

Financial Organization Workouts

BEND AND STRETCH! BEND AND STRETCH!

Are you ready to begin your workouts towards FINANCIAL fitness?

WORKOUT Week 1: Passwords

Your first workout is to create and/or update your list of websites, phone numbers and passwords. Here are a few safety tips:

1. Share the location of your list with a minimum of two people who may need to access these if you are unable to do so in the future.
2. Lock a printed copy of passwords in a safe box, file cabinet, or other secure storage device.
3. Don't keep them near your computer - especially not on sticky notes on the screen or under the keyboard.
4. Can you keep a secret? - do not share passwords with others, especially through e-mail. You might also consider a service, like Dashlane.

If you want information, the following bibliography may help.

BIBLIOGRAPHY:

antivirus.about.com/od/securitytips/a/passwordsafety.htm
pwsafe.org

WORKOUT Week 2: Family History I

Genealogy is a hobby for Miriam's father – our family benefits from the documentation he has gathered for many years. For our children, it represents a heritage filled with stories, pictures, and facts that help create their identity.

This week's workout involves documenting your family tree. Experts suggest that you document at least two previous generations and the next generations as they are born. This family history is information that can also be useful in times of emergency. Genealogists also suggest recording the full name (including maiden name), date and place of birth, and date and place of death, as a minimum.

Other information to consider recording:

- Current or last known address and phone number
- Health information, especially cause of death
- Facts, such as work, volunteerism, gifts/talents
- Adoption information
- Fraternal group memberships
- Religious preferences
- Items in your home from this family member



BIBLIOGRAPHY:

genealogy.com
Ancestry.com
GovGenealogySearch.com

WORKOUT Week 3: Family History II

In order to capture and represent family members in your strides toward organization, take time this week to gather meaningful documents such as cards, awards, stories, etc. from members of your family. Find a way to organize these items and share the location with family members who will inherit these documents as part of your family legacy.

I was recently given a note that my deceased mother had sent to another individual. The memories from reading that note and appreciating my mother's gift of gratitude were precious. While going through items from my parents' home, I've even found items and sent these to friends or family with a small note. It is wonderful to reconnect over happy times and memories.

WORKOUT Week 4: Family History III

Take time this week to discuss and document your family or business Statement of Giving. This Statement of Giving should honor the gifts of time, talent, and financial contributing. This is also a time to record charities, fraternal groups, and religious organizations that past family members (or business partners) were involved in or supported. Some of these organizations may have benefits for children and grandchildren, like scholarships. My wife's maternal grandmother was an active member of American Legion Auxiliary. Subsequently, my wife's mother, my wife, and now our daughters are members. This strengthens our family history and sense of giving. Charitable Giving can be a part of your Estate Planning or Business Succession Planning. You may need to discuss this with your accountant, lawyer, charity representative, and financial adviser.

BIBLIOGRAPHY:

justgive.org
familyloveletter.com
gkccf.org/resources.aspx

WORKOUT Week 5: Preferred Professionals

As an individual, we develop professional relationships that guide us in our family and business lives. It is important that in a time of crisis, your family or work colleagues have contact information for those who may need to be notified. The following list may assist you in creating an individual document for each member of your family or a document for your business. It is suggested that each member of the family have an individualized document since information may differ.

It is suggested that you provide name and phone number as minimal information for the following contacts. You may want to include address and/or e-mail.



- Employer (former employer)
- School
- Bank
- Investment Adviser
- CPA / Accountant
- Attorney
- Retirement Plan Benefits
- Insurance Agent: Property & Casualty
- Insurance Agent: Life
- Insurance Agent: Medical
- Religious Affiliates
- Doctor
- Dentist
- Medical Specialists
- Real Estate Agent
- Auto Repair
- Plumber
- Electrician
- Veterinarian
- Funeral Home
- Other

WORKOUT Week 6: Wills, Living Will, Power of Attorney

Estate planning is a sequence of decisions, not a conclusion. Documents may need to be revised as personal and family statuses change. Spencer Financial strongly suggests using professional, expert counsel for your planning.

Your Will is your final declaration of how your assets and family should be treated after your death. This document needs to be planned to deal with individualized estate, tax, and family situations.

A Living Will is your medical directive in circumstances in which you are no longer able to express informed consent.

The Medical Power of Attorney grants someone the power to make any medical decisions for you upon your incapacity. This generally states that the family will have final say in treatment.

