



**CAPTRUST**

# **PERSONAL FINANCE: MANAGING YOUR MONEY**

University of Central Florida

403(b) Plan





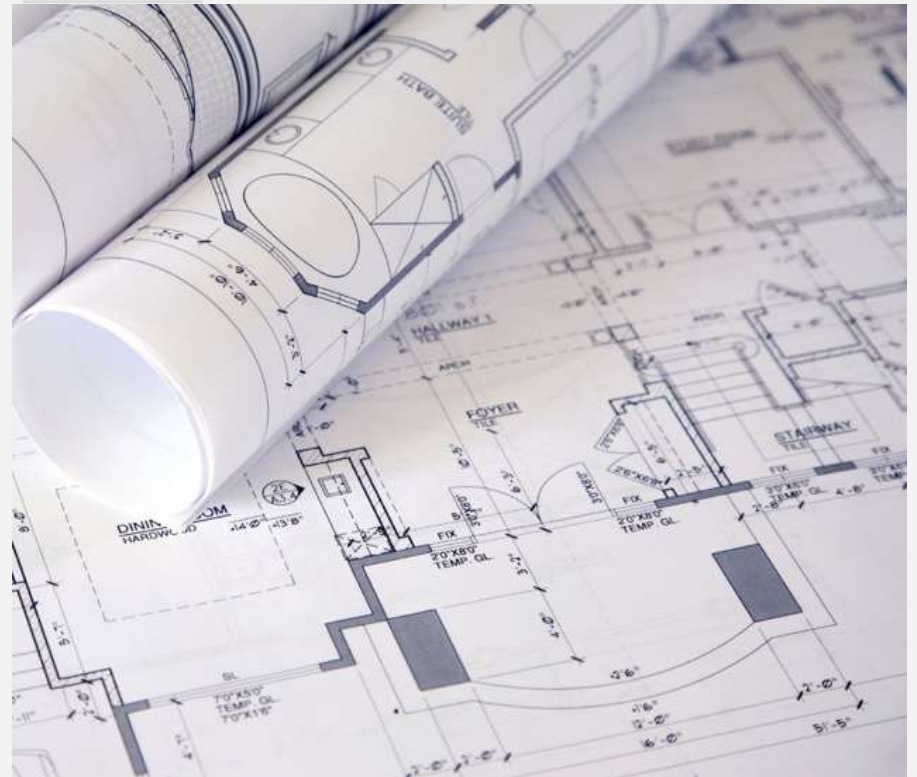
# Legal Disclaimers

Individual investors have particular needs in planning for retirement. No single solution fits every investor.

This presentation is intended as a visual component to a broad educational program presented by CAPTRUST Financial Advisors. This presentation is not individual investment advice. If you have questions or concerns regarding your own individual retirement needs, please contact a CAPTRUST representative for further assistance.

CAPTRUST does not render legal, accounting, or tax advice. This material has been prepared solely for informational purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Any performance data quoted represents past performance. Investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Past performance is no guarantee of future results.

**YOUR INDIVIDUAL NEEDS AND GOALS ARE JUST AS UNIQUE AS YOU ARE.**





# Agenda

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- 1** Budgeting and Debt Management
- 2** Using Credit Smartly
- 3** Insurance, Health Savings Accounts, and Emergency Savings
- 4** Retirement Planning
- 5** College Savings



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# Budgeting and Debt Management





# Budgeting and Debt Management

Create a Budget

What is a budget?

“A plan for the coordination of resources and expenditures”

“The amount of money that is available for, required for, or assigned to a particular purpose”

MONTHLY HOUSEHOLD BUDGET WORKSHEET

Long-term goal: \_\_\_\_\_

Budget for the month of: \_\_\_\_\_

**Part I: Income**

	Projected	Actual
Annual Income	\$	\$
Taxes	\$	\$
After-tax Income	= \$	\$
Total Monthly Income (after-tax income / 12 months)	\$	\$

**Part II: Monthly Expenses**

	Projected	Actual
<b>Shelter</b>		
Mortgage / Rent	\$	\$
Insurance	\$	\$
Property Taxes	\$	\$
Home Maintenance	\$	\$
<b>Utilities</b>		
Gas / Electric	\$	\$
Water	\$	\$
Telephone	\$	\$
<b>Food</b>	\$	\$
<b>Transportation</b>		
Car Payments	\$	\$
Insurance	\$	\$
Gas / Oil	\$	\$
Repairs / Maintenance	\$	\$
<b>Medical</b>	\$	\$
<b>Clothing</b>	\$	\$

(Continued on back)

Source: Merriam-Webster Dictionary

# Budgeting and Debt Management

## Spending Habits

How much do I really spend?

- What do I spend it on?
- Track spending for one month

## Money Generators

- Pay from your job
- Dual income
- Child or family support
- Rental or investment income
- Social Security

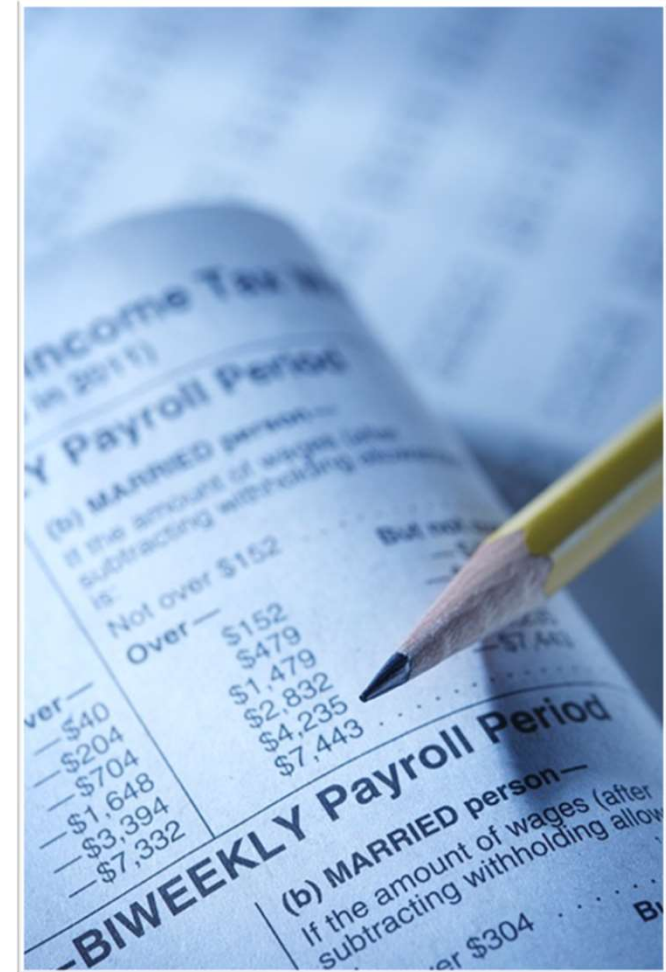


# Budgeting and Debt Management

## Your Pay Stub Is A Resource

### Review your income information:

- Do you understand your pay stub?
- Does your pay vary due to overtime, bonus, commission?
- Do you know what all your deductions are?
  - Federal and state income tax
  - Social Security and Federal Unemployment Tax Act (FUTA)
  - Medical premium/health savings account
  - Flexible spending account
  - Retirement plan deduction
  - Direct deposit savings

