

Personal Financial Planning



Getting Started

Financial Analysis - Determine where you are by assessing your Net Worth – your assets minus liabilities and analyze your cash flow. Set your goals – both short term and long term. Then compile a record of spending patterns for future analysis. You should take a “snapshot” of a few weeks to a month to get a representative idea of your finances.

Budgeting – This tool for shaping spending patterns can enable you to establish priorities for allocating resources and identify problem areas. Then balance the budget.

Things That Hinder Success – Every financial event in life can be dealt with through planning. Procrastination, spending habits, inflation, marketing of things we may not need and taxes. We can not eliminate them all but can plan to work around the effects of these elements.

Financial Plan Considerations

A financial plan must be flexible to deal with unexpected changes in your life, liquid enough to enable you to get to needed funds when necessary or to adapt to changes and tax savvy without “letting the tax tail wag the financial dog”.

Meeting Your Goals

Pay Yourself First! - This is a universal rule to target success by putting funds aside for your future each payday through automatic payroll deductions, checking account transfers to investments or by writing yourself a check. Goals – at least 10% of your gross income to the future and at least 20% if you have no savings plan in place at this time and you are within 10 years of retirement.

Establish an Emergency Fund – keep 8-24 months expenses for the unexpected held in cash equivalents such as a money market account or short term CD’s for potential financial emergencies or calamities.

Investment Time Horizons

Short Term – Less than 3 years – Protect the principal value

Long Term – Greater than 3 – 5 years – Protect the purchasing power

Investment Classes

Cash – Stable value often with government guarantees

Bonds – IOU that pays dividend income and provides the return of your money at maturity

Stocks – Company ownership with the greatest growth potential and inflation protection

Global/International – Participation in the global economy

Investment Risk / Asset Allocation

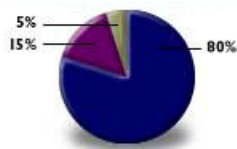
Safety – Nothing is truly safe – Cash has the risk that it might be stolen from your mattress or lose value to inflation. Bonds have the risk that their value will go down if interest rates go up and Stocks have the risk that the company may go bankrupt. International holdings have the risk of currency fluctuation. Proper management of risk and diversification can have the greatest effect on portfolio gain.

Mutual Funds – An easy way to obtain diversification, professional management & performance monitoring.

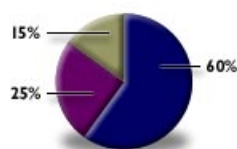
Concentration Risk – Avoid owning more than 4% of a portfolio in any one stock or placing more than 15% of a portfolio under the guidance of any single fund manager.

Asset Allocation – Own a variety of investments from the four major investment groups – Cash, Stocks, Bonds & International/Global as these markets generally don’t move in the same direction at the same time.

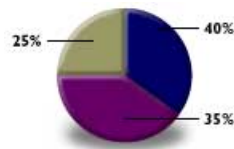
Aggressive



Moderate



Conservative



Resources

NEOEA – <https://neoea.org/resources/member-benefits/> Discounts and benefits from your District Association

AII – www.aaii.com - American Association of Individual Investors. Nonprofit for unbiased investment information

Cleveland Chapter AII – <https://clevelandaaii.wordpress.com> Local chapter with seminars & subgroups

Mutual Fund Education Alliance – www.mfea.com Information on investing and sponsored funds
Build a Mutual Fund Portfolio https://imealliance.com/tools/build_personal_portfolio/content/default.fs

Morningstar - www.morningstar.com Information, research and analysis on funds and stocks.

Yahoo Finance – <https://finance.yahoo.com/> Research, commentary, analysis, portfolio, alerts

OEA ACCESS – <https://ohea.accessdevelopment.com/> Discount portal from OEA

Paul Merriman - www.paulmerriman.com Articles, free e-books, podcasts & insight from index investing advocate

NEA Member Benefits – <https://www.neamb.com/> Resources, discounts and publications

Ric Edelman – www.ricedelman.com Financial future podcast, author

Suze Orman – www.suzeorman.com Author, commentary, Women and Money podcast, media host, relationships

Fidelity Investments – www.fidelity.com Financial services, investing tools, seminars, newsletters – No Load Mutual Funds

T. Rowe Price - www.troweprice.com Mutual funds, Monte Carlo based Retirement planner – No Load Mutual Funds

T. Rowe Price Retirement Income Planner - <https://www3.troweprice.c/ric/ricweb/public/ric.do>

Vanguard - www.vanguard.com Mutual Fund & ETF investing, interactive planner & tools - No Load Mutual Funds

403b Wise - www.403bwise.org/ Objective information regarding retirement plans for education & public service personnel

Rutgers Risk Tolerance Quiz <https://njaes.rutgers.edu/money/assessment-tools/investment-risk-tolerance-quiz.pdf>

Online Risk Tolerance Calculator - <https://calcxml.com/calculators/inv08#>

Bank Rate Asset Allocation Planner - <http://www.bankrate.com/calculators/retirement/asset-allocation.aspx>

Net Worth Calculator - <https://www.nerdwallet.com/article/finance/net-worth-calculator>

Ohio Deferred Compensation - www.ohio457.org State operated 457 Plan with low cost investment options.
ODC Asset Allocation Tool <https://www.nrsforu.com/iApp/pub/advicetools/assetAllocationDecision.action>

Ohio Retirement Systems www.strsoh.org www.ohsers.org www.opers.org

NEOEA Personal Welfare & Financial Planning Committee Resources - <https://neoea.condohome.net/>