My Plan

June 15, 2018

Congratulations, Oliver! With your Plan in hand, you now have a comprehensive view of your financial picture and clear direction on the three steps you should take next.

Your plan includes:

How to use your Plan to meet your goals

- Wherever you are on your journey, your Next Steps are the three most important actions you can take now to help you move toward your goals. Focus on these and feel better immediately.
- When you complete your three Next Steps, return to PlanAndAct.com and run your Plan again to receive a new set of three Next Steps.
- With your income statement and balance sheet in hand, you're completely prepared to have your specific questions answered by any financial expert you choose.

Why only three Next Steps?

This simplicity and focus are what give your plan its power. With just a few manageable steps to tackle at a time, you'll immediately be ready to take action.

My Key Accomplishments

Key Accomplishment #1: You have a good handle on where your money is going.

You obviously know your spending habits, or where your money is going, because you entered them in the interview. Having this information at your fingertips helps you react when unexpected expenses arise or when you generate more savings to cover costs or invest.

Below is a comparison of the breakdown of your monthly expenditures as you entered them relative to the national average in each expense category.

	Your Monthly Expenditures	National Average		Your Monthly Expenditures	National Average
Housing	29.0%	24.5%	Personal care	1.4%	1.2%
Utilities	7.2%	7.6%	Apparel	3.0%	3.3%
Household operations	3.0%	3.7%	Healthcare	8.7%	6.6%
Household Goods	2.7%	3.3%	Insurance Premiums	0.3%	0.7%
Transportation	21.7%	18.7%	Cash contributions	3.6%	3.6%
Food	10.6%	13.7%	Education		2.2%
Alcohol & Tobacco	1.8%	1.6%	Miscellaneous	1.8%	1.5%
Entertainment	5.1%	5.7%		1.8%	

Key Accomplishment #2: You have begun to build your cash reserve, the amount you need to cover your regular monthly expenses plus a cushion for unexpected expenses, by setting aside 36% of the amount you need.

Here are your stats:
Cash reserve in checking / saving account: $1,500
Recommended cash reserves for your circumstances: $4,200
Percent of cash reserve need met: 36%

Key Accomplishment #3: You are saving 3% of your income.

Here are your stats:
Income: $42,000
Expense: $33,150
Taxes: $7,507

Savings (income – expense – taxes): $1,343
Savings as a percent of income: 3%

Key Accomplishment #4: You are boosting your retirement savings by taking advantage of employer matching to your retirement plan.

Here are your stats:
Contribution to employer retirement plan: $2,100
Employer's match/contribution to retirement plan: $1,680
Total of all contributions to employer retirement plan: $3,780

My Next Steps

Next Step #1: Eliminate your credit card debt as a top priority. Target a monthly payment of $350 which will eliminate $1,800 in credit card balance in 6 months.

Why this is important

Interest on credit card debt is usually many times more than that of other kinds of debt, and also many times more than what you could make if you put this same money in a savings or investment account. So every penny you pay down on your credit card saves you a lot of money in the long run.

Once the credit cards are paid off continue to pay off your credit cards every month, with few exceptions. If you cannot pay off credit cards monthly, by definition, you are living beyond your means.

Where you stand today:
Total credit card balances: $1,800
Your minimum monthly payment: $150
Your proposed monthly payment: $350
Months to pay off credit card balances at proposed monthly payment: 6 months

How to do it?

Reduce your credit cards debt load by making a monthly payment of $350 in the coming months.

Card	Current	Interest	Min Monthly	Payments Plan											
	Balance	Rate	Payment	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18
Visa	$1,800	13.00%	$150	$350	$350	$350	$350	$350	$111						
TOTAL	**$1,800**		**$150**	**$350**	**$350**	**$350**	**$350**	**$350**	**$111**						

The following are some strategies you can use to help pay your credit cards off:

- Contact your credit card company and ask if they will lower your annual percentage rate (APR) on the card. Many credit card issuers would rather lower your rate than have you transfer to another company. It's worth asking.
- Watch for credit card offers you receive in the mail (for which you are pre-approved). Often, these offers include a low fee to transfer your balances and then a period of time with 0% interest. If you are able to transfer the balances from a higher cost card, you can pay that balance off much more quickly if it's not accumulating interest.
- Consider whether you could get a personal loan from a family member who would want to get a good interest rate, like 8 or 10%, which would cut your payments in half.

Next Step #2: Work to add an additional $2,700 to your cash reserve bringing you to a

total of $4,200 to cover your regular monthly expenses plus create a cushion for unexpected expenses. This is the cash reserve goal that will get you to the level where you can comfortably cover your regular monthly ins and outs that require cash.

Why this is important

Adequate cash reserves ensure that you can comfortably cover your regular monthly expenses and, over time, build to a cushion to help handle unexpected expenses, such as repairs (like a broken furnace or a fender bender) or bigger expenses like replacing the roof this year or dealing with medical bills. Cash reserves are not intended to pay for "nice-to-have" expenses that you can plan for, like a vacation or holiday gifts, which should be saved for separately and in advance.

Where you stand today:
Checking: $1,500
Current cash reserves total: $1,500
Recommended cash reserves: $4,200
Additional cash reserves needed: $2,700

How to do it?

As you work to always be saving 10% of your income, continue to allocate a portion of those savings to cash reserves and put it into an easily accessible account until it reaches $4,200.

This cash reserve goal focuses on the day-to-day ins and outs of cash as well as shorter-term unexpected expenses – it is your first priority in building your total emergency funds.

