



# Fix Your Finances 2020

## Quick Review

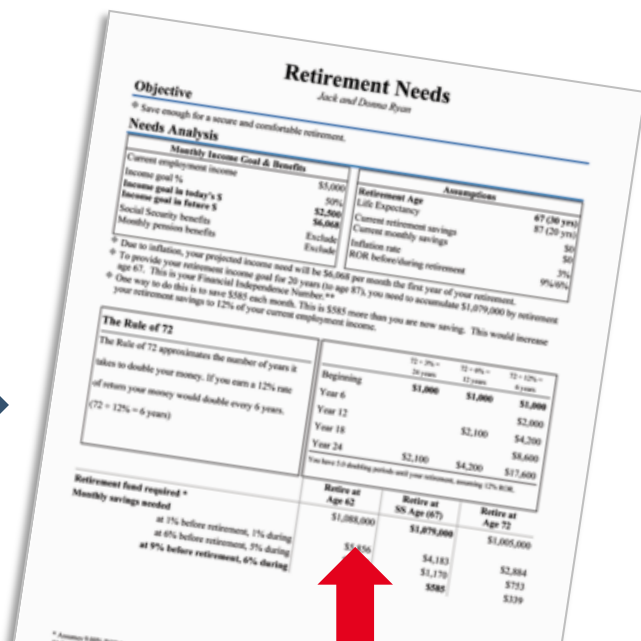
Class 3- How to Determine Your  
FIN Number

# Step 1- Would you like to know your Financial Independence Number?

Your **FIN** is the amount of money you'll need to accumulate, so that someday you can live off that money for the rest of your life and never have to go back to work.

**Example: You want to retire in 30 years, with \$100,000 a year in today's dollars**

30 years from now, after 3% inflation...  
\$243,000 spends like \$100,000 does today.



**Your FIN is \$2,624,000**

**To get there, invest \$1,421 per month for 30 years at 9% = \$2,624,400**

**Lets Find Out What Your FIN Number Is.....**

This hypothetical example assumes 20 years of retirement income needed, at a 6% post-retirement rate of return and 3% inflation. Hypothetical investment rates assume a nominal 9% rate of return, compounded monthly, and are not indicative of any specific investment. Any actual investment may be subject to taxes and fees, which would lower performance. This example shows a constant rate of return, unlike actual investments which may fluctuate in value.

2

# Determine Your FIN- Do Nothing Money

## Saving for Retirement Needs

**Your Goal:** Find out how much you may need to save for retirement.

### Needs Analysis

#### Monthly Income Goal & Benefits

Current Income	\$8,000
Income Goal	80 %
<b>Income Goal in today's \$</b>	<b>\$6,400</b>
<b>Income Goal in future \$</b>	<b>\$16,500</b>
Social Security benefits	Included

#### Assumptions

<b>Retirement Age</b>	<b>67/67 (32/32 yrs)</b>
Life Expectancy	84/86 (17/19 yrs)
Current Retirement Savings	\$40,000
Total Monthly Savings	\$720
Employer Contributions	\$240
Personal Monthly Savings	\$480
Inflation Rate	3.00 %
ROR before/during retirement	8% / 4%

### Warning!

- ◆ **Where You Stand:** Based on the information you provided and the assumptions used in this analysis, you will not achieve your retirement income goal of \$6,400 per month. Due to inflation, your projected income need will be \$16,500 per month the first year of your retirement.
- ◆ **To Meet Your Goal:** To provide your retirement income goal for life, you will need to accumulate \$2,830,727 by your retirement ages of 67 / 67. This is your Financial Independence Number.
- ◆ One way to accomplish this is to personally save \$1,058 per month, which is \$578 more than you are currently saving and 13.2% of your income. If your savings earn lower rates of return, you may need to save more to reach your goal.

## Your Financial Independence Number is \$2,830,727

	Retire at Age 62 / 62	Retire at Age 67 / 67	Retire at Age 72 / 72
Savings needed at retirement Total monthly savings needed <i>ROR: 4.00 % before - 2.00 % during</i>	\$3,958,827 \$6,581	\$3,422,643 \$4,208	\$2,869,610 \$2,647
Savings needed at retirement Total monthly savings needed <i>ROR: 6.00 % before - 3.00 % during</i>	\$3,516,165 \$4,090	\$3,107,873 \$2,438	\$2,674,149 \$1,408
<b>Savings needed at retirement Total monthly savings needed <i>ROR: 8.00 % before - 4.00 % during</i></b>	\$3,138,823 \$2,433	<b>\$2,830,727 \$1,298</b>	\$2,496,197 \$634

This illustration is a hypothetical and does not represent an actual investment. The illustration uses constant rates of return compounded on a monthly basis, unlike actual investments which will fluctuate and could significantly underperform or experience negative returns. It does not include fees, taxes, expenses, or withdrawals, which if included, would lower results. There is no guarantee you will achieve these results.

