# Financial Wellness

*Workshops to help increase your financial confidence.*

CREATIVE financial group

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# Financial Goal Setting

## A Financial IQ Workshop

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# What Is Financial Well-being?*

- Having control over day-to-day, month-to-month finances
- Having the capacity to absorb a financial shock
- Being on track to meet financial goals
- Having the financial freedom to make choices that allow one to enjoy life

*Consumer Financial Protection Bureau, Financial well-being: The goal of financial education., January 2015

# Agenda

1. Goal Setting Overview
2. Income Goal
3. Savings Goal
4. Retirement Goal
5. Debt Payment Goal

# Goal Setting Overview

**What's most important to you?**

Your financial goals should be **PRIORITIZED**:

- Getting out of debt
- College education
- Home ownership
- Supporting parents/family
- Retirement
- Dream vacation

# Goal Setting Overview

**What's most important to you?**

Your financial goals should be **SMART**:

Specific

Measurable

Actionable

Relevant

Timebound

# Goal Setting Overview

**What's most important to you?**

Your financial goals should address **WANTS** and **CONCERNS**:

| Wants | Concerns |
| --- | --- |
| Home ownership | Paying bills |
| Vacations | Eliminating debt |
| New car | Retirement savings |

# Goal Setting Overview

**What's most important to you?**

## What keeps you up at night?

Savings

Retirement

Income

Debt

Source: MassMutual's State of the American Family Executive Summary, 2018

# Goal Setting Overview

**What's most important to you?**

Consider setting **FOUR** financial goals following the 5-10-15-20 guideline:

**05** Increase your annual income by at least **5%** each year

**10** Save at least **10%** of your net annual income each year

**15** Target a retirement nest egg of about **15X** your annual income

**20** Plan to have your debt (excluding your mortgage) paid down within **20 years** at the most

# Setting an Income Goal

Set a goal of increasing your income by:

**5% each year**

# Setting an Income Goal

**Maximize income over your lifetime**

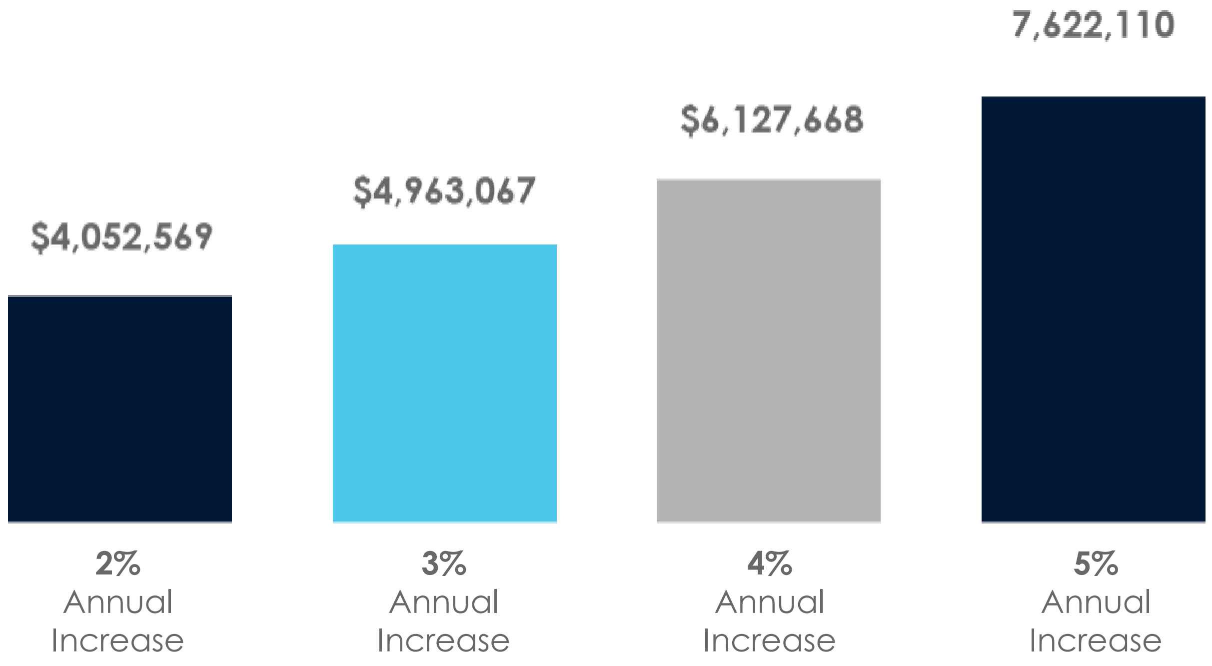
**People don't realize how much money they can make.**