There are additional documents that an Estate Planner may suggest for your family. After meeting with an attorney, keep in mind that you may need to revisit the beneficiaries listed on your financial portfolio. This should be part of the discussion during your planning.

Please remember to keep duplicates of such important papers off site and/or electronically for family members to access.



As always, if you have questions regarding this process, please do not hesitate to call the office.

BIBLIOGRAPHY:

abanet.org/rppt/public/home.html
naepc.org
familyloveletter.com

WORKOUT Week 7: Trusts

Estate planning is a sequence of decisions, not a conclusion. Trusts are growing in popularity as a way to distribute one's estate. One reason, a Living Trust avoids probate and offers a higher level of confidentiality. The following brief definitions outline some options:

- A Revocable Trust is one created, in effect, and managed during the funder's lifetime.
- An Irrevocable Trust is created during the funder's lifetime but cannot be modified without the consent of the beneficiary.
- A Testamentary Trust is created from a deceased individual's will.

Spencer Financial strongly suggests using professional, expert counsel for your estate planning. After meeting with an attorney, keep in mind that you may need to revisit your investments and the beneficiaries listed on your financial portfolio. This should be part of the discussion during your planning.

BIBLIOGRAPHY:

abanet.org/rppt/public/home.html
aarp.org
investorwords.com
investopedia.com

WORKOUT Week 8: Traditions

What are your family traditions? Take time this week and during this season to share and record traditions. Some traditions that have been shared by our clients:

1. Cutting down a real Christmas tree.
2. Baking with grandmother.
3. Putting together a puzzle with grandfather.
4. Family reading or watching a holiday special on TV.
5. Enjoying the lights at the Plaza.
6. Singing in holiday festivals and programs.

"Ethical Gifts" are the rage on the internet. Giving to a charitable cause as a family, whether local or worldwide, offers a unique holiday experience – the magic of giving.



WORKOUT Week 9: Financial Planning

Spencer Financial has implemented a process utilizing several tools to gather critical financial information to complete our formalized financial planning. The key is to discuss and document your goals and plans for the future, review progress regularly, and update your financial plan as life events occur. The discussion and analysis of your personal goals is critical to developing a personalized portfolio that meets your individual and family needs. If you have not completed or updated your financial plan in the last 2 years, please call us to schedule a time to meet.

WORKOUT Week 10: Retirement Planning

Typically, retirement promises to be different for us than it was for our parents. Societal factors that are changing retirement include:

- People are living longer.
- Fewer employers are offering traditional company pension plans with a guarantee.
- Social Security benefits are changing.

There are several factors we consider when developing the Retirement Plan portion of our clients' Financial Plans.

1. Determining the retirement income needs. This is a topic that takes analyzing and discussion. Generally, a calculation of 60% - 90% of current income is used. Note – your current expenses may change during retirement so this should be considered.
2. Future assets and income must also be considered along with your age.
3. Once the amount of Retirement Needs is calculated, the next step is individually determining products (e.g. 401(k) plans, IRAs, 403(b), etc.), amounts to save, and investment options in order to reach your goals.

Spencer Financial welcomes the opportunity to assist you in developing a Retirement Plan. If you would like to discuss your individual goals, please call our office to schedule a meeting.

BIBLIOGRAPHY:

spencerfinancialinc.com
ssa.gov
irs.gov

WORKOUT Week 11: Retirement Assets

In an attempt to simplify matters for your family, take time this week to gather information regarding your current retirement assets. This may include paperwork from opening the account, statements, confirmations, and yearly reports. You want to make sure the advisor or professional's name is included with the document so that your family can contact this individual for assistance.

The most common accounts to be included in this process are: Traditional IRAs, Rollover IRAs, Spousal IRAs, Roth IRAs, SEP IRAs, SIMPLE IRAs, Beneficiary IRAs, 401(k)s, Profit Sharing, ESOPs, or Pensions. Other items to consider include Stock Options/Stock Purchase Plans, Deferred Compensation, Bonds, Military Benefits, and mutual fund or annuity contracts. You



will also want to include your most recent statement for Social Security.

As you gather the items, consider how your assets are titled which is important for probate, disposition, income tax, and estate tax purposes. You may want to work with your accountant, lawyer, and/or call our office if you have questions regarding the following factors:

- Are assets titled properly so they pass to family members, friends, or charitable organizations?
- Are assets titled properly to minimize Estate Taxes?
- Are assets titled properly to minimize Income Taxes?
- Are assets titled properly to minimize the Claims of Creditors?
- Are beneficiaries correct on retirement plans?
- Are life insurance owners and beneficiaries correct?