## Here are the Numbers

All retirement calculations assume \$40,000 current retirement savings, \$240 employer contributions (as part of total monthly savings), estimated Social Security benefits, 3.00% inflation rate, 3.00% annual increase in current gross income, 8.00% rate of return before retirement and 4.00% rate of return during retirement.

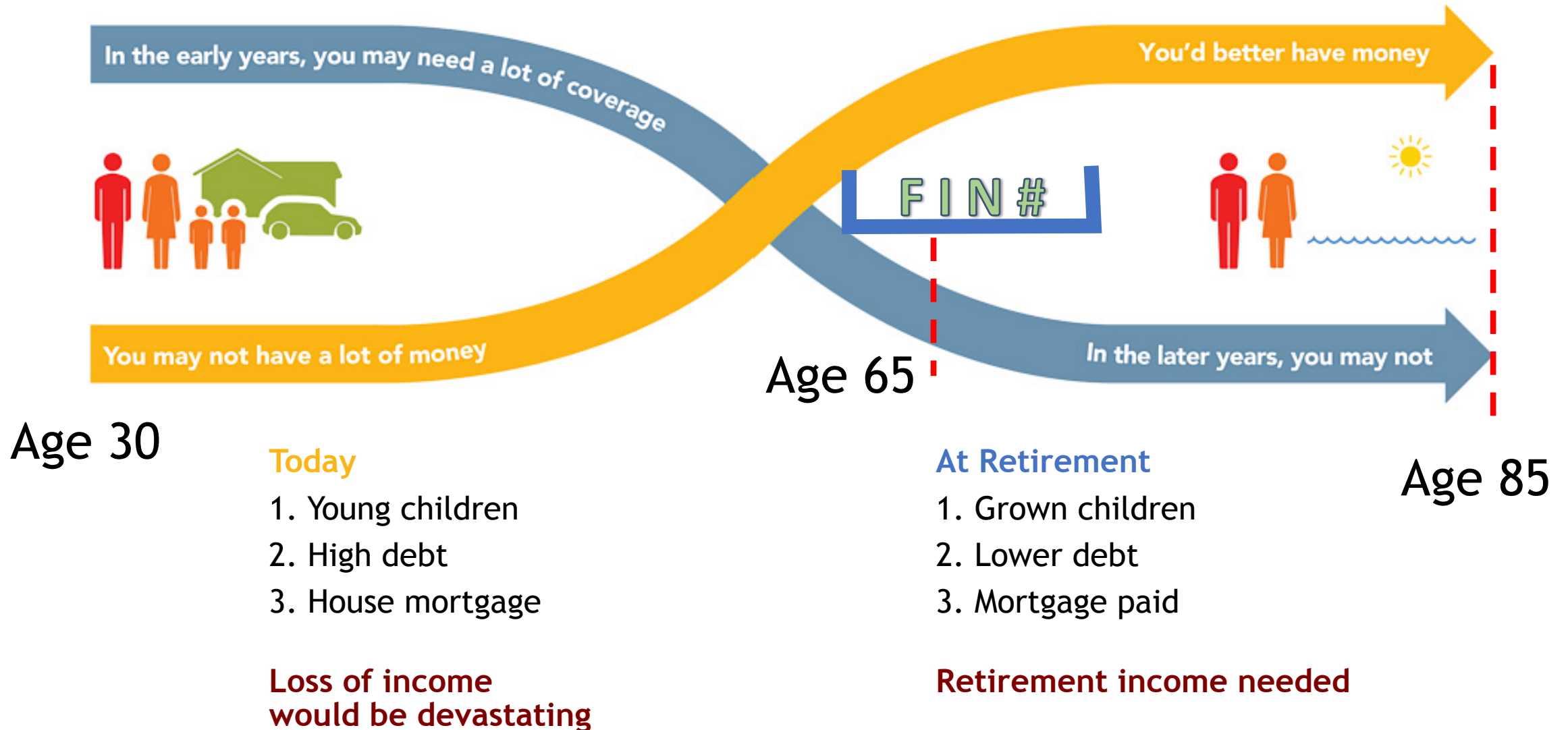


*The seeds you sow today  
will be your Harvest  
tomorrow...*

Don't judge each day by the harvest  
you reap, but by the seeds you plant.  
- Robert Louis Stevenson



# The Theory of Decreasing Responsibility



# Inflation

Inflation = 2.5%

Income = \$40,000  
(\$3,333/mo)

Age 30

Accumulation

\$94,928  
\$7,910/mo

AGE 65

FIN #

Financial  
Independence #

Withdrawal

\$155,550  
\$12,962/mo

AGE 85

# Setting *Your* FIN#

Inflation = 2.5%

Income = \$40,000  
(\$3,333/mo)

Age 30

Accumulation

AGE 65

\$1,239,137

Financial  
Independence #

7%

\$94,928  
\$7,910/mo

Withdrawl

\$155,550  
\$12,962/mo

AGE 85

# You need three things to become Financially independent.....

1. Time.      **If you have Lots of time!**
2. Money.      **You need A little money!**
3. Rate of return.      **Small Rate of return!**

