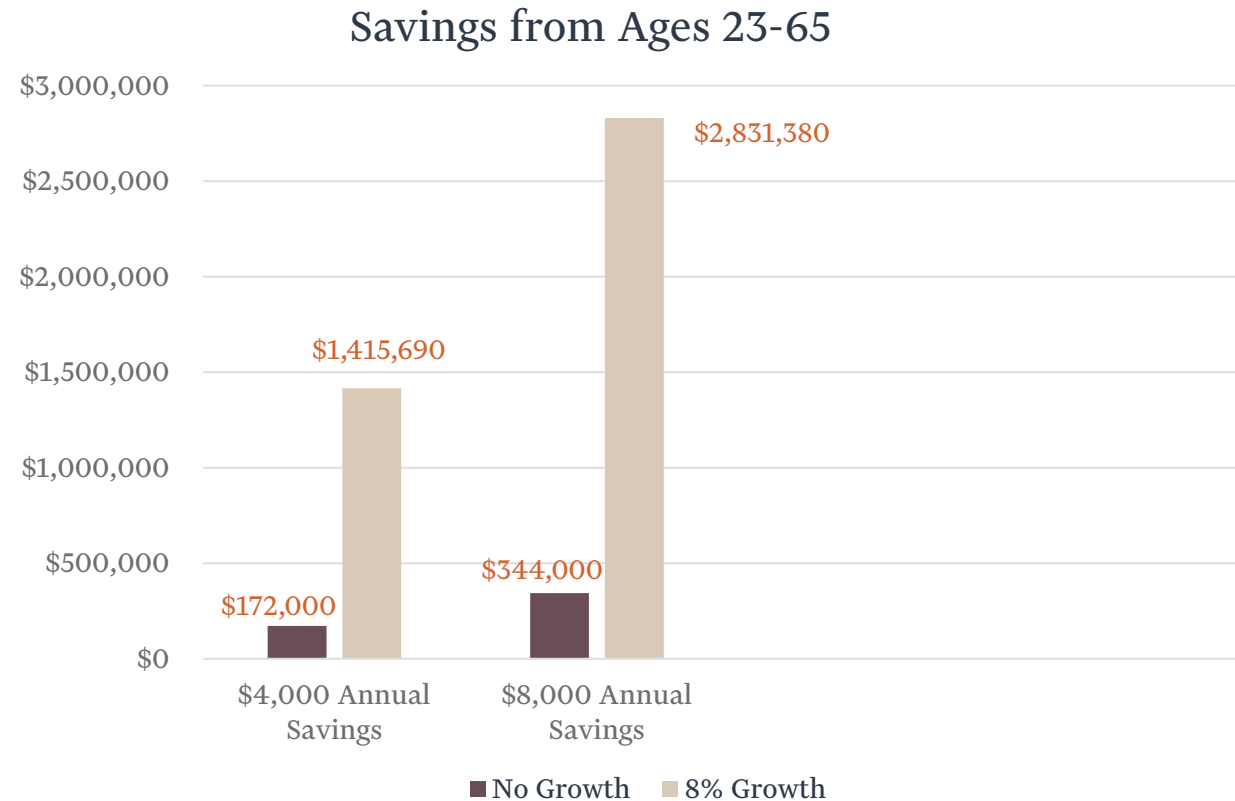
Retirement Accounts



Personal Savings/Assets

Putting Time to Work for You

The earlier you start saving for retirement, the more time your contributions and any earnings on those contributions have the potential to grow.



This is a hypothetical example that does not represent the performance of any specific investment product, but is to illustrate the effects of compounding growth. Your actual results will vary.

Inheritances: Managing a Sudden Increase in Wealth

Generations X & Y stand to inherit roughly \$30 trillion from parents and grandparents. Receiving a financial windfall can be both exciting and overwhelming.

