

NAIOP Developing Leaders Financial Wellness Seminar

February 25, 2016

Savings Plan

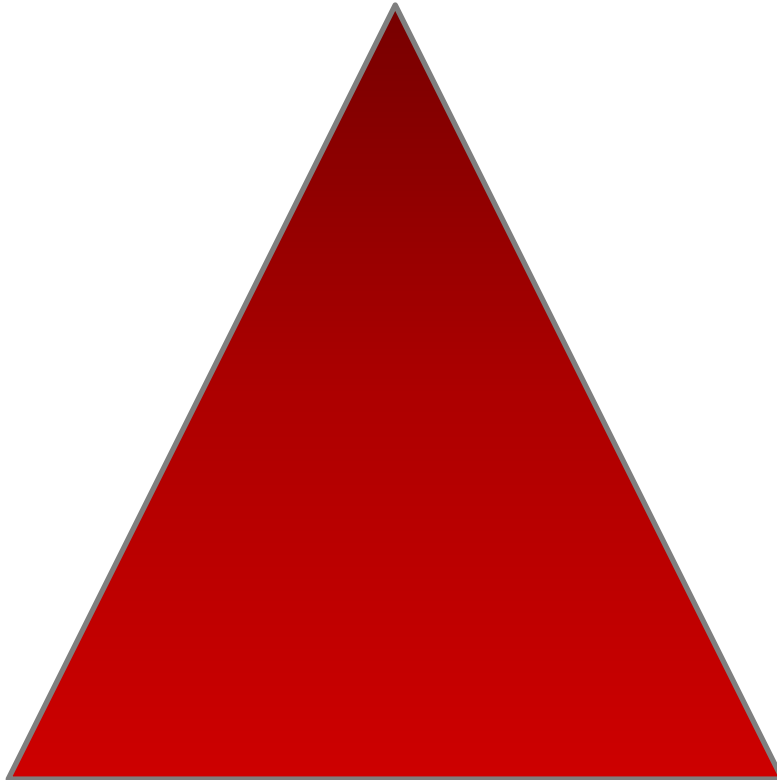


Fundamentals

- Setting goals is the first step to achieving them
- Goals must be “SMART”
 - S = Specific
 - M = Measurable
 - A = Attainable
 - R = Realistic
 - T = Timely



Paying off Debt vs. Investing



1. Pay off manageable low-balance debt first to create cashflow



2. Pay off higher-interest rate debt, then move to lower-interest rate debt



3. Once short-term debt is managed, begin long-term savings/investments (i.e., retirement)



4. Pay off long-term debt (i.e., mortgage)



Find Unnecessary Expenses Within Your Budget:

Item	Cost	Monthly Savings
Vending Snacks	\$1.50 (3x week)	\$18.00
Restaurant Coffee	\$2.50 (7x week)	\$70.00
Restaurant Lunch	\$6.50 (5x week)	\$130.00



BUDGET



What Should You Be Spending?

- Here are some budget percentage guidelines to consider. Remember, these are after-tax amounts:

Housing: 25% to 35%

Transport: 5% to 15%

Food (groceries and dining): 10% to 15%

Personal care (including clothing): 5% to 10%

***Forbes online



What Should You Be Spending?

Health care (including insurance premiums): 10% to 15%

Loan repayment (excluding car payments): 7% to 15%

Utilities: 4% to 7%

Entertainment: 1% to 5%

***Forbes online



Savings

- Develop an emergency nest egg 3 – 6 months of savings. Try to allocate 10% of earnings each month until it is built up.

***Forbes online



Sample Client
 Survivor Needs Analysis
 February 2016



Assumed Gross Rate of Return
 Assumed Net Rate of Return
 Assumed Rate of Inflation
 Assumed Blended Tax Bracket

