

Roadmap to Financial Security

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“To Know and Not to Do is Not to Know”
- Dr. Stephen Covey

STAGE ONE - CREATE FINANCIAL PLAN

- Complete financial assessment and create budget
- Importance of Budgetary Discipline
- Identify values and articulate a written financial mission statement.
- Set initial goals and designate specific timelines
- Structure a realistic financial plan (See Stage Two)
- Execute the terms of the plan
- Monitor Investments/Reassess Positions

STAGE TWO - DECISIONS REGARDING FINANCIAL MANAGEMENT

- Investing in Stocks, Bonds, Cash Equivalents
- Do-It-Yourself or Financial Advisor?
- Financial Advisor
- Ask 8 questions recommended by SEC's Office of Investor Education and Advocacy
- Review credentials
- Choose appropriate level of service based on your needs.
- Clarify compensation structure.

A. Risk Management

- Conduct risk assessment
- Minimize risk (unless you can afford to lose)
- Asset Allocation

B. Diversification

C. Inflation

D. Real Estate

- General Considerations
- Crunch the numbers conservatively. Assume the worst!
- Special attention to mortgage calculations
- How does purchase fit into overall financial plan?

E. Personal Residence

- Analysis regarding purchase vs. rent
- Avoid PMI
- Live below your means

F. Investing in Non-Residential Real Estate

- Vacation home
- Review numbers with a cool head - preferably off season
- Rental, Personal or Hybrid Use?
- Carefully analyze tax rules
- Lease or Purchase Office Space?
- Benefits
- Build equity instead of paying rent
- Asset (can be used as collateral for expansion or other necessary loans)
- Business considerations may override potential financial benefit
- Limits potential growth
- May be disinclined to move because of ownership stake

G. Investment property close to college campus (Alternative to dorm living)

- Do you want to be a landlord?
- What if your child changes schools

H. Other Investment Options/Vehicles

- REITs (Diversification without the hassle)

I. Law Practice as an Asset

- Enhance Income
- Mindset of Building Business to Sell

STAGE THREE - THREE MAJOR LIFE STAGES (FINANCIAL CONSIDERATIONS)

- Responsibility/Desire Funding Education (Child or Grandchild)
- CLOSE attention to cost considerations
- Make a savings plan and stick to it.
- Consider pros and cons of UTMA/UGMA accounts
- Investigate all Loans, Scholarships & Grants
- Tax Benefits for Education
- Section 529 Plans
- Coverdell Education Savings Accounts (ESAs)
- American Opportunity Tax Credit
- Lifetime Learning Tax Credit
- Obligation in Divorce Context
- Updated information: Check out www.savingforcollege.com

J. Retirement Planning

- Analysis as to where to live
- Calculate retirement needs. Create a plan early on and stick with it! Many tools available
- Wait to take social security benefits (unless you need them or have short life expectancy.)
- Invest in Tax Qualified Plans early. Withdraw at latest possible date taking into account MRD rules.
- Plan "retirement" far in advance.

- Consider how you will handle the following common post retirement issues:
 - ▶ Redefinition of purpose;
 - ▶ Assumption of new roles;
 - ▶ Change in identity;
 - ▶ New life and lifestyle structure

K. Planning for Long Term Care

- Investigate levels of available care in locale
- Determine cost
- Purchase medigap policy when eligible for medicare
- Take advantage of all benefits available through medicare
- Consider long term care insurance
- Reverse Mortgage
- Eligibility for Veterans Benefits
- Medicaid - Plan for qualification far in advance
- Beware of estate recovery

ASSET CONSERVATION STRATEGIES

L. Insurance

- Professional Liability
- Disability
- Umbrella
- Other Products Customized to Individual/Business Needs

M. Minimize Investment Mistakes

- Beware of Wolves in Sheep's clothing
- Debt Considerations
- Check out credit report/credit score
- Lease or purchase automobile
- Do not carry balances on Credit Cards

- “Neither a Borrower Nor a Lender Be.”
- Don’t cosign loans.
- Make a plan to eliminate debt (if any) and stick to it!

N. Income Tax Reduction Strategies

- Start planning at beginning of tax year
- Take full advantage of medical expense deductions

DISTRIBUTION STAGE - ESTATE PLANNING

- Complete planning process
- Execute documents
- Appropriate beneficiary designations
- Online Accounts
- Avoid Common Estate Planning Mistakes
- Face the issues with respect to Estate Planning and the Second Marriage
- Do you need to have the Talk with “Aging Parent”
- Estate and Inheritance Tax Considerations
- Consider Role of Life Insurance
- Special Needs Planning (in estate planning context as well as tort recovery and other legal arenas)