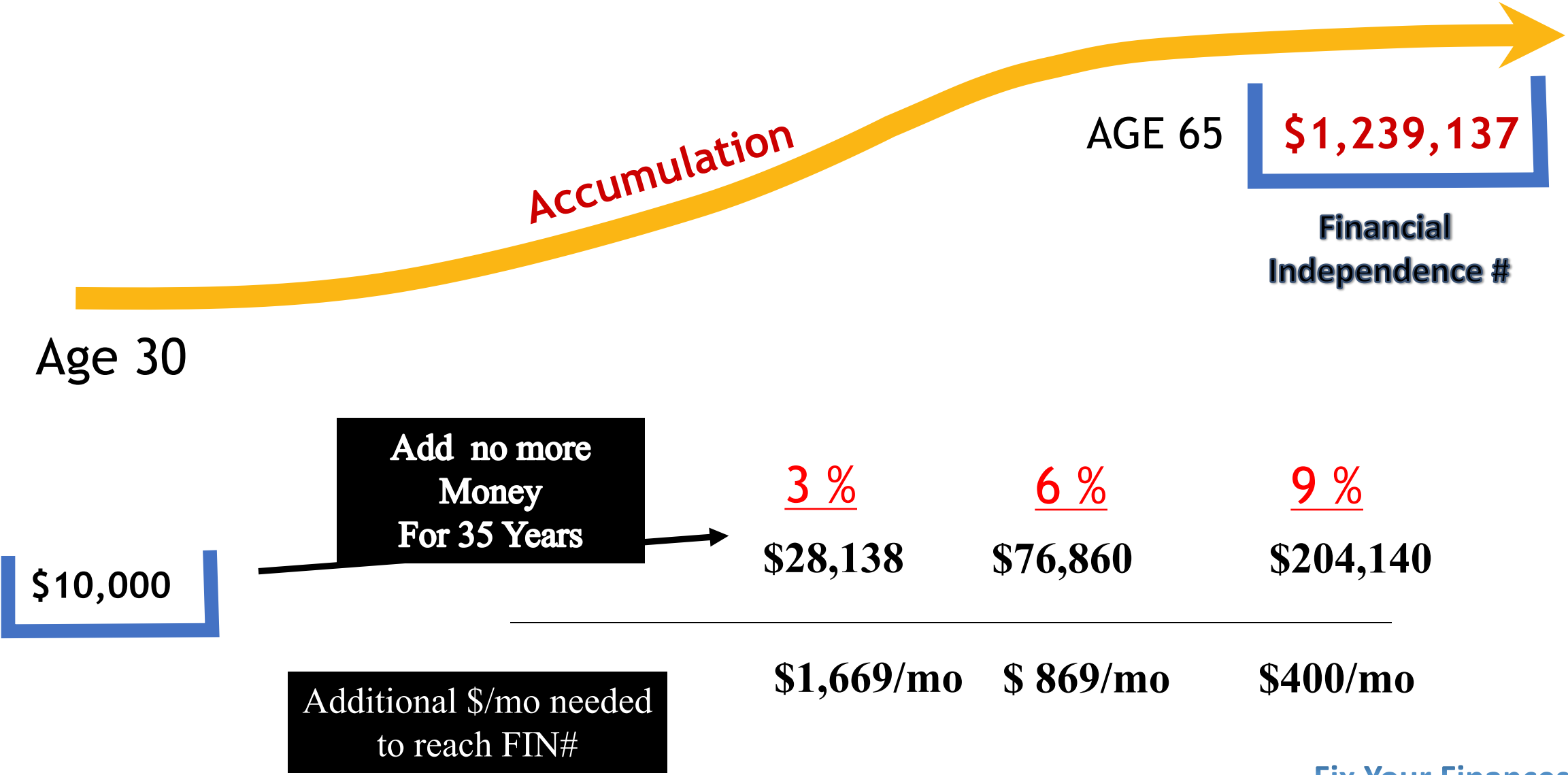
**Shortage of time!**

**A lot of Money!**

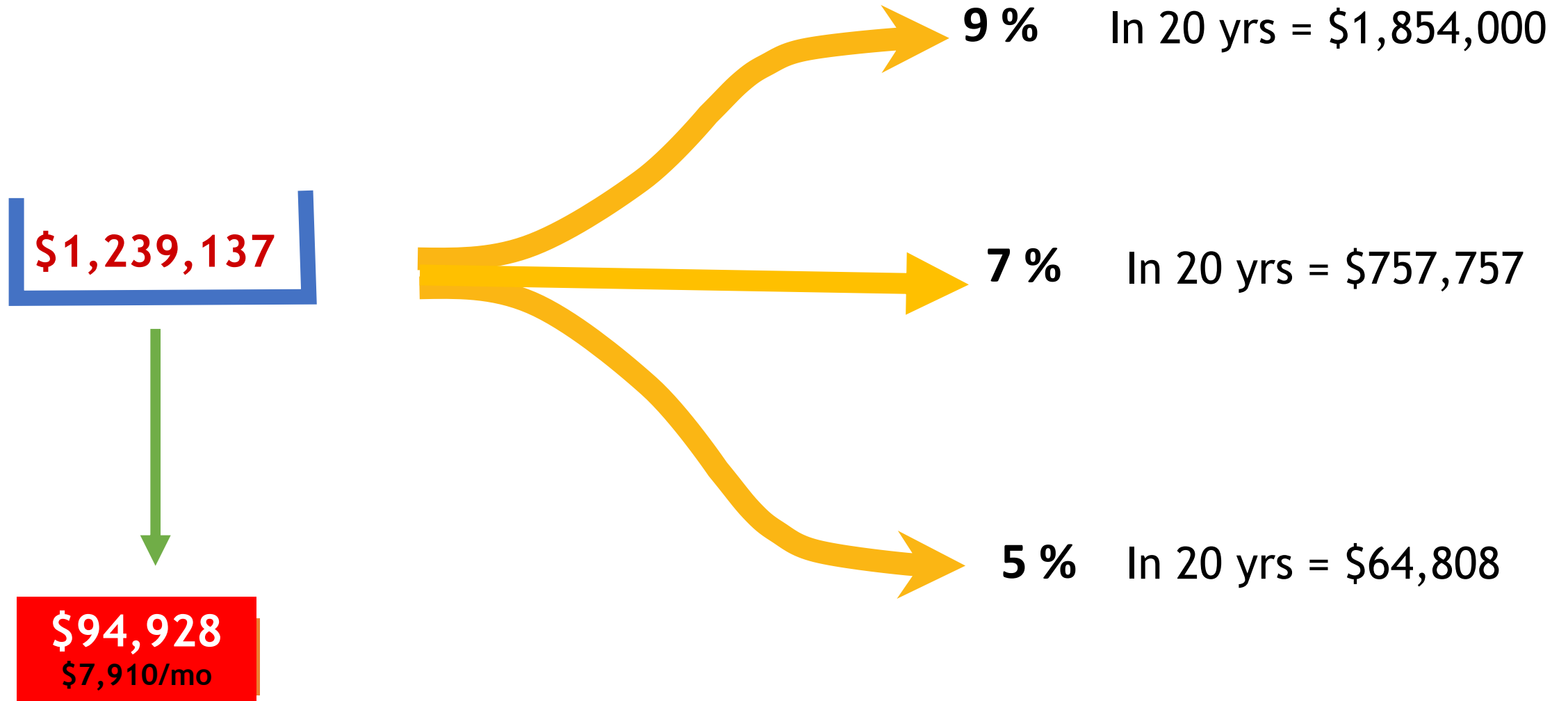
**Highy rate of return**

***These are the facts of life!***

# Accumulating Your FIN#



# Spending Phase



For Illustrative Purposes Only!!!...No Inflation Factored into above Numbers



# Retirement Needs

Jack and Donna Ryan

## Objective

☛ Save enough for a secure and comfortable retirement.

## Needs Analysis

Monthly Income Goal & Benefits		Assumptions	
Current employment income	\$5,000	Retirement Age	67 (30 yrs)
Income goal %	50%	Life Expectancy	87 (20 yrs)
Income goal in today's \$	\$2,500	Current retirement savings	\$0
Income goal in future \$	\$6,068	Current monthly savings	\$0
Social Security benefits	Exclude	Inflation rate	3%
Monthly pension benefits	Exclude	ROR before/during retirement	9%/6%

☛ Due to inflation, your projected income need will be \$6,068 per month the first year of your retirement.

☛ To provide your retirement income goal for 20 years (to age 87), you need to accumulate \$1,079,000 by retirement age 67. This is your Financial Independence Number.\*\*

☛ One way to do this is to save \$585 each month. This is \$585 more than you are now saving. This would increase your retirement savings to 12% of your current employment income.

The Rule of 72		72 ÷ 3% = 24 years	72 ÷ 6% = 12 years	72 ÷ 12% = 6 years	
The Rule of 72 approximates the number of years it takes to double your money. If you earn a 12% rate of return your money would double every 6 years.  (72 ÷ 12% = 6 years)		Beginning	\$1,000	\$1,000	\$1,000
		Year 6			\$2,000
		Year 12		\$2,100	\$4,200
		Year 18			\$8,600
		Year 24	\$2,100	\$4,200	\$17,600
You have 1.8 doubling periods until your retirement, assuming 12% ROR.					
		Retire at Age 62	Retire at SS Age (67)	Retire at Age 72	
Retirement fund required *		\$1,088,000	\$1,079,000	\$1,005,000	
Monthly savings needed					
at 1% before retirement, 1% during		\$5,856	\$4,183	\$2,884	
at 6% before retirement, 5% during		\$1,345	\$1,170	\$733	
at 9% before retirement, 6% during		\$963	\$585	\$339	

\* Assumes 9.00% ROR before retirement and 6.00% during retirement.