If you receive an inheritance:

- Hire a financial advisor
- Pay off your debts
- Invest wisely
- Leave some for your heirs
- Thoughtfully spend some on yourself



Source: <https://www.forbes.com/sites/markhall/2019/11/11/the-greatest-wealth-transfer-in-history-whats-happening-and-what-are-the-implications/#71094d494090>

Next Steps



Use the best practices presented today to review your finances

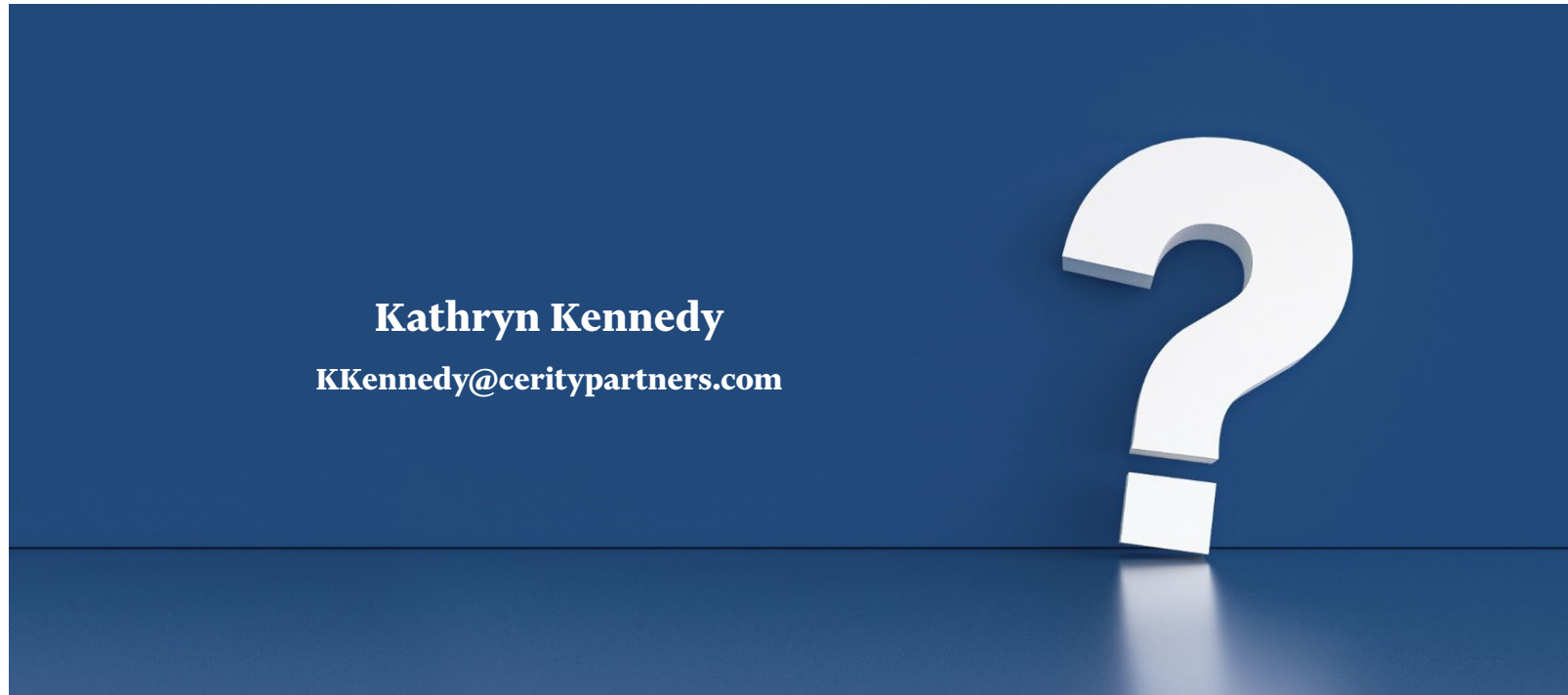


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Questions



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