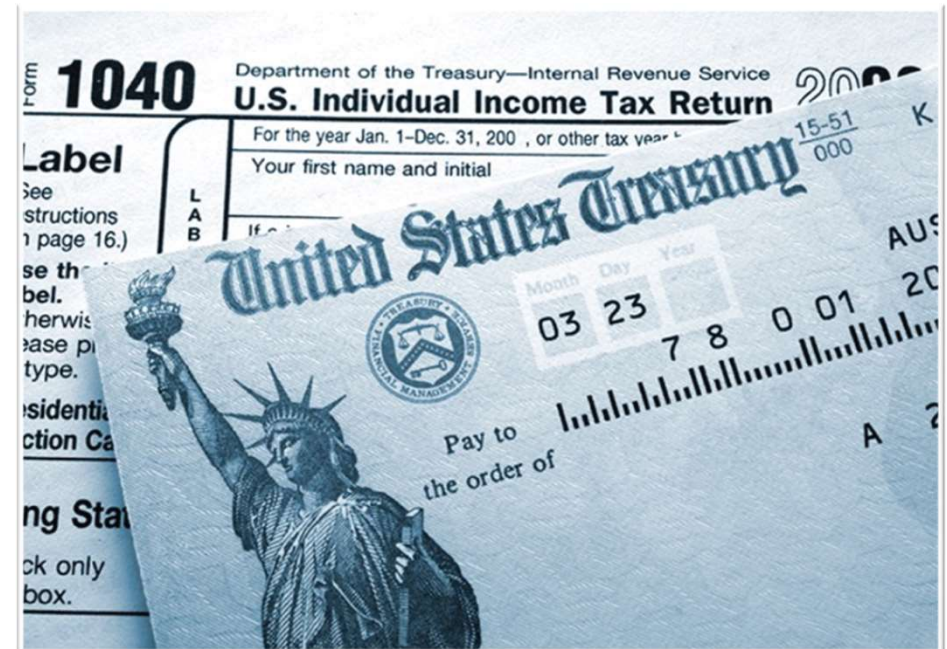


# Budgeting and Debt Management

## Income Tax Review

### Review your income tax withholding:

- Do you get a federal or state tax refund every year?
- Do you owe the IRS?
- Try the IRS individual tax withholding calculator:
- <http://www.irs.gov/individuals>
- Consider a tax preparer or tax preparation software.
- Are you eligible for “tax credits” for contributing to your plan?







# Budgeting and Debt Management

## What Do You Spend Your Money On?

### NEEDS

- A roof over your head
- Food
- Health care
- Clothing
- The ability to get to work

### WANTS

- Dining out
- Entertainment (cable, movies, hobbies, sports)
- Vacations
- Luxury items
- Jewelry and designer clothing

Find ways to cut down on discretionary or trim unnecessary expenses in order to free up money for your various financial goals.



# Budgeting and Debt Management

What Do You Spend Your Money On?

## **FIXED - TYPICALLY DO NOT CHANGE MONTH TO MONTH**

- Mortgage or rent
- Student loans
- Automobile
- Insurance (home, auto, life)
- Utilities (electric, phone, gas, water)
- Tuition
- Child support/alimony

## **VARIABLE – TYPICALLY VARY MONTH TO MONTH**

- Groceries
- Utilities
- Entertainment (cable, movies, dining out, hobbies, sports)
- Clothing
- Gasoline
- School costs

We typically have more control over variable expenses vs. those that are fixed.

# Budgeting and Debt Management

## Understand How You Use Your Money

Good News — income exceeds expenses:

- Increase savings toward retirement and other goals
- Pay more toward credit cards or other debt
- Start an emergency fund

Bad News — expenses exceed income:

- Control variable expenses
- Live within your means
- Keep a journal to pinpoint bad spending habits





# Budgeting and Debt Management

## Resources and Worksheets

### BUDGETING RESOURCES

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- Computer programs like Excel and Quicken
- Tools from your financial providers
- Budget worksheets

### FREE ONLINE TOOLS

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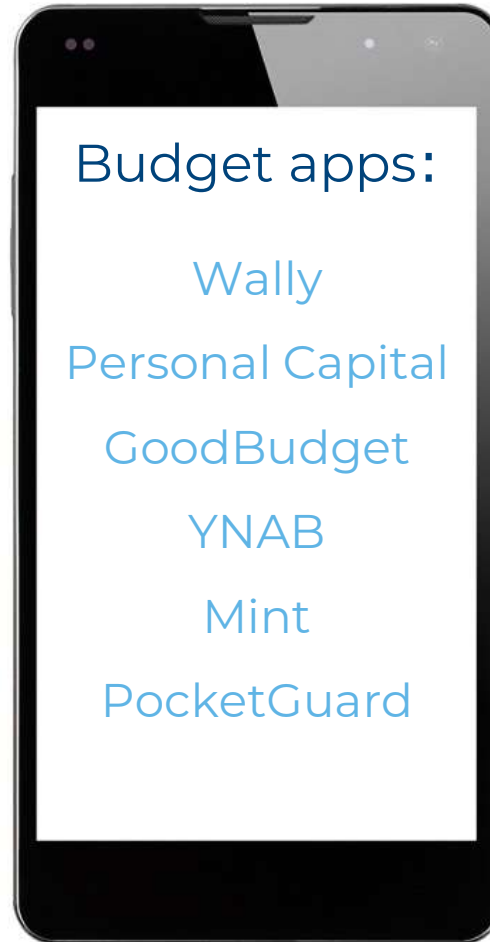
- [Mint.com](https://www.mint.com)
- [Budgetpulse.com](https://www.budgetpulse.com)
- [Buxfer.com](https://www.buxfer.com)

No matter what tools you use, the key is to find a system that fits your needs and that you stick with.



# Budgeting and Debt Management

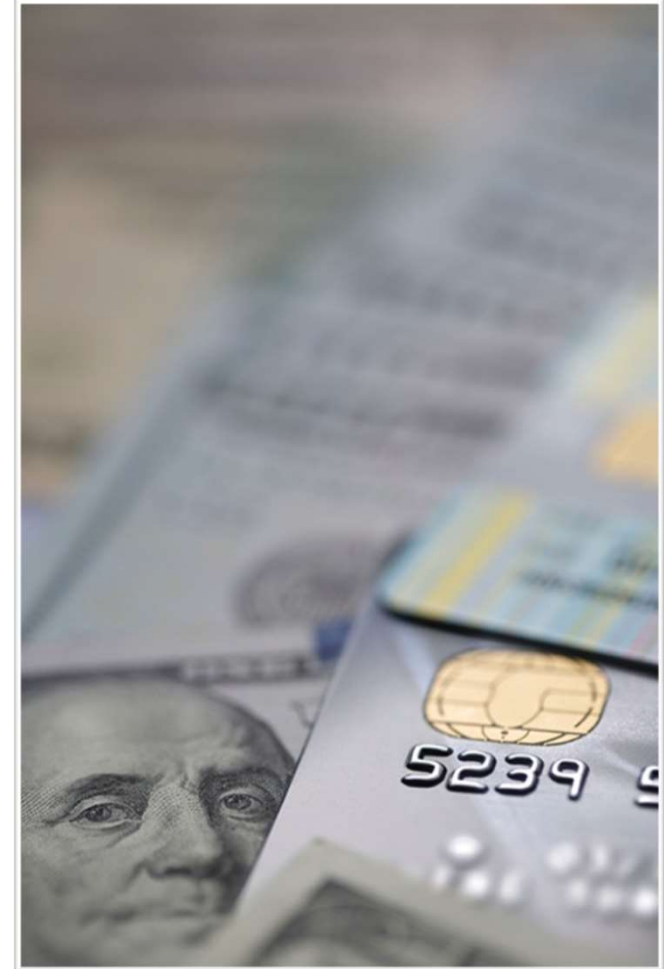
Make It Easier To Track Your Spending—Use Your Smart Phone



# Budgeting and Debt Management

## Prioritize Your Various Financial Goals

- Some goals are short-term
  - Purchase of a home, a car, or saving for a vacation
- Other goals are long-term
  - Saving for a child's education or saving for retirement
- Priorities will change over time and will cause our focus on certain goals to change
- Hopefully we can save for multiple goals concurrently; otherwise, we could fall behind
- It is also important to calculate what we might need for these goals and to use appropriate accounts and investments





# Budgeting and Debt Management

## Managing Your Money: The Debt Trap

A few facts:

**70%**

Of Americans in North America live paycheck to paycheck.