\*\* These results are hypothetical, are not guaranteed, and do not take into account tax consequences for earnings, withdrawals, or transactions. Actual investment fluctuates in value and actual results would differ, and could be significantly impacted by periods of negative returns. This page cannot be used without an accompanying presentation of the FICA Important Notice section that provides further explanation.

# Ask Your Rep for a Complimentary Financial Needs Analysis

- A Financial Plan that is Personalized to You
- Free of Charge
- Calculate your Net Worth
- Find out your FIN Number
- Debt Elimination Plan
- Calculate Insurance Needs
- And More.....



# Fix Your Finances 2020

Class 4- Buy the Right Insurance

# 2 Types of Insurance



INCOME PROTECTION



ASSET PROTECTION

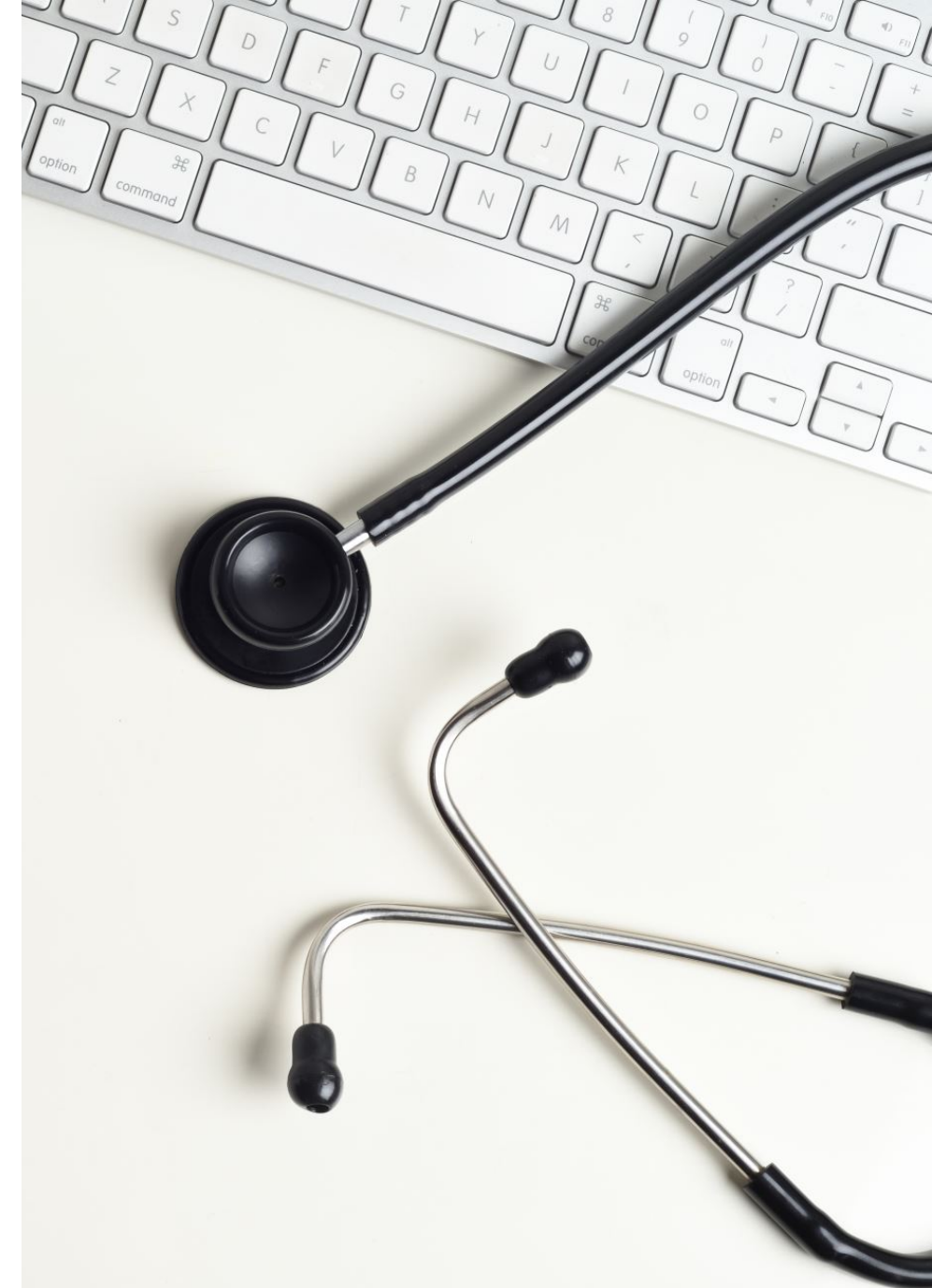


# Insurance for Income Protection

- Life Insurance provides a lump sum that can be converted into an income stream to replace the income your family would have received from your work efforts. Employers generally provide 1 year of income as a benefit, so you purchase your own individual policy.
- Disability Insurance provides a monthly income along with Social Security Disability to replace your income due to a particular disability or accident. Most disability insurance is purchased through an individual policy.