Next Step #3: Work toward contributing an additional $2,100 to your 401(k) through payroll deductions.

Why this is important

When you contribute to all available retirement plans, your money is invested before any taxes are taken out, which means a larger chunk of money is earning interest over time. Also, when it is time to start withdrawing money when you retire, you will pay taxes on it, but your income, and therefore your tax rate, and are likely to be lower at that time, so you will not pay as much in taxes overall.

We are recommending the amount to contribute to your retirement plans based on all of the information you provided in your interview and the other priorities in your Plan. That said, each retirement plan type has a legal maximum amount you may contribute each year. An adviser can help you determine whether it's beneficial, how, and when to take advantage of "good years" and potentially boost your retirement savings over and above what we recommend here.

About employer retirement plans:

Some people worry that the money in their employer plan is locked up forever and they won't be able to access it if there's an emergency. Check with your plan administrator to learn more about what qualifies as a "hardship" withdrawal so that you know the circumstances under which you can pull money out if it's absolutely necessary.

In addition, if you ever get in debt or someone sues you, the Employee Retirement Income Security Act of 1974 (ERISA) protects money in your retirement plan and money rolled from an employer plan into an IRA against creditors.

Where you stand today:
Your employment income: $42,000
Your annual contributions to your 401(k): $2,100
Amount to increase your contribution to your 401(k): $2,100
Your recommended personal contribution through payroll deductions to your 401(k) per year: $4,200
Maximum personal contribution you may make, by law: $18,000

Your employer's current annual contribution to your retirement plan through matching: $1,680

How to do it?

Each year, your employer offers a window of time where you can make changes to your contribution amount and investment allocation within your plan. It's usually called "Open Enrollment." Contact your company's retirement administrator to learn when that will be.

The next time this comes around, increase either the percentage of your income being contributed so that you reach $4,200 per year OR elect to have $350 each month to be deducted from your paycheck in order to reach that total amount.

Now What?

Do your Steps – then get more.
After you complete your Steps, return to PlanAndAct.com and enter your info again to receive an updated Plan and a new set of three Next Steps.

Get your questions answered.
Have a question that wasn't addressed in your Plan? Talk one-on-one with a FI4Me financial adviser to get a deeper understanding of your financial situation.

- On your Dashboard, select *Consult an Adviser* and follow the prompts to purchase consultation time, if needed.
- You will be given a calendar that allows you to find a convenient time for you to have a half-hour phone or video call with an adviser.
- Your FI4Me financial adviser will have access to your info and will review it beforehand, so that your meeting time is as productive as possible – she will be up to speed and immediately able to speak to your questions and concerns.

Explore more.
Still working on your three Next Steps, but curious about what might come after?

- Log in to your Dashboard to download your personalized More Next Steps.
- Remember, your future Next Steps may change as you act on your current Next Steps. If it has been 90 days or more since you last completed your profile, enter your info again to get updated More Next Steps.

Income Statement

INCOME (how much you are making)	
Salary and other compensation	$42,000
Business income	
Investment income (interest, dividends)	
Rental income	
Alimony income	
Unemployment income	
Retirement income	
Social security	
Other income	
Total Income	**$42,000**

EXPENSES (how much you spend)	
Housing	$13,900
Transportation	$7,200
Food	$3,500
Alcohol and Tobacco	$600
Entertainment	$1,700
Personal Care	$450
Apparel	$1,000
Healthcare	$2,900
Insurance	$100
Charitable Contributions	$1,200
Retirement	
Education	
Other expenses	$600
Expenses before income taxes	**$33,150**
Social Security, Medicare, Federal income taxes (*)	$7,507
Total Expenses	**$40,657**

Income minus Expenses

Total Savings:	**$1,343**

(*) Federal income taxes were estimated based on information you provided regarding expected changes in your circumstances.

Name: Oliver
ID # 17541

Balance Sheet

ASSETS (what you own)	
Cash (Checking Accounts/Savings Accounts)	$1,500
Investments	
Retirement Accounts (401(K), SEP, Roth)	
Home	
Business	
Other Real Estate/Land	
Other Valuable Items (Art, Jewelry)	$2,500
Total Assets	**$4,000**

LIABILITIES (what you owe)	
Credit Card Debt	$1,800
Car Loan	$9,000
Student Loans	
Home Mortgage	
Other Real Est. Mortgage	
Business Loans	
Other Loans	
Total Liabilities	**$10,800**

Assets minus Liabilities

Total Net Worth: -$6,800

How to make your Income Statement work for you

This personal income statement details your expenses as well as your income. Its purpose is to help you understand your "net cash flow." Your net cash flow is just your expenses subtracted from your income. If it's a positive number, you've earned more than you spent. If not, you've spent more money than you earned. In either case, the personal income statement will help you assess your spending and adjust your habits and obligations as necessary.

How to make your Balance Sheet work for you

Your balance sheet is a picture of your financial position at a given time. It details the dollar amounts of what you own and what you owe.

What you own is called your assets. Your assets include your cash – like what's in your checking or savings accounts – as well as things like houses, cars, boats, property, stocks, bonds, CDs, etc. What you owe are called your liabilities, and can include monthly bills, amounts still owed on assets like cars and houses, credit card balances, and other loans.

When you subtract your liabilities from your assets, you find your net worth. This figure represents what you own after everything you owe has been paid off. If it's a positive number, you are building your net worth. If it's a negative number, you owe more than you own.

Once you understand your net worth, you're more easily able to work toward increasing it. There are two ways to do that: increase your assets (save and/or invest) or decrease your liabilities (pay down your debts).