*The Wall Street Journal*

**60%**

Of working Americans experience moderate to high levels of financial stress.

*National Omnibus Survey*

**40%**

Of people who are in debt have monthly debt payments that are more than half of their income.

*U.S. News*

# Budgeting and Debt Management

## Managing Debt

- Always pay more than the required minimum
- Pay down the credit card with the highest interest rate first
- Once a card is paid off, apply those funds to the next card
- Ask for a lower interest rate
- Understand fees (annual, late payment, over limit, cash advance, etc.)
- Try to use only cash and checks
- If you have severe credit issues, contact Consumer Credit Counseling







# Using Credit Smartly





# Using Credit Smartly

Understanding Credit: How important is my credit score?

## YOUR CREDIT SCORE REPRESENTS:

- Reputation as a borrower
- Likelihood to repay loans
- Personal financial character

## YOUR CREDIT SCORE IMPEDES:

- Access to Credit
- Interest Rate
- Loan Return

# Using Credit Smartly

## What's In Your Credit Report?

- Personal Information
- Account History
- Public Records
- Inquiries
- Credit Summary

Note that your credit report is not your credit score.





# Using Credit Smartly

## Establish Good Credit

### WHAT HURTS YOUR SCORE:

- No use of credit
- Filing new applications
- Excessive unsecured credit use
- Low ratio of income to debt
- Late or no payments
- Closing accounts
- Short credit history

### WHAT HELPS YOUR SCORE:

- Use of credit
- Healthy mix of unsecured & secured
- High Ratio of income to debt
- Timely Payments
- Paid balances
- Avoid new applications
- Correct errors on your report
- Long credit history



# Using Credit Smartly

How To Obtain Your Credit Report

## **Annual Credit Report Services:**

Congress established this outlet to make it easier for consumers to get their credit reports and credit scores from the three national credit reporting agencies.

Web: [www.annualcreditreport.com](http://www.annualcreditreport.com)

Phone: 877.322.8228

U.S. Mail: Annual Credit Report Request Service

PO Box 105281

Atlanta, GA 30348-5281

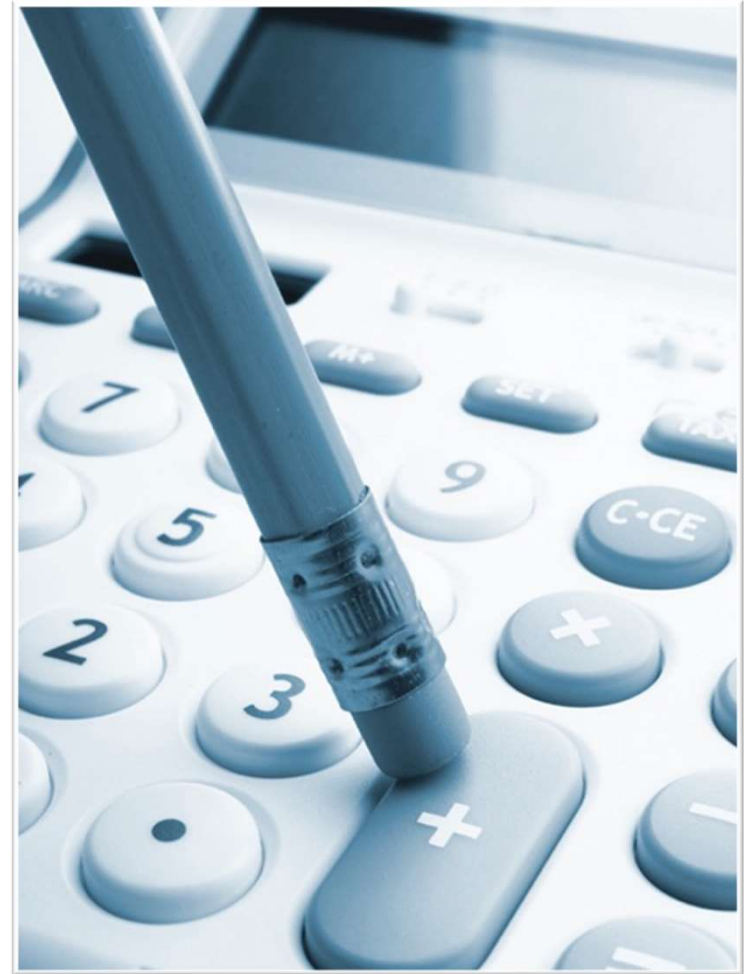
# Using Credit Smartly

## Reviewing Your Credit Report

- Identification information
- Account status information
- Active accounts dates
- Out-of-date information
- Fraud, accounts you don't own

### Credit Scores:

- FICO Scores typically between 300 and 850
- Higher the number the better the score
- Can influence access to credit and interest rates





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# Insurance, Health Savings Accounts, And Emergency Savings



# Insurance, Health Savings Accounts and Emergency Savings



## Emergency Funds

- Building an Emergency Fund
- 3 to 6 months of income, upwards in some cases of even a year
- Liquid investments (checking/savings accounts)
- Some could be in money market accounts or short-term CDs
- Investigate disability insurance – what do I already get from my employer and do I need additional?





# Insurance, Health Savings Accounts and Emergency Savings



## Who Needs Life Insurance?

- Those who have dependents who rely on their income
- Those who provide services that would need to be hired out

## Who might NOT need life insurance?

- Those who are financially secure
- Those who don't have financial dependents

Check with your employer to see if life insurance is offered as a benefit and what the coverage is.



# Insurance, Health Savings Accounts and Emergency Savings



## Multiple Income Method

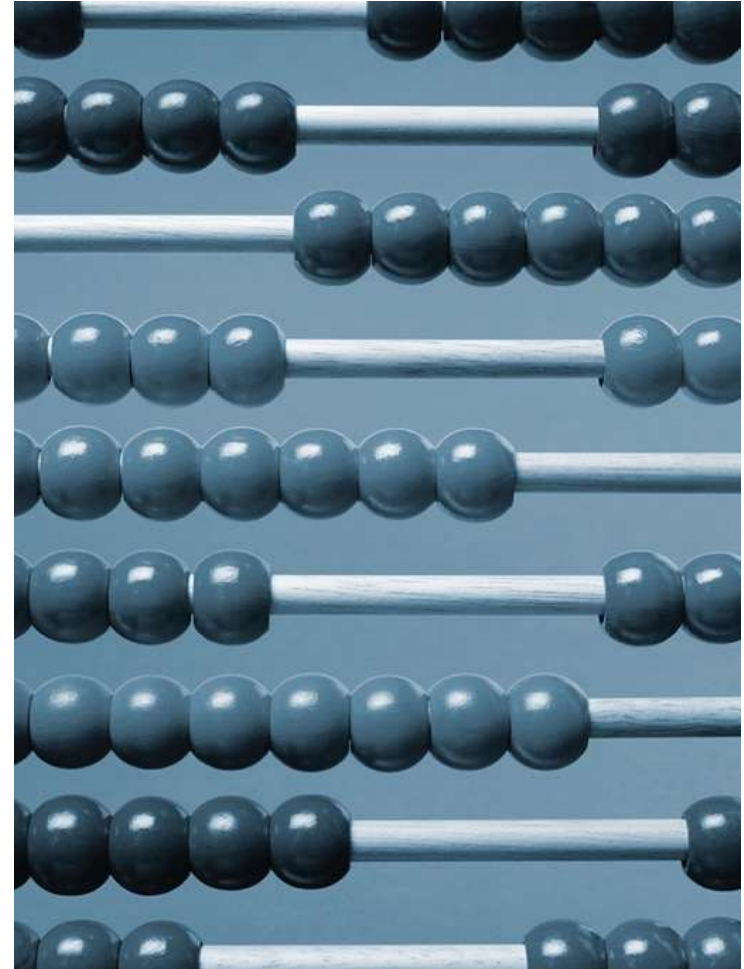
You should have enough life insurance and liquid assets to equal a multiple of:

- 5 times your annual income (non-inflation adjusted)
- 7 to 8 times your annual income (inflation adjusted)

When buying life insurance, aim high and plan early!