# Asset or Liability Protection Insurance

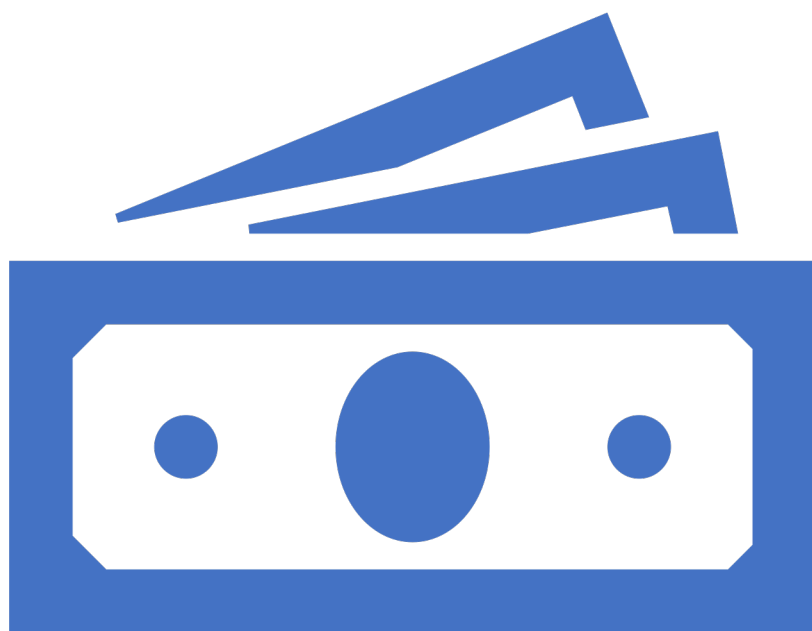
- Health Insurance provides reimbursements for medical expenses that you as an individual will incur from any type of illness or accident. You as an individual are responsible for these costs. You trade a premium in return for the insurance company to take on a portion of that liability.
- Long Term Care Insurance provides reimbursements to you directly should you be confined in a nursing home or certain other care facilities. You as an individual are responsible for these costs. You trade a premium in return for the insurance company to take on a portion of that reimbursement.





# Asset or Liability Protection Insurance

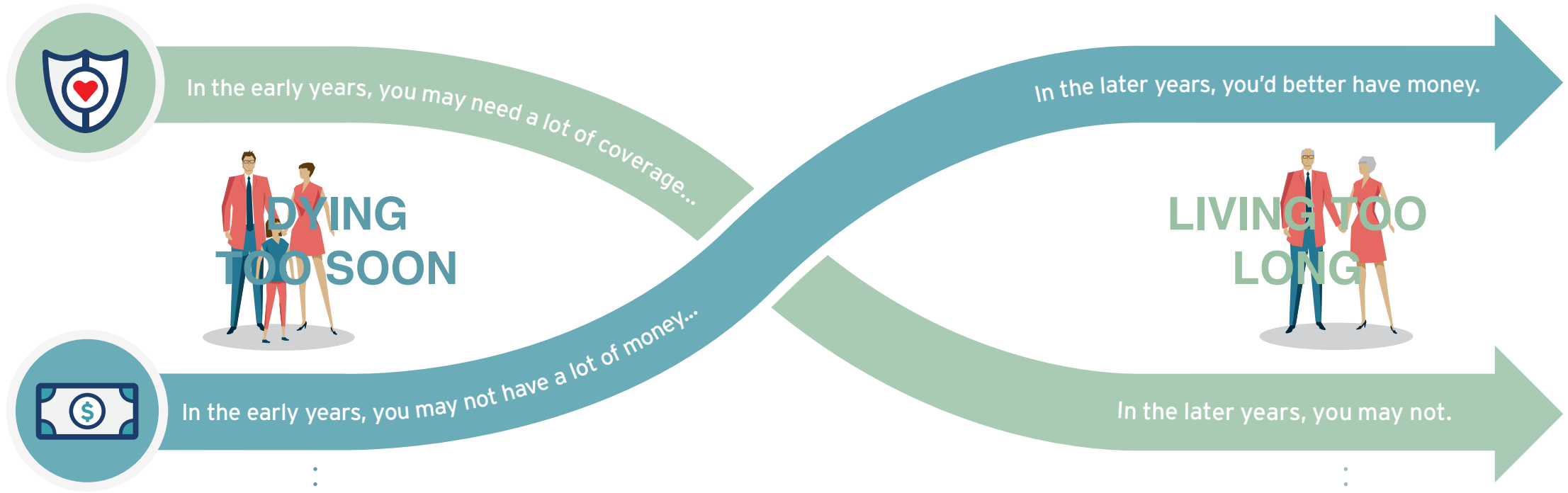
- Auto Insurance provides reimbursements for damage to your car or a claim against you should someone be hurt by your car. You as an individual are responsible for these costs. You trade a premium in return for the insurance company to take on a portion of that reimbursement or liability.
- Homeowners or Renters Insurance provides reimbursements for damage to your residence or a claim against you should someone be hurt at your residence. You as an individual are responsible for these costs. You trade a premium in return for the insurance company to take on a portion of that reimbursement or liability.



