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AAFMAA Wealth Management & Trust LLC

6 Ways to Improve Your Personal Finances

Presented by Joe Farella CFP[®], CLU[®], CWS[®]

Our Mission

Our Mission: to be the premier provider of financial planning, investment management, and trust services to the American Armed Forces community.

DISCLAIMER

- Not specific investment or tax advice, we provide innovative, personalized, and lifestyle-appropriate financial services.
- Bound by a **fiduciary standard** - any advice or service we offer must always be in the best interest of the client.
- Serving U.S. Armed Forces community



The Agenda

Is Your Financial House in Order?

1. Your goals
2. Your asset allocation
3. Your retirement plan(s)
4. Year end planning
5. Update your budget
6. Invest extra income



1. Review Your Goals

What are your financial priorities? Have they changed?

- Retirement planning
- Managing a budget / paying bills
- Investment management
- Minimizing taxes
- Managing your risks
- Caring for parents
- Contributing to charity
- Providing a legacy
- Saving for college
- Saving for major purchases



2. Review Your Asset Allocation

- How tolerant are you of market risk?
 - Different classes of assets carry different levels of risk and potential return: Stocks, Bonds, Cash
- Build your portfolio, picking assets in each class
- Pay attention!
 - Rebalance as your allocation strays from your strategy
 - Change strategy as goals, time horizon, and risk tolerance evolve

3. Contribute to Your Retirement Plan(s)

- If you're not retired, contribute as much as you can to your retirement plan(s)
- Determine your retirement income needs
- Calculate the gap between needs and estimated future income
- Figure out how much you need to save to fill the gap
- Build your retirement fund: SAVE, SAVE, SAVE

3. Contribute to Your Retirement Plan(s)

Understand your investment options and use the right tools!

- Thrift Savings Plan
- 401(k), 403(b), 457(b) employer-sponsored plans
- IRA
- Annuities



4. Year End Planning

- When it comes to withholding, don't short change yourself
- Timing is everything
- The gifts that give back
- Postpone the inevitable



4. Year End Planning

- When the time comes, you MUST start withdrawing the money you've accumulated in your IRA
 - Add up your IRAs
 - Avoid tax penalties!
 - Decide on source
- IRS rules tell you how much you must withdraw, but not how much you should withdraw to accomplish your financial goals

5. Update Your Budget

- Examine your financial goals
- Identify your current monthly income and expenses
- Evaluate your budget
- Monitor your budget
 - Involve the entire family
 - Stay disciplined
 - Start your new budget at a time when it will be easy to follow and stick with the plan (e.g., now, after the holidays)
 - Find a budgeting system that fits your needs
 - Distinguish between expenses that are "wants" and expenses that are "needs"
 - Build rewards into your budget
 - Avoid using credit cards to pay for everyday expenses



6. Invest Extra Income

- **Plan to Invest**
 - Saving versus investing
 - Why invest?
 - Before you start
 - What is the best way to invest?
 - Understand the impact of time
 - Consider whether you need expert help
 - Review your progress
- **Tips to Invest More**
 - Pay yourself first
 - Invest 100% of bonuses, tax returns, and other windfalls
 - Diversify your income stream

Financial Planning

- Self-planning:
 - Request an AWM&T Financial Dashboard
 - <https://wealth.aafmaa.com/request-information/>
 - Account Aggregation
 - Workshop
 - Asset Allocation
 - Budgeting
 - Retirement Planning
 - College Savings
 - Insurance Planning
 - Education Center
- Assisted planning: Ask Joe for help!

Questions

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Thank You!



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