# Setting an Income Goal

## Maximize income over your lifetime

**Small percentages can become big money overtime**

**Over 37 Years**




# Setting an Income Goal

**Maximize income over your lifetime**

**How do you increase your income each year from 2% to 5%?**

Join the sharing economy

Seek overtime pay or merit increases

Minimize tax exposure

Turn your passions into cash

# Setting a Savings Goal

Consider setting a personal savings goal of:

**10% of your after-tax income**

# Setting a Savings Goal

**How do you make saving enough a reality?**

There are many things people want to save for:

- Emergency fund
- College education
- Home ownership
- Vacation

# Setting a Savings Goal

**How do you make saving enough a reality?**

| Annual Gross Income (age 30) | Monthly Savings (10%) | Annual Savings Growth |
|---|---|---|
| $75,000 | $469* | 5% |

**$585,000 in savings by age 67**

*Assuming 10% of monthly take-home pay (less than 25% for taxes)

# Setting a Savings Goal

**How do you make saving enough a reality?**

## There are two places your savings can come from:

| New income | Reduced expenses |
|---|---|
| **$ 234.50** | **$ 234.50** |
| New income | Reduced expenses |

# Setting a Savings Goal

**How do you make saving enough a reality?**

## Ways to make your goals easier to attain:

# Setting a Retirement Goal

Consider setting a goal of building a nest egg that's:

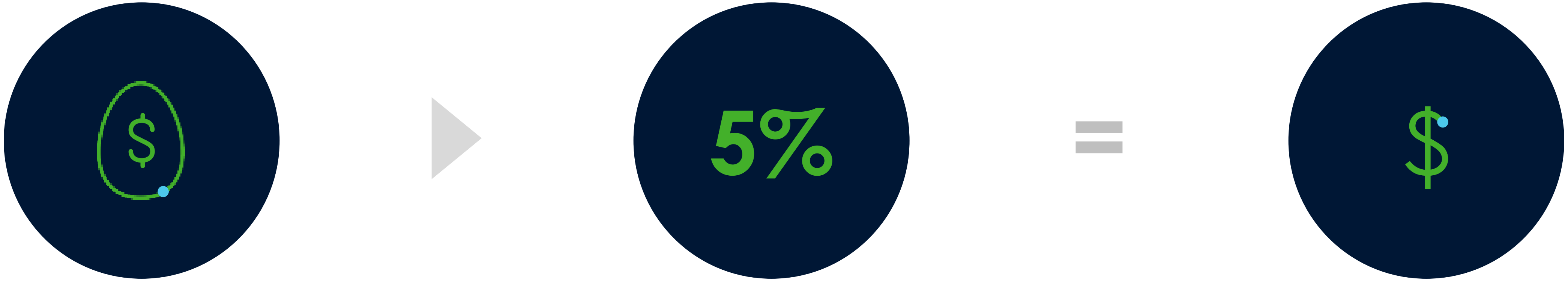
**15x your pre-retirement income**

# Setting a Retirement Goal

**How big should your nest egg be?**

**Nest egg**
15 x Annual Income

**75%**
Pre-retirement Income




A nest egg of 15x your annual income could generate **75% of your pre-retirement income** during retirement.