Income Protection



# Two Problems- Dying too Soon and Living too Long



..... **Today** ..... **At Retirement** .....

Young children ..... Grown children

High debt ..... Lower debt

House mortgage ..... Mortgage Paid

**Loss of income would be devastating** ..... **Retirement income needed**

# What is Life Insurance For?

- Life Insurance is the Foundation of your Financial Plan
- Life Insurance is income protection
- Your income provides for expenses of your family
- Life Insurance provides a lump sum to replace the future earnings that someone would earn
- The goal is to one day be self insured with savings and investments at which time you can drop your coverage



# Should You have Life Insurance Outside of Work?

- Employer Sponsored Group Life Insurance generally will provide 1- 2 years of earnings and in many cases only \$20,000 as a final expenses plan
- Group Life Insurance does not transfer with you if you change jobs and puts you at risk of being uninsurable based on your health conditions
- 50% of families are either without life insurance or are under insured
- Level Term insurance which is protection only provides the most affordable coverage



# 2 Types of Life Insurance

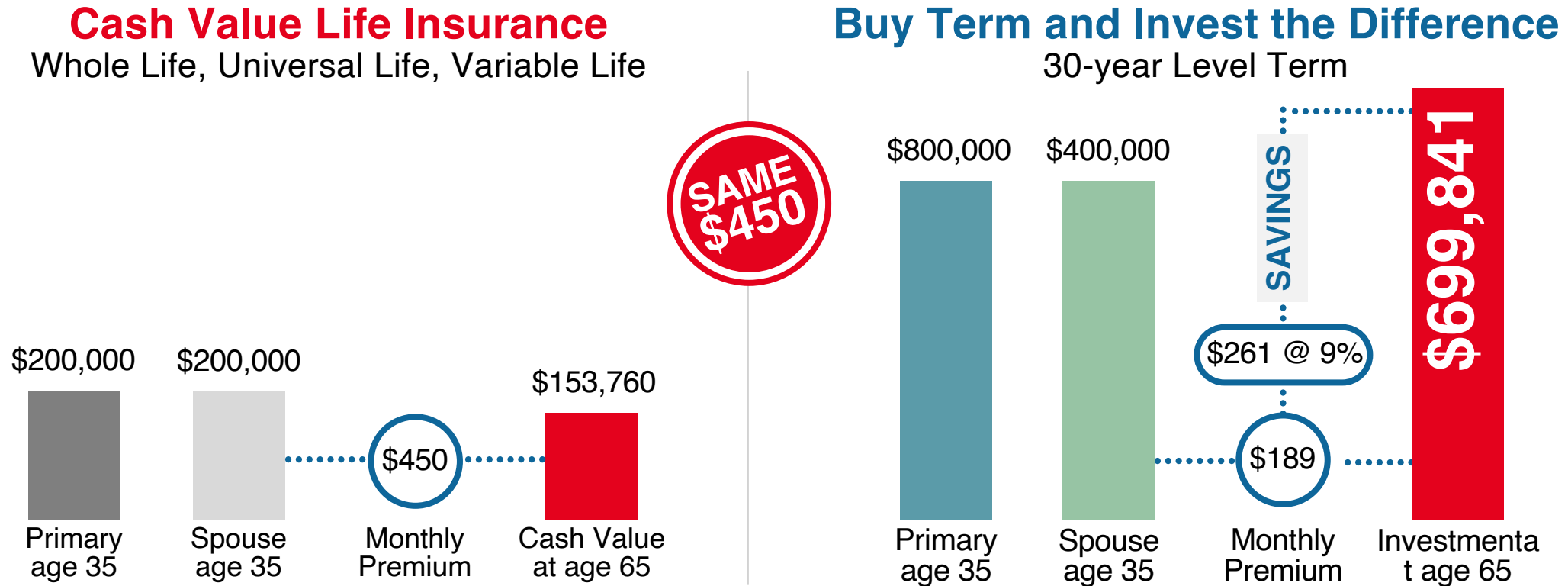
## Term

- Level Premium up to 35 Years
- Low Cost Protection Only
- No Cash Build Up
- Age 35
- \$1,000,000 Death Benefit
- \$99 Per Month

## Cash Value

- Level Premium to Age 100
- Builds Up Cash Value
- High Cost
- Age 35
- \$1,000,000 Death Benefit
- \$1,125 Per Month

