



Back-to-School: Strategies for Success

Wednesday, August 22nd

LIVE BUIGSM

Today's Presenters



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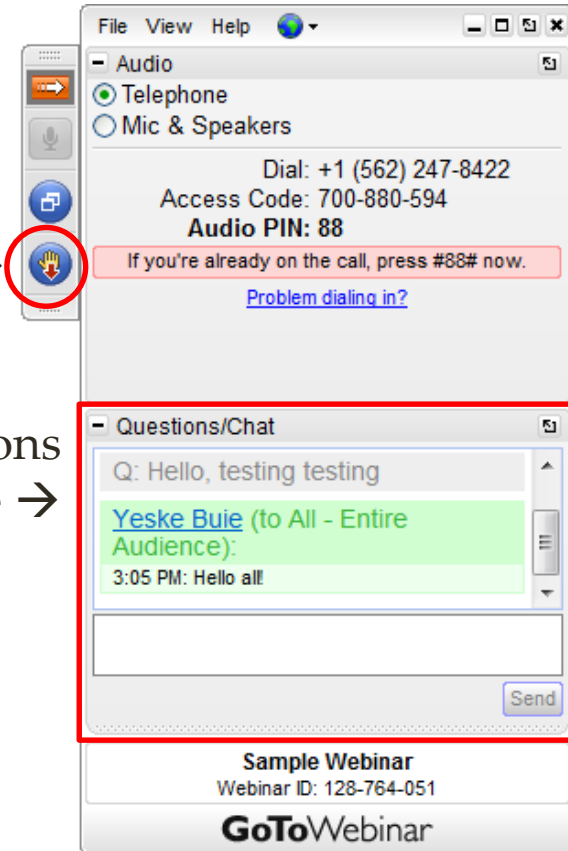
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Financial Planner

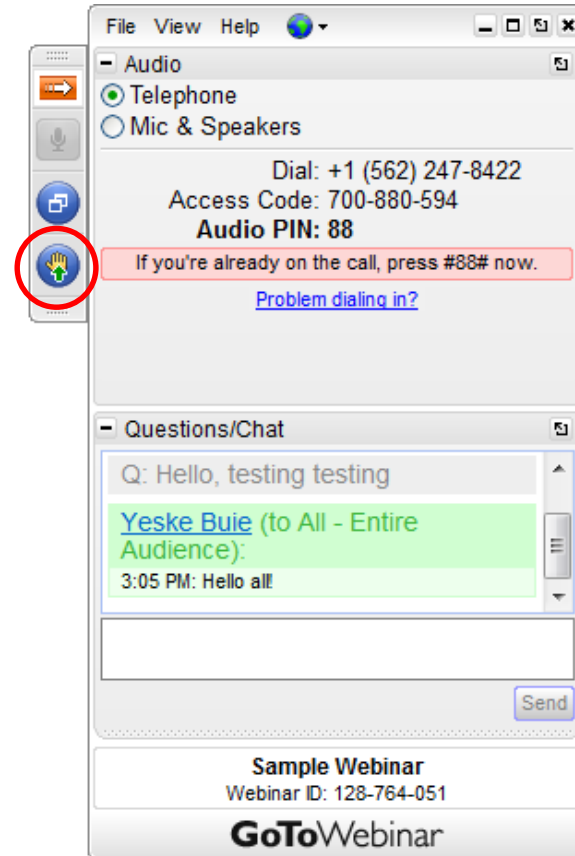
Raise Your Hand and Ask a Question

Hand Down →



Ask Questions
Here →

Hand Up →



Today's Topics





Saving for College

My spouse and I would like to open a savings account for our son's college expenses. What's the best kind of account to open?