### Additional Online Resources:

Search key words: life insurance needs calculator



# Insurance, Health Savings Accounts and Emergency Savings



## Comparing Permanent vs. Term Insurance

Feature	Permanent Insurance	Term Insurance
Death Benefit	Coverage for life.	Coverage for a specified period of time 10, 15, 20, or 30 years.
Tax Treatment	Upon death of insured, the death benefit generally passes federal income tax free to the policy's beneficiary. The death benefit may be included in your estate for federal estate tax purposes.	Upon death of insured, the death benefit generally passes federal income tax free to the policy's beneficiary. The death benefit may be included in your estate for federal estate tax purposes.
Premiums	Generally higher premiums.	Generally lower premiums.
Cash Value	Accumulated cash value can be accessed through tax-advantaged loans and withdrawals.	No cash value.
Examples	Whole life, universal life, variable life	Term life

# Insurance, Health Savings Accounts and Emergency Savings

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## Health Savings Accounts (HSA's)

- Tax-advantaged medical savings accounts
- High-deductible health insurance plan requirement
- Individually owned
- Money used for qualified healthcare expenses — tax free
- Annual maximum for 2023 — \$3,850 for single and \$7,750 for married – this includes any employer contributions
- Catch up \$1,000 for those over age 55
- State tax treatment varies — check your state's rules
- Accounts are investable — similar to an IRA
- Distributions for non-medical expenses can be both penalized and taxed
- Distributions for non-medical expenses after age 65 are taxed as ordinary income, but not penalized



# Retirement Planning





# Retirement Planning

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## Trends To Consider

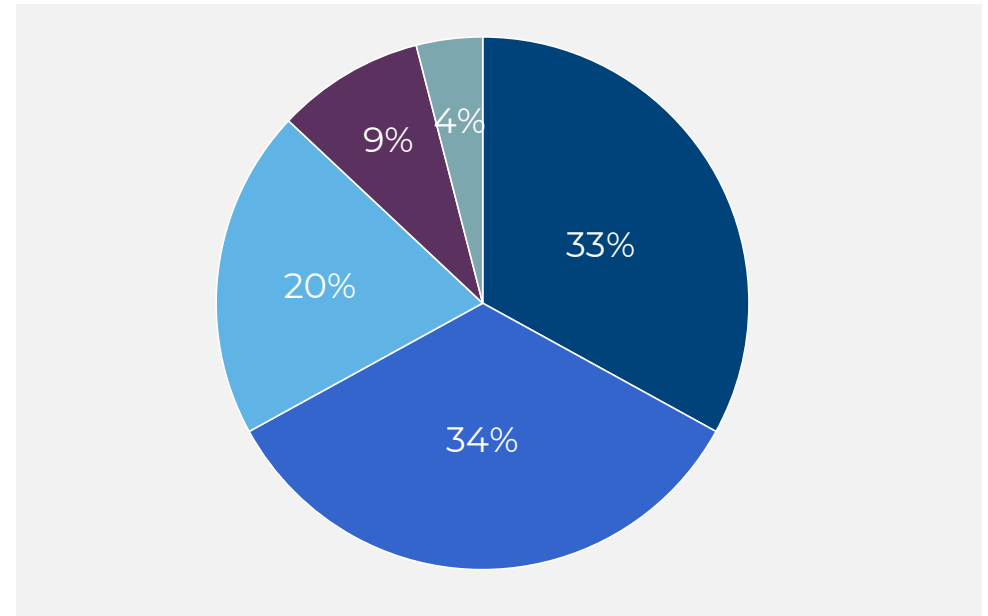
- Individuals are responsible for their retirement savings.
- Social Security is vastly underfunded.
- People are living longer.
- Increases in the cost of living (or inflation) will affect your buying power.
- Healthcare costs continue to rise.



# Retirement Planning

## Income Sources for Today's Retiree

Social Security benefits on average make up 33% of income resources for people over 65.



- Social Security
- Work Earnings
- Retirement Plans
- Personal Savings
- Other (public assistance)

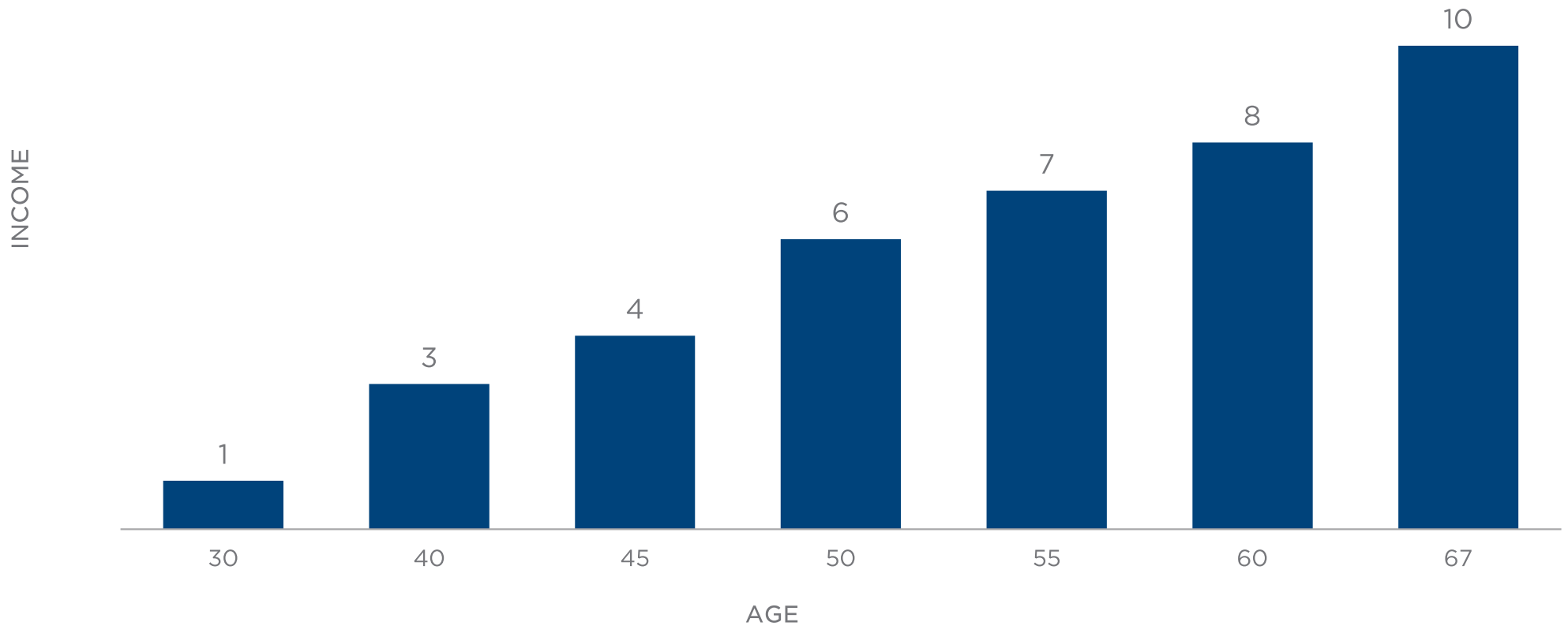
Source: Fast Facts & Figures about Social Security 2017