# Term vs. Cash Value



**Which program would you want?**

Monthly premium and accumulated cash value for cash value policies is an average of whole life policies from three major North American life insurance companies for male and female, both age 35 and standard risk. Cash value life insurance can be universal life, whole life, etc., and may contain features in addition to death protection, such as dividends, interest or cash value available for a loan or upon surrender of the policy. Cash value insurance usually has level premiums for the life of the policy. Term insurance provides a death benefit and its premiums increase after initial premium periods and at certain ages. Primerica monthly premium for 30-year Custom Advantage Policy: primary (17CJ0(30)) and spouse rider (17CK0(30)), both age 35, non-tobacco use, underwritten by Primerica Life Insurance Company, Executive Offices: Duluth, GA. The accumulation figure reflects continued investment at the same rate over 30 years at a 9% nominal rate of return compounded monthly and does not take into consideration taxes, fees or other factors, which would lower results. This example uses a constant rate of return, unlike actual investments, which will fluctuate in value. This is hypothetical and does not represent an actual investment.

Not for use in New York.

# How Much Coverage Do I Need?

- Age 35
- Primary earning \$5,000 per month
- Spouse earning \$3,300 per month
- Over the next 30 years without a raise:
- Primary will earn \$1,800,000
- Spouse will earn \$1,200,000

# How Much Coverage Do I Need?

- Total Family Income **\$3,000,000**
- If something happened to either of the earners how much of the income do you think they would want to have for their family?



# Coverage Needed Invested at 8% for 30 Years

- \$5,000 Per Month
- Coverage Needed  
\$686,000
- \$3,300 Per Month
- Coverage Needed  
\$314,000
- Total Premium \$112  
per month

Years	Monthly Income	\$3,000	\$3,500	\$4,000	\$4,500	\$5,000	\$5,500	\$6,000
2		\$66,800	\$78,000	\$89,100	\$100,200	\$111,300	\$122,500	\$133,600
4		\$123,800	\$144,400	\$165,000	\$185,600	\$206,200	\$226,800	\$247,500
6		\$172,300	\$201,000	\$229,700	\$258,400	\$287,100	\$315,800	\$344,500
8		\$213,700	\$249,300	\$284,900	\$320,500	\$356,100	\$391,700	\$427,300
10		\$249,000	\$290,400	\$331,900	\$373,400	\$414,900	\$456,400	\$497,900
12		\$279,000	\$325,500	\$372,000	\$418,500	\$465,000	\$511,500	\$558,000
14		\$304,700	\$355,500	\$406,200	\$457,000	\$507,800	\$558,600	\$609,300
16		\$326,600	\$381,000	\$435,400	\$489,800	\$544,200	\$598,700	\$653,100
18		\$345,200	\$402,700	\$460,300	\$517,800	\$575,300	\$632,800	\$690,400
20		\$361,100	\$421,300	\$481,500	\$541,600	\$601,800	\$662,000	\$722,200
22		\$374,700	\$437,100	\$499,500	\$562,000	\$624,400	\$686,800	\$749,300
24		\$386,200	\$450,600	\$514,900	\$579,300	\$643,700	\$708,000	\$772,400
26		\$396,100	\$462,100	\$528,100	\$594,100	\$660,100	\$726,100	\$792,100
28		\$404,500	\$471,900	\$539,300	\$606,700	\$674,100	\$741,500	\$808,900
30		\$411,600	\$480,200	\$548,800	\$617,400	\$686,000	\$754,600	\$823,200
32		\$417,700	\$487,300	\$557,000	\$626,600	\$696,200	\$765,800	\$835,400
34		\$422,900	\$493,400	\$563,900	\$634,400	\$704,900	\$775,300	\$845,800
36		\$427,400	\$498,600	\$569,800	\$641,000	\$712,300	\$783,500	\$854,700
38		\$431,200	\$503,000	\$574,900	\$646,700	\$718,600	\$790,400	\$862,300
40		\$434,400	\$506,800	\$579,200	\$651,600	\$723,900	\$796,300	\$868,700

# How much does Term Life Income Protection Cost?

- Total Premium \$112 per month
- Represents 1.3% of Total monthly Income
- Insures 100% of the \$3,000,000 in future earnings
- Doesn't it make sense to set aside 1.3% of your monthly income to insure 100% of your Lifetime Earnings?



# Smart Tips on Buying Insurance

- Become more Self-Insured as your Assets Grow by raising your deductibles. You can raise deductibles on Home, Auto, Health Insurance and Increase the waiting period on Long Term care and Disability Income Payments
- Buy Term Life Insurance enough to replace your income and you can drop the Term Insurance once you reach your FIN
- Always have enough personal liability coverage to protect you against potential lawsuits. A personal Umbrella Policy is a cheap way to have an insurance company's law firm protect you



# Thank You for Attending

- If you need help with anything that we covered tonight or if you have questions be sure and reach out to the person that invited, you through the private link. Text or email and they will follow up with you.  
**Take Action for Your Family**
- Do you have a friend or family member that would benefit from this information? Forward your private link that you received and encourage them to register for next week.
- Lastly Do you need a work from home **“Side Hustle”** to earn extra Income? Ask the person who invited you to send you a link to **“Join Our Team Webinar”**