College Savings Vehicles: *529 Plans*

- Features
 - Tax-deferred earnings
 - Tax-free withdrawals (for qualified expenses)
 - Can change beneficiary to another member of the beneficiary's family
 - No time/age restrictions
 - No income restrictions
 - Counted as asset of parent if owner is parent/dependent student (regarding financial aid)
- Things to be aware of
 - Withdrawn earnings subject to 10% penalty if used for nonqualified expenses
 - Contributions are treated as completed gifts (be mindful of annual gift exclusion amount)



College Savings Vehicles: *Education Savings Account (ESA)*

■ Features

- Tax-deferred earnings
- Tax-free withdrawals (for qualified expenses)
- Can change beneficiary to another member of the beneficiary's family
- Counted as asset of parent if owner is parent/dependent student (regarding financial aid)

■ Things to be aware of

- Withdrawn earnings subject to 10% penalty if used for nonqualified expenses
- Contributions are treated as completed gifts (be mindful of annual gift exclusion amount)
- Annual contributions limited to \$2,000 per beneficiary per year from all sources
- Income threshold for contributions: \$110,000 (single); \$220,000 (joint)
- Contributions must cease before beneficiary reaches age 18; account must be exhausted before beneficiary reaches age 30



College Savings Vehicles: *Custodial Accounts*

■ Features

- No income restrictions
- Distributions can be used for any reason without penalty (but **MUST** be used for the benefit of the minor)



■ Things to be aware of

- Taxable earnings and gains (to the minor)
- Cannot change beneficiary
- Counted as student's asset (regarding financial aid)
- Custodianship terminates when minor reaches age of majority (generally 18 or 21)
- Contributions are treated as completed gifts (be mindful of annual gift exclusion amount)



My 529 Policies and Investments

Okay, now that I've got an account open to save money, how do I invest it?



Investing Education Accounts

- Global & diversified, just like any other account
- Two phases:
 - Accumulation phase
 - Spending phase
- Policy-Based Financial Planning[®]



Accumulation Phase

- Policies
 - Use qualified plans (529s) to take advantage of tax benefits and target half of expected tuition expenses as the savings goal
 - Additional savings should occur in taxable accounts to preserve flexibility
 - Adjust investments over time as the student approaches college-age, reducing the exposure to stocks and increasing the exposure to bonds
 - Regardless of the amount accumulated, apply for grants and scholarships to preserve savings



Accumulation Phase

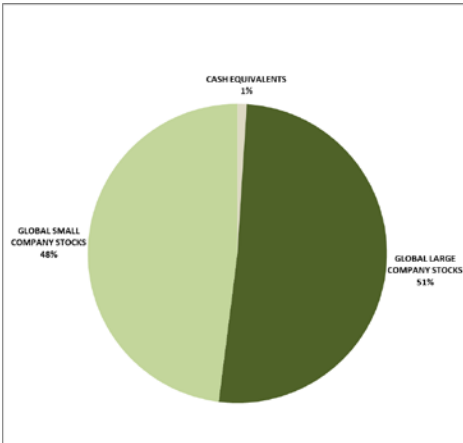
Child's Age

0-6

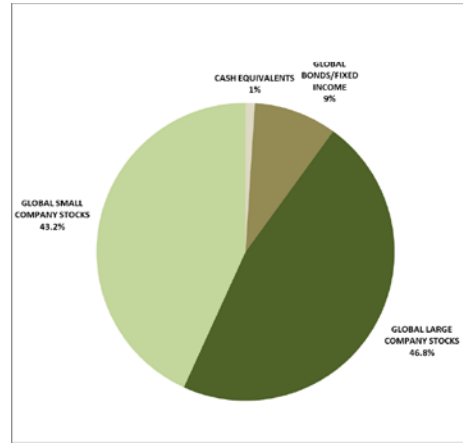
7-12

13-15

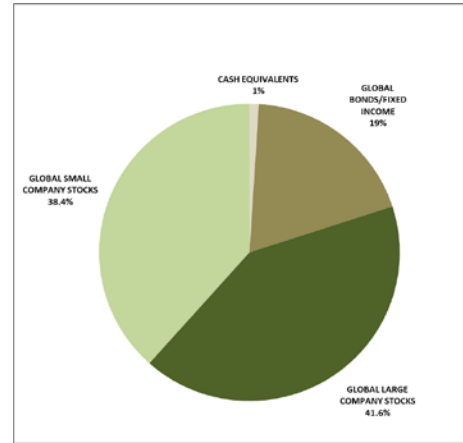
16-18



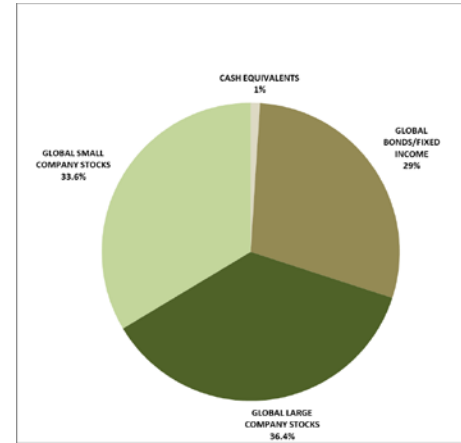
100/0



90/10



80/20



70/30

Allocation

My529 (Utah's 529 Plan)