WORKOUT 12: Budget

The personalized Financial Plan used by Spencer Financial is designed to help define and prioritize your goals, establish your investment timeline, and to understand your ability to accept risk and loss.

A key component to financial planning is to update your home and/or business budget.

There are several on-line websites, some free, which can assist you in documenting your budget and expenses. While I do not endorse an individual program, I strongly suggest that you find one that you are comfortable with to track your current financials.

Producing your current budget and expenses will assist in your financial and retirement planning.

WORKOUT 13: Credit Reports

Have you taken time to check your Credit Report? Credit Reports are prepared by a credit-reporting agency or credit bureau and contain information about your credit transactions. The agencies retrieve this information from merchants, public records, and parties that have made inquiries regarding your credit.

Results on Credit Reports are most often used by lenders to establish credit; however, other reviewers might include future employers, landlords, and insurers. Because Credit Reports affect your financial goals and plans, it is important to check your credit report and correct any errors or misleading information. This is also a good way to check on identity theft.

Every consumer is eligible for a free credit report every 12 months from the three major credit bureaus. I suggest you access your report(s), review them carefully, and keep these with your Financial Plan. Order your free annual report at www.annualcreditreport.com or call 877-322-8228.

The three major credit bureaus can also be accessed:



experian.com or 888-397-3742
transunion.com or 800-916-8800
equifax.com or 800-685-1111

WORKOUT 14: Net Worth Statement

A beginning process of Financial Planning is to document a family or business's Net Worth. This week's workout will assist you in estimating your personal and/or professional amount.

The worksheet below will assist you in creating a quick listing of your financial health at this point in time. Keep in mind that market value of assets can change, as homeowners found out in the mortgage crisis. It is good to review this document at least once a year to update the information and when financial decisions are being made. There is also a summary calculator available on our website.

The following worksheet contains three categories:

- (1) assets--all those things of value owned by you or your business,
- (2) liabilities--all debts, and
- (3) net worth or capital-- your equity as a family or business.

A simple mathematical equation:

Net Worth = What You Own minus What You Owe

ASSETS

_____ Cash on hand
_____ Cash in Checking
_____ Cash in Savings, Credit Union, etc.
_____ Money Market Accounts
_____ Market Value of Your Home
_____ Estimated Value of Household Items (check insurance policy)
_____ Market Value of Other Real Estate (rental property, timeshare, etc.)
_____ Stocks
_____ Bonds
_____ Mutual Funds
_____ Market Value of Vehicles (www.kbb.com or www.edmunds.com)
_____ Cash Value of Life Insurance
_____ Current Value of 401(k) plan or similar retirement accounts
_____ IRA
_____ ROTH IRA
_____ SIMPLE IRA
_____ Estimated Value of Personal Items
_____ Boats, Planes, or other Vehicles
_____ Jewelry
_____ Collectibles
_____ Other Assets
_____ TOTAL ASSETS



LIABILITIES

_____ Mortgage
_____ Home Equity Loan or Line of Credit
_____ Other Real Estate Loans
_____ Auto Loans or Lease
_____ Credit Card Balances
_____ Student Loans
_____ Delinquent Taxes
_____ 401(k) loan
_____ Personal unsecured loans
_____ Life Insurance loan
_____ Other liabilities
_____ TOTAL LIABILITIES

NET WORTH _____
(Assets minus liabilities)

WORKOUT 15: Individual & Joint Accounts

A few years ago, Miriam and I had the joy of watching our son, Lance, marry his high school sweetheart, Courtney. Both have graduated from college and are working in Nashville, Tennessee, and will hopefully return to the Kansas City area soon.

As with any life changing event like this, expenses arise. A way to be prepared for such expenses is to have an individual or joint account to access as needed. These types of accounts are grown with after-tax dollars and are easily accessible. I find that individuals often like to include stocks or mutual funds that they are interested in, connected to, and/or passionate about in these types of accounts.

Just a reminder to have statements and/or checkbook for these accounts stored with your financial records in your home.