# Retirement Planning

## Am I On Track?

### Savings Accumulation Goals At Different Ages



Source: Fidelity Investments, How Much Do You Need to Retire? <https://www.fidelity.com/viewpoints/retirement/how-much-money-do-i-need-to-retire>. This illustration assumes a replacement ratio of 45% (excluding Social Security and assuming no pension income)



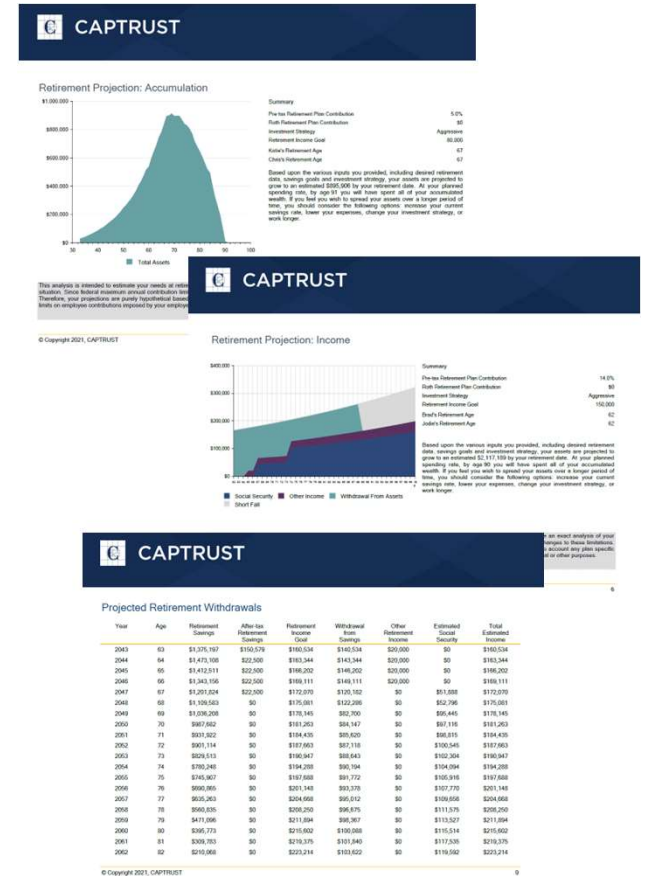


# Retirement Planning

Access. Advice, Accountability.

The CAPTRUST Retirement Blueprint™ process includes:

- Personalized, confidential retirement planning sessions, where advice is delivered in person or over the phone regarding
  - Deferral rates
  - Retirement plan assets
  - Non-retirement assets
  - Desired retirement age
  - Retirement income goals
  - Individual risk profile
- Participants are encouraged to review their Retirement Blueprint and take action on the advice given in the session
  - Within 48 hours of receipt
  - One year after the last change





# Retirement Planning

## Your Plan Features: Basic Features

ELIGIBILITY:	Immediate
ENTRY DATE:	Immediate
CONTRIBUTION MAXIMUM:	Up to \$22,500 (2023 IRS maximum)
CATCH-UP CONTRIBUTIONS:	Up to \$7,500 age 50 and older (2023 IRS maximum)
CONTRIBUTION CHANGES:	Anytime
EMPLOYER CONTRIBUTION:	Discretionary non-elective



# Retirement Planning

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## Your Planning Features – Roth 403(b)

A Roth 403(b) combines features of the Traditional 403(b) with those of the Roth IRA.

A Roth 403(b) allows participants an option to elect to make contributions to their retirement account with after-tax dollars. Consequently, you can also receive tax-free distributions after age 59 1/2, at time of retirement, or upon death or disability.

### Roth 403(b) vs. Traditional 403(b)

- Same payroll deduction convenience
- Same investment options
- Same contribution limits
- Different tax consequences
- Combination of Roth and traditional contributions allowed



# Retirement Planning

## Comparison: Traditional vs. Roth

### TRADITIONAL SAVINGS (PRE-TAX)

- Tax Deferred Savings – Taxes are paid when money is withdrawn
- Paycheck impact is typically lower due to tax savings
- Beneficiaries will be taxed at distribution
- There are no requirements to have money invested for any specified period
- Participant's access to accounts will be limited until age 59 ½, normal retirement or death or disability

### ROTH SAVINGS (POST-TAX)

- Contributions are taxed at current rates
- Investments grow tax free
- Paycheck impact will be slightly higher as taxes are deducted at time of contribution
- Beneficiaries will not be taxed at distribution if they meet time guidelines
- Accounts must be held for 5 years from the initial contribution
- Participant's access to accounts will be limited until age 59 ½, normal retirement or death or disability

\*Deciding to save for retirement is step one. Your personal tax situation will help you determine what “type” of contribution is best for you.



# Retirement Planning

The Three Key Factors:

## GOALS:

Set achievable goals and understand what will have the biggest impact in helping you reach your savings goals. Are you on track?

## TIME:

How long will your money remain invested? When do you expect to begin using this money for living expenses and how long will you need to make it last?

## RISK:

What can you tolerate as an investor?  
What does investment risk really mean?

# Retirement Planning

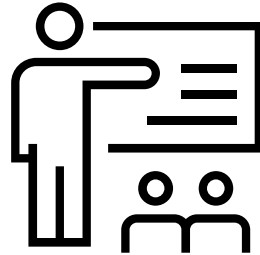
## Investment Selection Tools

There are several different ways to select your investment options. You can either:



Do It Yourself

Or



Use CAPTRUST Models

Or



Target Date Funds

# Retirement Planning

## What Are Target Date Funds?

**TARGET DATE FUNDS** automatically select the appropriate asset mix (stocks, bonds, and cash) based on your current age and anticipated retirement date.

These funds offer particular features designed to help you be well diversified and they have an age appropriate investment mix.