Fund	0-6		7-12		13-15		16-18			
	0 - 3	4 - 6	7 - 9	10 - 12	13 - 14	15	16	17	18	19+
Equity										
Domestic Equity										
Vanguard Total Stock Market Index i	10%	10%	9%	9%	8%	8%	7%	7%	7%	7%
DFA US Large Cap Value Portfolio i	11%	11%	10%	10%	9%	9%	8%	8%	8%	8%
Vanguard Small-Cap Index i	15%	15%	13%	13%	12%	12%	10%	10%	10%	10%
DFA US Small Cap Value Portfolio i	16%	16%	14%	14%	13%	13%	11%	11%	11%	11%
DFA Real Estate Securities Portfolio i	7%	7%	6%	6%	6%	6%	5%	5%	5%	5%
International Equity										
Vanguard Total International Stock Index i	15%	15%	14%	14%	12%	12%	11%	11%	11%	11%
DFA International Value Portfolio i	15%	15%	14%	14%	12%	12%	11%	11%	11%	11%
Vanguard Emerging Markets Stock Index i	11%	11%	10%	10%	8%	8%	7%	7%	7%	7%
Fixed Income										
DFA One-Year Fixed Income Portfolio i			10%	10%	20%	20%	30%	30%	30%	30%
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

100/0

90/10

80/20

70/30

Spending Phase

- Policies:
 - Current year needs kept in cash
 - Cash needs for remaining years of school kept in bonds
 - Excess funds in account above these amounts invested in stocks
- As cash is spent, top it up from bonds to maintain the above balances





Financial Literacy

I'm not sure where to begin when it comes to teaching my child about money – there's so much material out there and I'm struggling to differentiate between useful resources and junk. Can you help me?



Yeske Buie's Financial Literacy Program

Money Savvy Pig

Sent to children age 3 – 7



Cash Cache

Sent to children age 8 – 12



O.M.G: Official Money Guide

Sent to teens age 13



What Color is your Parachute?

Sent to High School Juniors



Where Will You Be 5 Years from Today?

Sent to High School Graduates



Generation Earn

Sent to College Graduates



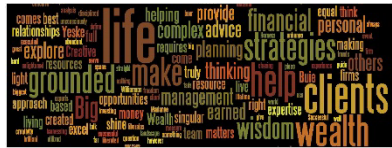


Budgeting

When I try to talk to my kids about budgeting, it seems that they have carrots in their ears! What suggestions or resources do you recommend for having these conversations?



Policies



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POLICIES FOR YOUNG WORKING ADULTS

- Save 10% of every paycheck you ever earn towards retirement.
- Secure health and disability insurance at the time of your first employment, and maintain such coverage until you retire.
- Insure your belongings.
- Use credit cards only for expenditures that you can pay off at the end of every month. Consider, instead, using a debit card for most purchases.
- Track your spending and follow a budget.
- Build and maintain an emergency fund of at least two months salary
- Set aside funds every month to be used for large expenditures (e.g. car down payment or repairs, vacation, etc.).
- Use consumer debt for necessary large ticket items (such as a car), keeping total consumer debt payments to less than 10% of your gross pay.

Live Big® – It's about the size of your life, not the size of your wallet®

Budgeting

- Sources of income
 - Working while in school
 - Parental assistance
 - Student loans
- Plan for expenses, create a budget, stick to it!
 - Know what resources you have (meal plan for dining while on campus vs. dining out every meal)
 - If you're working, save! It's a good habit to build as soon as you start working
 - 10% to a Roth IRA

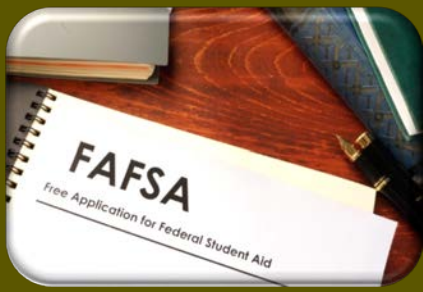


Budgeting

- Start with income
- Fill in expenses as appropriate
 - Fixed: required to be paid each month/quarter/year
 - Discretionary: paid only if you choose to do/buy something
- Set aside an emergency fund
- Set aside funds each month for upcoming large expenses (new gadget, vacation, etc.)

