GOALS ACCOUNT ORGANIZATION COLLEGE ESTATE PLANNING 2021

Tracking #: 1-05093645

GOALS AND KEY EVENTS

MY FINANCIAL STRENGTHS: ______________________________

	WINTER			SPRING			SUMMER			FALL		
	JAN	**FEB**	**MAR**	**APR**	**MAY**	**JUN**	**JUL**	**AUG**	**SEP**	**OCT**	**NOV**	**DEC**
Career & Income Management												
Health Care & Wellness												
Tax Savings, Debt & Short-Term Needs												
Retirement												
College Saving or Paying												
Estate Planning & Insurance												
Vacations, Events and Misc.												

ACCOUNT ORGANIZATION (EXAMPLE)

EMERGENCIES & SHORT-TERM		RETIREMENT		COLLEGE	
Emergency Fund	Example: $5,000 monthly expenses x 3 = $15,000 Increase cash to >20% of purchase price for down payment if buying a house.	401(k)	$19,500 annual contribution + $6,500 if > age 50 Employer match Invest for growth, reduce risk (% stocks) closer to retirement	529	$15,000 per child/beneficiary to avoid gift tax. IRS permits "front-loading" 5-years. $15,000 x 5 = $75,000 upfront. Assumes no other gifts. Invest for growth, reduce risk (% stocks) closer to enrollment One account per child or change beneficiaries
Taxable Account	Example: $15,000 5-year time frame, Medium risk $7,000 High quality or green bonds, mutual funds or ETFs $3,000 Corporate bond funds, high yield bond funds or ETFs $5,000 Large US company blue-chip stock mutual funds or ETFs	Roth IRA	$6,000 annual contribution + $1,000 if >50 Tax-free distributions: invest more aggressively	Roth or Traditional IRAs	Assets not counted in financial aid FAFSA. Might be counted on CSS form. Income counted when distribute. Use last year of college.
		Taxable	Pay taxes every year on dividends and interest income (lower tax rate than ordinary income).		
Health Savings Account	Available with High Deductible Health Plan. NOT "use it or loose it." Maximums: +$1,000 catchup > age 55 Individuals $3,600 Family $7,200	Annuities	Better for age 50+ Use for risk management Beware of fees	Whole Life Insurance	Can borrow from cash value. Use after saved max in 529 and IRAs. More suitable for families with very high level of assets due to liquidity risk.

PAYING FOR COLLEGE

INFANCY TO PRE-K

Key disciplines:

1. Manage cash flow
2. Keep housing below 20% of expenses if planning to have children
3. Build up emergency fund to at least 3 months expenses
4. Education expenses: explore low-cost options – public schools and park district
5. Pay down parents' student loan debt.

Key Risk:
Paying too much on housing

K – 8

Key disciplines:

1. Manage education expenses: consider private options only for high school.
2. Aggressively reduce parental debt: must be paid off before college enrollment.
3. Increase college saving in 529s or Roth IRAs.
4. Teach children about trade-offs (help children evaluate options) and reducing waste (managing scarce resources).

Key Risk:
Not making most of teachable moments. Help your child deal with adversity.

HIGH SCHOOL

Key disciplines:

1. Pay education expenses from cash flow.
2. Research costs: find best in-state and best elite school options

   http://nces.ed.gov/collegenavigator/
3. Prepare children for adulthood: Teach children about non-academic success factors: applying for jobs and leadership.
4. Teach children about budgeting and managing debt.

Key Risks:
Not properly assessing your child's skills. Not communicating.

COLLEGE

Key disciplines:

1. Pay part of tuition out of cash flow.
2. Freshman/Sophomore Years: Pay part of tuition out of 529

   Junior/Senior Years: Pay part of tuition out Roth IRAs.
3. Take advantage of student loans when rates are cheap.
4. Teach children how to research and apply for summer internships and negotiate salary. Have a process for managing career.

Key Risk:
Undervaluing state or foreign schools

ESTATE PLANNING

ASSETS PASSING THROUGH AND AROUND THE PROBATE PROCESS

CONTRACT

- Life Insurance
- Retirement Plans
- IRAs
- Annuities
- TODs
- PODs

To Beneficiaries

LAW

- JTWROS
- Tenants by Entirety

To Survivor

TRUST

- Revocable
- Irrevocable
- Special Needs
- Charitable

To Principal and Income Beneficiaries

ALL OTHER

- Testate (Will)
- Intestate

<u>Probate Process:</u>
All Other Assets: Creditors' Debts and Taxes. Prove will and administer and distribute taxes

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