### These features are:

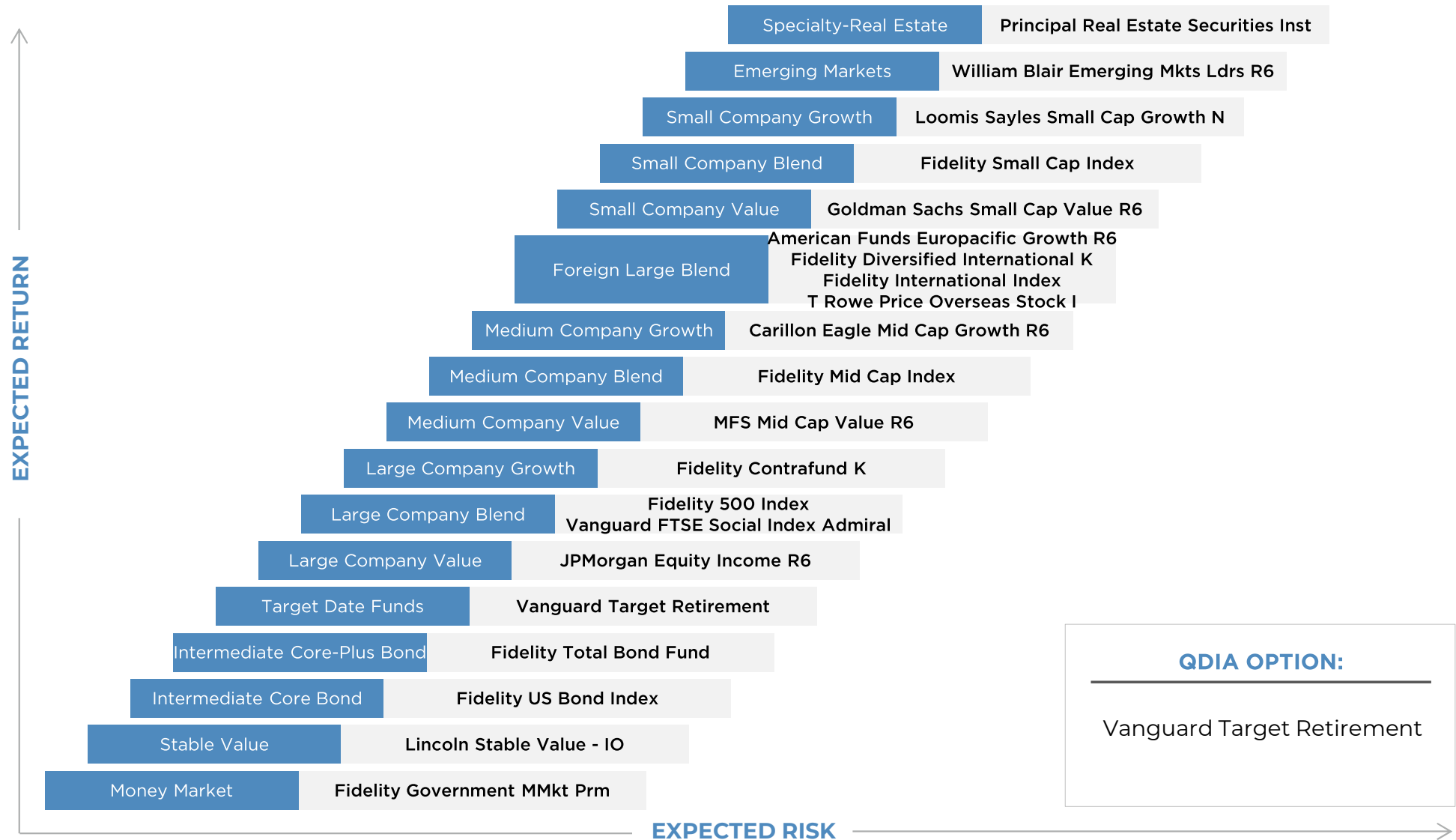
- Age based asset allocation
- Ongoing allocation changes as you get closer to retirement
- Automatic rebalancing