Student Cash Flow Projection

Inflows			
		<u>Monthly</u>	<u>Annual</u>
Income 1	\$	-	\$ -
Income 2	\$	-	\$ -
Total Inflows	\$	-	\$ -
Outflows			
		<u>Monthly</u>	<u>Annual</u>
<i>Fixed Expenses</i>			
Federal & State Income Tax	\$	-	\$ -
FICA Tax	\$	-	\$ -
Auto Loan	\$	-	\$ -
Student Loan	\$	-	\$ -
Auto Insurance	\$	-	\$ -
Bills & Utilities	\$	-	\$ -
School Tuition, Room & Board	\$	-	\$ -
Others ... ?	\$	-	\$ -
<i>Discretionary Expenses</i>			
Savings	\$	-	\$ -
Food & Dining	\$	-	\$ -
Health and Fitness	\$	-	\$ -
Fees & Charges	\$	-	\$ -
Personal Care	\$	-	\$ -
Entertainment	\$	-	\$ -
Auto & Transportation	\$	-	\$ -
Travel	\$	-	\$ -
Shopping	\$	-	\$ -
Charitable Contributions	\$	-	\$ -
Others ... ?	\$	-	\$ -
Total Outflows	\$	-	\$ -
Surplus/Shortage	\$	-	\$ -



Filing FAFSA

I realize it's an acronym, but I can barely spell FAFSA (and it's kind of hard to say, too!). How do we know if we qualify for financial aid? And what about scholarships?



Financial Aid & Scholarships

- Filing the FAFSA
 - October 1st through June 30th
 - Tax information from prior year (versus estimates for an upcoming year and having to resubmit final numbers later)

School Year	FAFSA Filing Period	Income Tax Year Information
July 1, 2015 – June 30, 2016	January 1, 2015 – June 30, 2016	2014
July 1, 2016 – June 30, 2017	January 1, 2016 – June 30, 2017	2015
July 1, 2017 – June 30, 2018	October 1, 2016 – June 30, 2018	2015
July 1, 2018 – June 30, 2019	October 1, 2017 – June 30, 2019	2016



Financial Aid & Scholarships

■ Resources

■ [Forthcoming Adjustments to Facilitate Student Advantages](#)

- Details recent changes made to filing the FAFSA

■ [File On!](#)

- Includes details on deadlines and information required on the FAFSA

■ [A Jewel of Financial Tools](#)

- Section on paying for college

- There are experts who can help you navigate the financial aid process, including the FAFSA, Student Loans options, and Scholarships potentially available at your school.

- We did an Expert Spotlight on one of these resources – [Tony Sutphin of YesToCollege](#)

Who Can Help?

- Applying for college:
 - Do research, determine what characteristics you are interested in
 - Location, price, degree offering, layout, community, sports, arts, cultural experiences, etc.
 - Then, if possible, go visit campus
 - If desired, consider working with a college counselor (much like a career counselor) who works with future students to determine a school and program that will best fit their needs and desires
 - Will also assist with application process