5.00% Assumed Mortgage: 30 year fixed; 4%
 3.50%
 3.00%
 30.00%

		Income Protection Analysis		Liability Analysis				Asset Analysis			Gap Analysis
Year	Surviving Spouse's Age	Principal	Income	Education	Income	Mortgage	Total	Existing Life Insurance	Non-Qualified Investments	Total	Surplus/Deficit
1	36	\$4,198,543	\$150,000	\$500,000	\$4,198,543	\$650,000	\$5,348,543	\$0	\$500,000	\$500,001	(\$4,848,542)
2	37	\$4,190,242	\$154,500	\$500,000	\$4,190,242	\$639,524	\$5,329,766	\$0	\$517,500	\$517,501	(\$4,812,265)
3	38	\$4,176,993	\$159,135	\$500,000	\$4,176,993	\$615,294	\$5,292,287	\$0	\$535,613	\$535,614	(\$4,756,674)
4	39	\$4,158,483	\$163,909	\$500,000	\$4,158,483	\$602,433	\$5,260,917	\$0	\$554,359	\$554,360	(\$4,706,556)
5	40	\$4,134,384	\$168,826	\$500,000	\$4,134,384	\$589,049	\$5,223,433	\$0	\$573,762	\$573,763	(\$4,649,670)
6	41	\$4,104,353	\$173,891	\$500,000	\$4,104,353	\$575,119	\$5,179,471	\$0	\$593,843	\$593,844	(\$4,585,627)
7	42	\$4,068,028	\$179,108	\$500,000	\$4,068,028	\$560,621	\$5,128,649	\$0	\$614,628	\$614,629	(\$4,514,020)
8	43	\$4,025,032	\$184,481	\$500,000	\$4,025,032	\$545,533	\$5,070,565	\$0	\$636,140	\$636,141	(\$4,434,424)
9	44	\$3,974,970	\$190,016	\$500,000	\$3,974,970	\$529,830	\$5,004,800	\$0	\$658,405	\$658,406	(\$4,346,394)
10	45	\$3,917,428	\$195,716	\$500,000	\$3,917,428	\$513,487	\$4,930,915	\$0	\$681,449	\$681,450	(\$4,249,465)
11	46	\$3,851,972	\$201,587	\$500,000	\$3,851,972	\$478,777	\$4,830,749	\$0	\$705,299	\$705,301	(\$4,125,449)
12	47	\$3,778,148	\$207,635	\$500,000	\$3,778,148	\$460,355	\$4,738,503	\$0	\$729,985	\$729,986	(\$4,008,516)
13	48	\$3,695,481	\$213,864	\$500,000	\$3,695,481	\$441,182	\$4,636,662	\$0	\$755,534	\$755,536	(\$3,881,127)
14	49	\$3,603,473	\$220,280	\$500,000	\$3,603,473	\$421,227	\$4,524,701	\$0	\$781,978	\$781,980	(\$3,742,721)
15	50	\$3,501,605	\$226,888	\$500,000	\$3,501,605	\$400,460	\$4,402,065	\$0	\$809,347	\$809,349	(\$3,592,716)
16	51	\$3,389,332	\$233,695	\$500,000	\$3,389,332	\$378,847	\$4,268,178	\$0	\$837,674	\$837,676	(\$3,430,502)
17	52	\$3,266,084	\$240,706	\$500,000	\$3,266,084	\$356,353	\$4,122,436	\$0	\$866,993	\$866,995	(\$3,255,442)
18	53	\$3,131,266	\$247,927	\$500,000	\$3,131,266	\$332,942	\$3,964,208	\$0	\$897,338	\$897,340	(\$3,066,869)
19	54	\$2,984,256	\$255,365	\$500,000	\$2,984,256	\$308,578	\$3,792,834	\$0	\$928,745	\$928,746	(\$2,864,087)
20	55	\$2,824,402	\$263,026	\$500,000	\$2,824,402	\$283,221	\$3,607,623	\$0	\$961,251	\$961,253	(\$2,646,371)
21	56	\$2,651,024	\$270,917	\$500,000	\$2,651,024	\$256,832	\$3,407,856	\$0	\$994,894	\$994,896	(\$2,412,959)
22	57	\$2,463,411	\$279,044	\$500,000	\$2,463,411	\$229,366	\$3,192,778	\$0	\$1,029,716	\$1,029,718	(\$2,163,060)
23	58	\$2,260,820	\$287,416	\$500,000	\$2,260,820	\$200,782	\$2,961,602	\$0	\$1,065,756	\$1,065,758	(\$1,895,845)
24	59	\$2,042,474	\$296,038	\$500,000	\$2,042,474	\$171,034	\$2,713,508	\$0	\$1,103,057	\$1,103,059	(\$1,610,448)
25	60	\$1,807,561	\$304,919	\$500,000	\$1,807,561	\$140,073	\$2,447,634	\$0	\$1,141,664	\$1,141,667	(\$1,305,968)
26	61	\$1,555,234	\$314,067	\$0	\$1,555,234	\$107,851	\$2,663,086	\$0	\$1,181,622	\$1,181,625	(\$481,461)
27	62	\$1,284,608	\$323,489	\$0	\$1,284,608	\$74,317	\$1,358,925	\$0	\$1,222,979	\$1,222,982	(\$135,943)
28	63	\$994,759	\$333,193	\$0	\$994,759	\$39,416	\$1,034,175	\$0	\$1,265,784	\$1,265,786	\$231,611
29	64	\$684,720	\$343,189	\$0	\$684,720	\$3,093	\$687,813	\$0	\$1,310,086	\$1,310,089	\$622,275
30	65	\$353,485	\$353,485	\$0	\$353,485	\$0	\$353,485	\$0	\$1,355,939	\$1,355,942	\$1,002,457