# Retirement Planning



## Your Investment Options - Fidelity

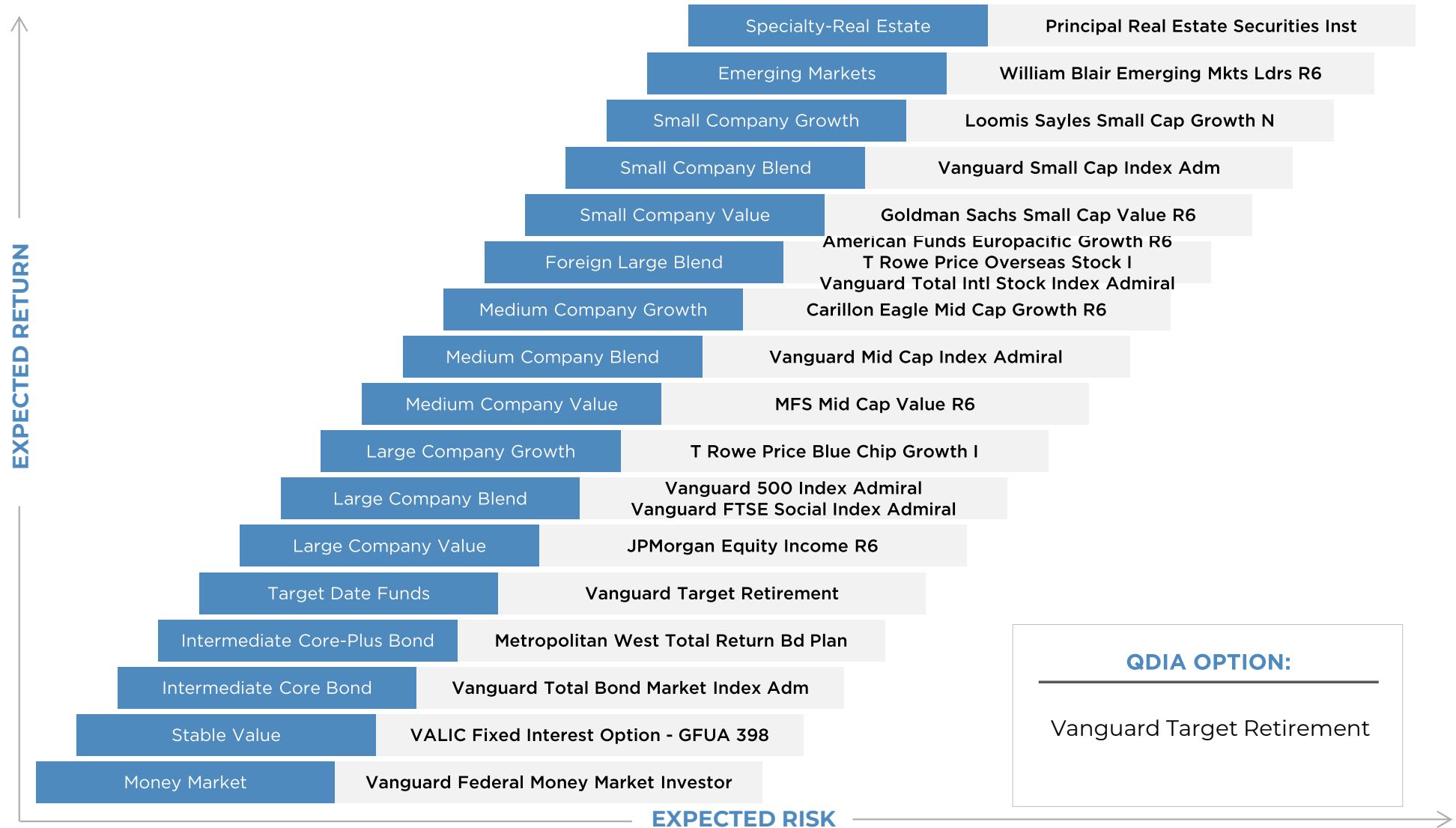




# Retirement Planning



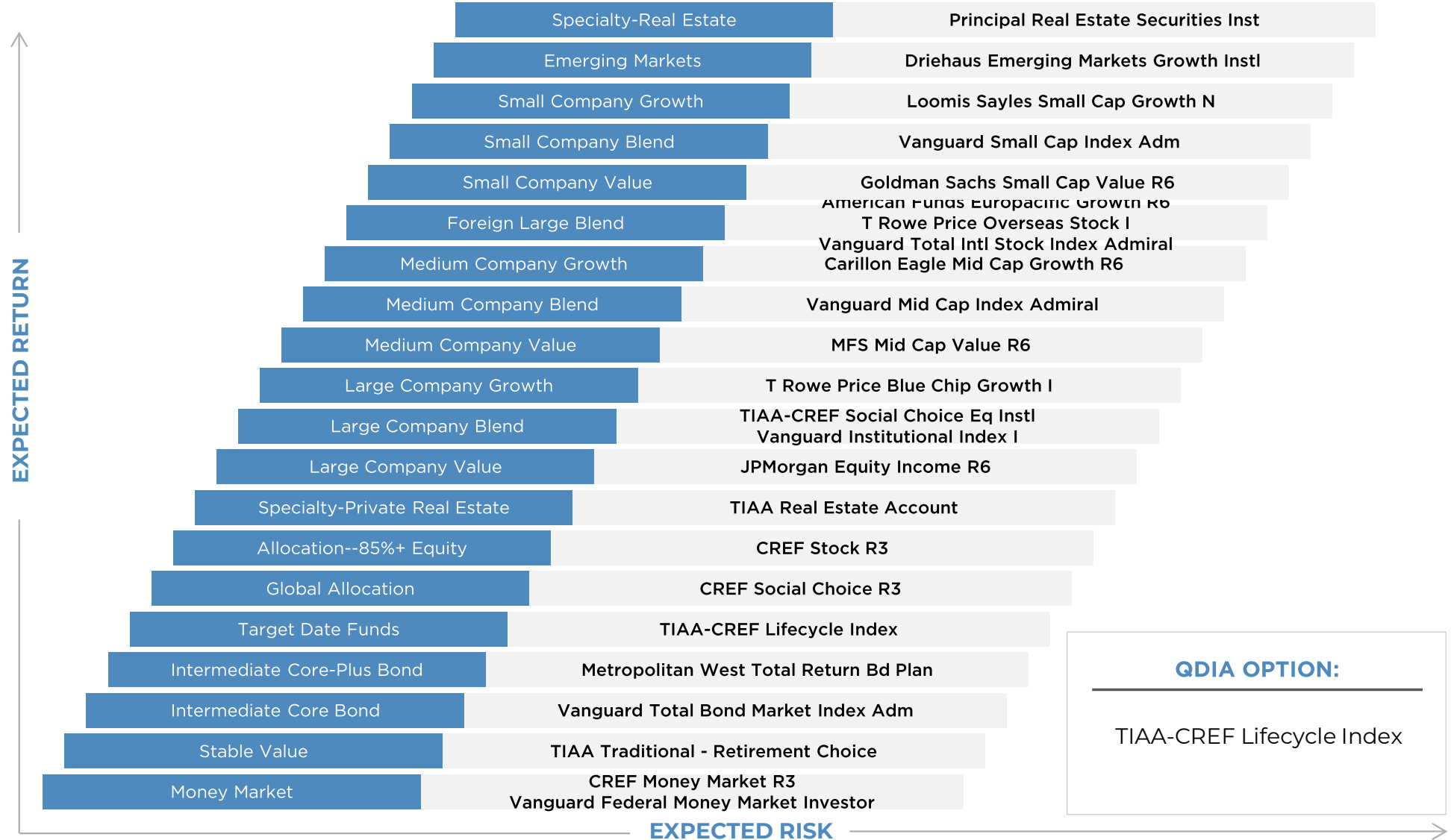
## Your Investment Options - Corebridge



# Retirement Planning



## Your Investment Options - TIAA






# Retirement Planning

## What's Your Level Of Risk Tolerance?

The **Risk Profile Questionnaire** can help determine how much risk is right for you.

Remember that your risk tolerance can shift over time

Consider completing the **Risk Profile** every few years so that you can adjust your investment mix as your risk tolerance changes



**Retirement Investing Questionnaire**

**YOUR INVESTOR PROFILE**

- How would you consider your level of experience as an investor?
  - Very experienced (investing for more than twenty years)
  - Experienced (investing ten to twenty years)
  - Limited experience (investing five to ten years)
  - Beginning (investing less than five years)
- When it comes to your retirement savings, which of the following best describes your situation?
  - My retirement account is my primary investment account for funding my retirement, and I plan on it remaining my primary investment account. (0)
  - My retirement account is my primary investment account for funding my retirement, but I expect to have additional accounts in the future. (7)
  - I have a moderate amount of additional money invested outside of my retirement account to help fund my retirement. (12)
  - I have significant additional assets invested outside of my retirement account which I expect to use to fund most of my retirement. (20)

**YOUR INVESTING RISK TOLERANCE**

- Which of the following statements best describes your attitude about investing for your retirement account?
  - I would prefer to minimize the chance of a decline in value. (0)
  - I can bear an occasional short-term decline in value in order to potentially achieve a modest amount of long-term rewards. (5)
  - I am used to seeing some declines in account value in an attempt to seek a moderate amount of long-term rewards. (10)
  - I am willing to accept substantial short-term declines in value in order to seek high, long-term rewards. (20)
- The maximum decline I could withstand in my retirement account before I would change my investments into a more conservative strategy would be:
  - I am not comfortable seeing a drop in my account value. (0)
  - 5% (5)
  - 10% (10)
  - 20% (15)
  - I am investing for the long term, and I would not become more conservative during any short-term declines in my account value. (20)
- Inflation is the general increase in the price of goods and services over time—how much an item costs today compared to how much it will cost in the future. I can best describe my retirement account goal with respect to inflation through the following statement:
  - Protect my retirement account balance, even if I do not keep up with inflation. (0)
  - Keep up with inflation, even if I experience some declines in my retirement account from time to time. (7)
  - Outpace inflation and experience an occasional significant decline in my retirement account from time to time (10)
  - Significantly outpace inflation, even if I experience several sharp declines in my retirement account from time to time. (20)

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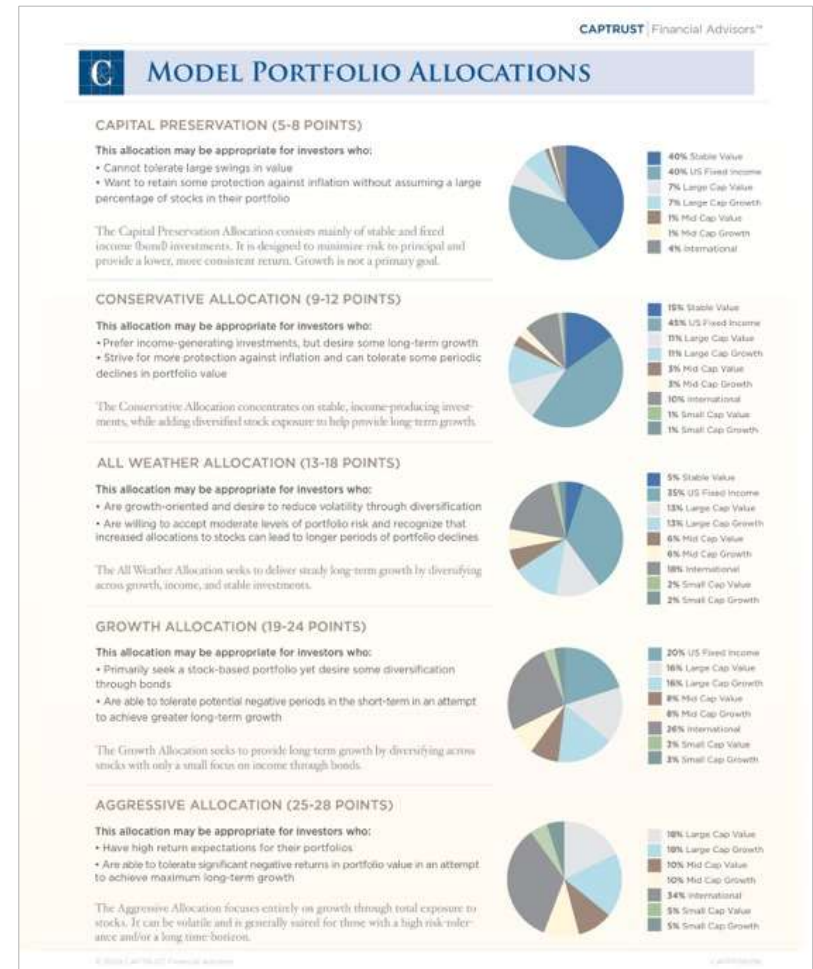