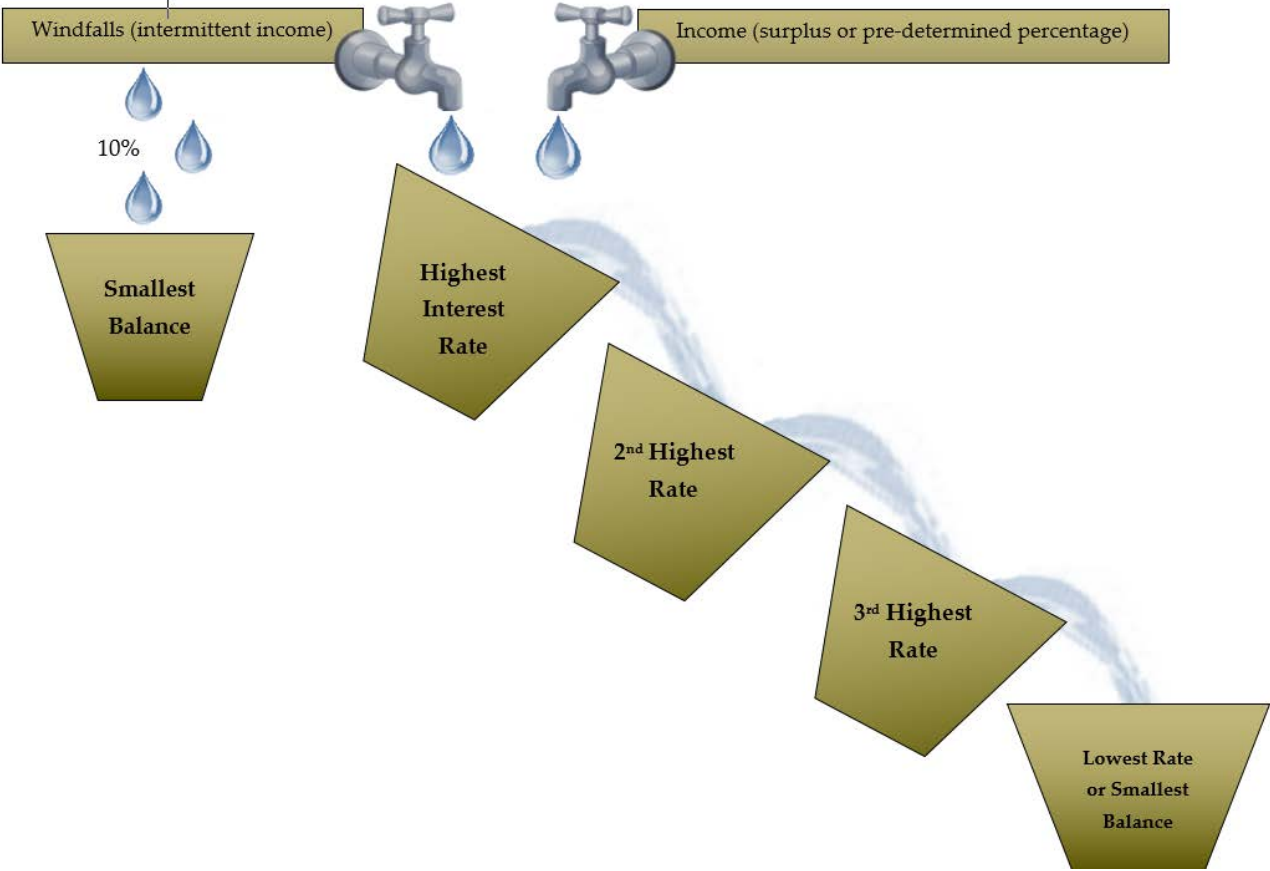


Paying Down Debt

Hello? 911? I'm drowning... in student debt! Please send help directly to my checking account.



Debt Service Policies





Getting Organized

With the kids back in school, I have a lot more time on my hands. I know we have a ton of should-do's but we're having a hard time getting organized. Where should we start?



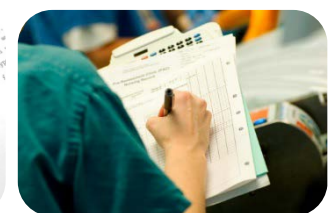
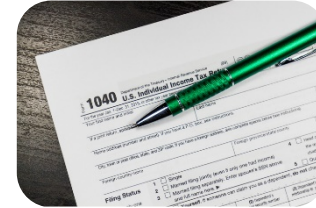
Your Financial “First Aid” Kit

- Personal Financial Management
- Investment Statements
- Estate Documents
- Legal Documents
- Home Documents
- Income Tax Information
- Medical Information
- Insurance Documents



Your Financial “First Aid” Kit

- Resources:
 - Avoid Surprise – Get Organized
 - Assembling Your Financial First Aid Kit
 - “Let’s Talk About the Big Book”



Questions?



THANK YOU!

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