Basic Estate Planning Documents

- Last Will and Testament
- Revocable Living Trust
- Advanced Medical Directive (which includes a Living Will)
- Durable General Power of Attorney

INVESTMENT BASICS



Things to Consider...

- How do you choose a planner/advisor?
- Start with a financial plan – how much to save.
- 401k versus outside investments
- Mutual funds versus stocks
- 529 plans



Long-Term Investing Basics

- Know your ‘Investment Horizon’ – when are you actually going to need this money?
- Ignore short-term trends, focus on the long-term
- Pick a strategy and stick to it
- All investments go through cycles
- Never try to time the market or chase the ‘hot stock tip’



Terms to Know

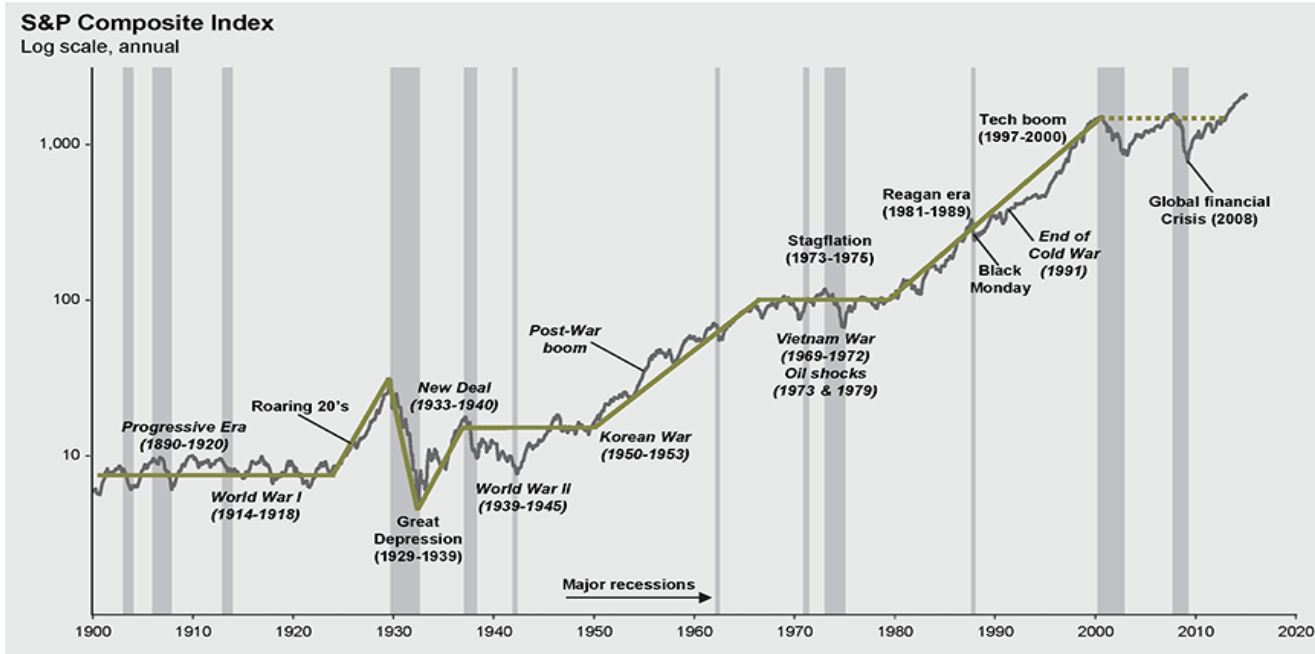
- Dollar Cost Averaging – contributing the same amount of money at regular intervals
 - Minimizes effect of market fluctuation
 - Buy more when the market is low, less when it is high
- Asset Allocation – balancing risk vs reward based on an individual's risk tolerance and investment horizon
- Risk Tolerance – how much volatility can you withstand in your investments
- Investment Horizon – length of time your money is invested