WORKOUT 16: Organize

Spencer Financial encourages you to have, at a minimum, the following documents gathered as it relates to your family's individual goals and dreams:

1. Financial Plan
2. Estate Plan
3. Employer Retirement Plan
4. Social Security Summary
5. Budget & Cash Flow Management
6. Net Worth Statement
7. Most recent Bank Account Statement
8. Mortgage
9. Loans



10. Life Insurance
11. Health Insurance
12. Other Insurances - Homeowners (rental), Disability, Long Term Care, Auto
13. IRAs
14. Individual Accounts
15. Money Market & CD Statements
16. Real Estate Investments
17. Education Plan
18. Most Recent Tax Return
19. Charitable Giving Plan

WORKOUT 17: Distribution of Property

In your efforts to gather documents and organize your family portfolio, you will need to consider the distribution of items in your household. There might be items that you want to send to distant relatives because of the items personal connection to that individual. Take time this week to consider such items and make a list to place with your financial documents. Often a list, such as this, is attached to your Will.

WORKOUT 18: Mortgage & Car Titles

Typically, our greatest physical family asset is our home. For this week's workout, make sure that you have placed updated mortgage documents in your financial family records. If you have multiple properties, be sure to include these as well. This is a good time to review your mortgage to see if you are maximizing opportunities in the current economy and meeting the financial goals that you have set with your adviser. Also, take time to file your car titles and other automobile documents, insurance, etc., with your records.

WORKOUT 19: Document Locator

Money management leader, Dave Ramsey, recommends designating a special drawer or place to store important documents that would be needed in case of emergency. He says that one of the best ways to show love for your family is to have your financial act together and organized in a central location.

A family tragedy can be made worse with document disaster if family members are unable to quickly find crucial documents, such as a will, military papers, and insurance information.

Self storage can also be an important benefit in protecting and preserving this private information, but only if certain steps are taken. When planning to archive business or personal documents, be sure to consider these tips:

Paper

* Climate controlled

* Convenient

* Make multiple backups of all stored documents and keep them in a separate location



- * Consider using locked containers such as file cabinets or firesafe
- * Raise boxes off the ground with pallets, wood, plastic or cardboard
- * Use airtight packaging to prevent mildew or water damage
- * Do not use newspaper, as the print can transfer
- * Stack boxes with oldest information at the bottom in the back
- * If packing files, place binders in between groupings to lend sturdiness

Electronic

- * Store all documentation with password-protection
- * Consider anti-static packaging for videotapes, DVDs and CDs
- * Make multiple backups of all stored documents and keep them in a separate location

When you organize your personal and financial information, it is a definite act of loving kindness to those who will handle your matters when you cannot. Take time this week to communicate with those who will need access to the information in the future. If you have any further questions, please don't hesitate to call our office.

WORKOUT 20: Education Planning

An essential part of any Financial Plan includes the consideration of educational expenses. When gathering documents, remember to include investment statements, FAFSA documents, and Scholarship/Grant documents in the storage of your family's financial records.

With the costs of college, the most popular way for parents, grandparents, and other family members to fund college expenses is with an educational savings plan. The most common tool is a 529 College Savings Account offered by the state. Consider your personal Financial Plan and the following unique characteristics on how you might benefit from opening/funding a 529.

1. Contributions to your account grow tax deferred and earnings are tax free when money is used to pay the beneficiary's qualified education expenses which becomes a federal tax advantage.
2. Missouri and Kansas offer income tax incentives for state residents. In Missouri and Kansas, the maximum contribution for the tax incentive is \$8000 for single filing or \$16,000 for married and filing jointly.
3. College savings plans are offered by states, but they are managed by designated financial companies who are responsible for administering the plan's underlying investment portfolios.
4. Under federal rules, you are entitled to change the beneficiary of your account to a qualified family member at any time as well as rollover the money in your 529 plan account to a different 529 plan once per year without income tax or penalty implications.
5. Money in a 529 college savings plan can be used at any college in the United States or abroad that's accredited by the Department of Education and, depending on the individual plan, for graduate school.
6. 529 plans offer an estate planning advantage in the form of accelerated gifting. This can be a favorable way for grandparents to contribute to their grandchildren's education. Specifically, individuals can make a lump-sum gift to a 529 plan of up to \$65,000 (\$130,000 for married couples) and avoid gift tax, provided the gift is treated as having been made in equal installments over a five-year period and no other gifts are made to



that beneficiary during the five years.

A 529 College Savings Plan can create financial well-being regarding the future of your family members. If you have questions regarding your 529 College Savings Plan or wish to talk further, give me a call at the office.