# Setting a Retirement Goal

**How big should your nest egg be?**

## What else should you consider?

- Your investment risk profile
- Amount of retirement account contributions
- Build other assets
- Estimate retirement living expenses
- Increased health care needs

# Setting a Debt Payment Goal

Consider setting a goal to pay down your debt (excluding your mortgage) in

**20 years**

# Setting a Debt Payment Goal

**Taking control of your debt**

## Free up your money to allocate toward personal savings and retirement accounts.

Balance debt with other goals

Be debt-free by retirement

Save more

# Setting a Debt Payment Goal

**Taking control of your debt**

## Things you can do to help reach your debt elimination goal:

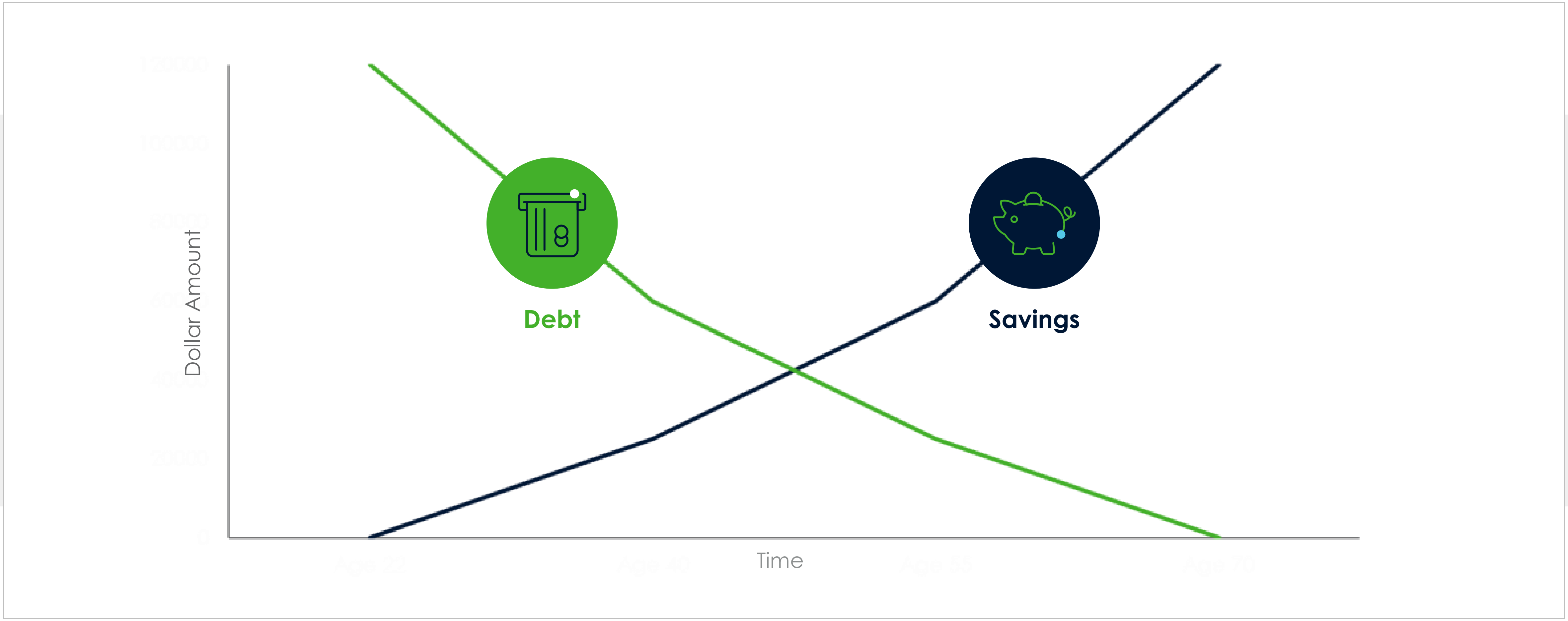
Know your debt

Know good vs. bad

Set priorities

# Setting a Debt Payment Goal

## Taking control of your debt



# Review

## Having financial goals can help you achieve financial well-being. Consider what concerns you most.

Income

Retirement

Savings

Debt

# Review

**5-10-15-20 / SMART Goals**

**5**

Increase your annual income by at least **5% each year**

**10**

**Save at least 10%** of your net annual income each year

**15**

Target a retirement nest egg of about **15X annual income**

**20**

Plan to have your debt (excluding mortgage) paid down within **20 years**

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