Keep Short-Term Trends in Perspective

Stock Market Since 1900

GTM - U.S. | 15

Equities



Source: Robert Shiller, FactSet, J.P. Morgan Asset Management.
 Data shown in log scale to best illustrate long-term index patterns.
 Past performance is not indicative of future returns. Chart is for illustrative purposes only.
 Data are as of March 31, 2015.

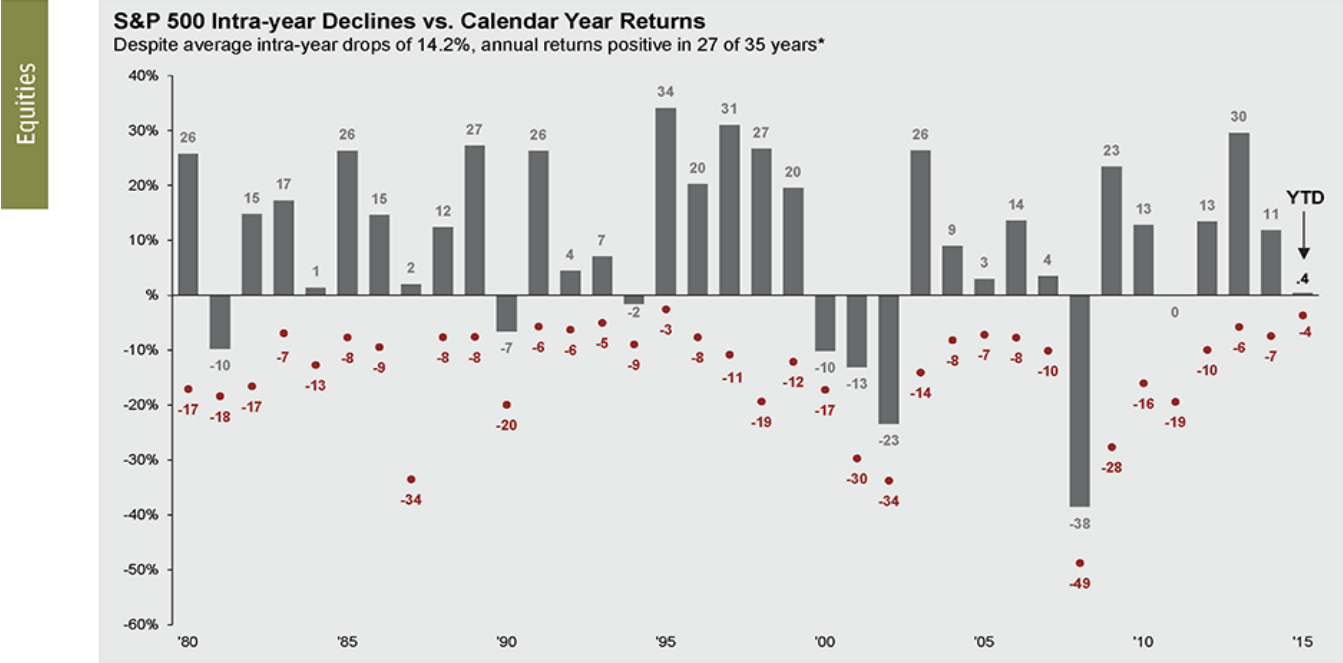
15

J.P.Morgan
 Asset Management



Stay the Course When Markets Get Choppy

Annual Returns and Intra-year Declines GTM - U.S. | 11



Source: Standard & Poor's, FactSet, J.P. Morgan Asset Management.
 Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. *Returns shown are calendar year returns from 1980 to 2014 excluding 2015 which is year-to-date. Data are as of March 31, 2015.

Issues to Consider in Estate Planning

- Estate taxes – federal and state
- Care of minor children
- Children with disabilities or other special needs
- Children with financial, substance abuse, or marital problems
- Blended families – second spouses and children from previous marriages
- Competency issues with advanced age
- Property in multiple states and/or other countries
- Methods of avoiding probate

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