# Retirement Planning

## Model Portfolio Allocations

### Need help determining your Investment Strategy?

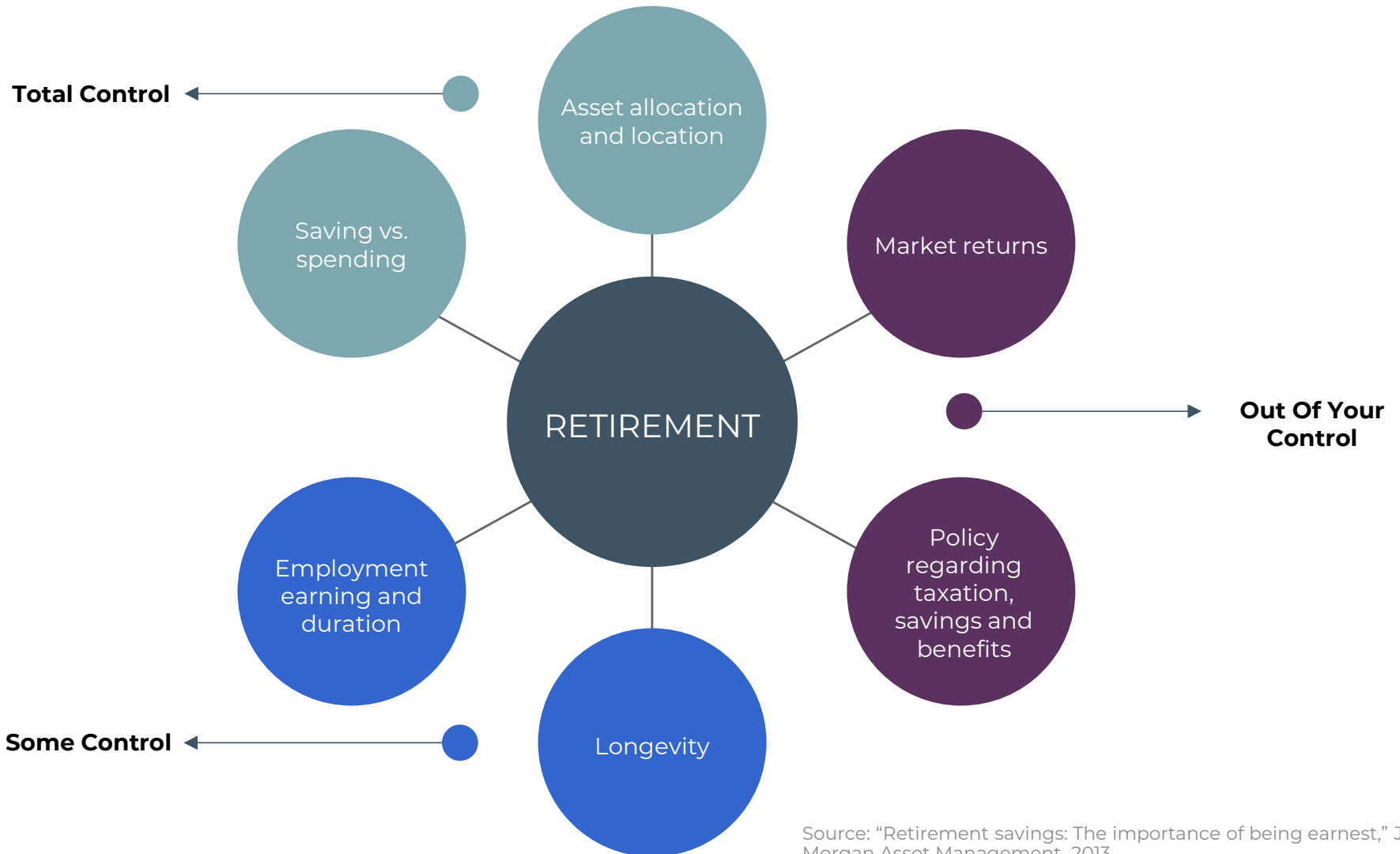
CAPTRUST has developed a variety of investment allocation models to help meet the needs of different levels of investor risk tolerance.





# Retirement Planning

What Do You Control On The Journey To Financial Independence?



Source: "Retirement savings: The importance of being earnest," J.P. Morgan Asset Management, 2013.



# Investing For Education

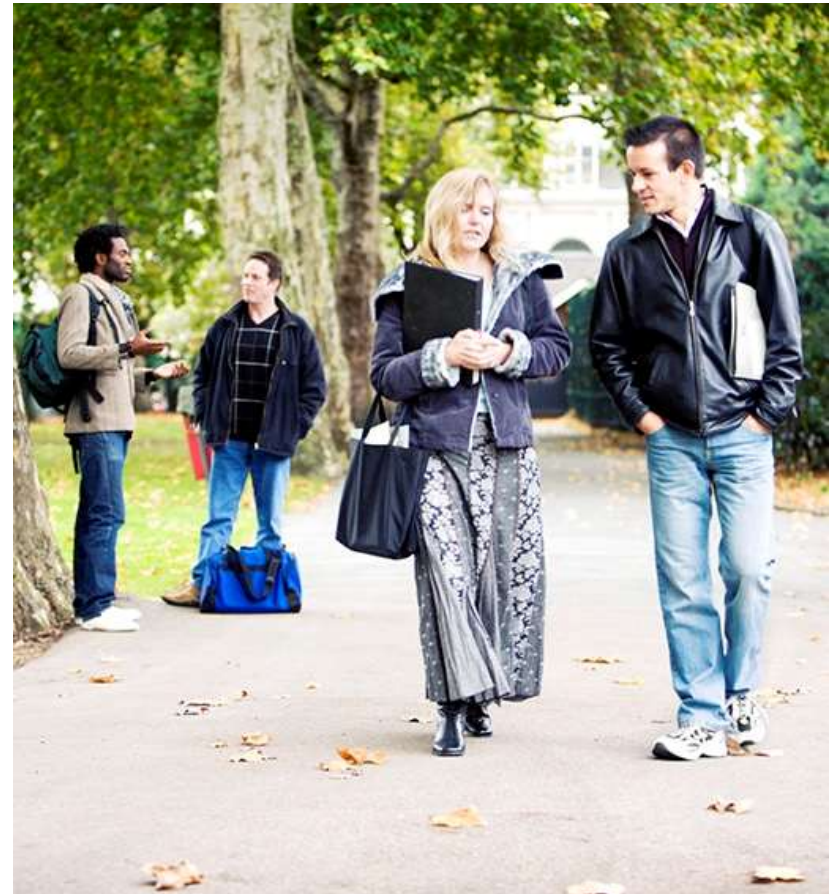


# Investing For Education

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## Most Common Options

- 529 Plans
- Coverdell Educational Savings Accounts
- Prepaid tuition plans
- Uniform Gifts to Minors Act (UGMA) and Uniform Transfers to Minors Act (UTMA)





# Investing For Education

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## Educational Savings - 529 Savings Plan

### 529 Basics:

- Rules vary state-by-state
- IRS limit is \$17,000 individually annually without gift-tax consequences OR \$85,000 individually at one time
- Check to see if your state allows a tax credit
- The account can be used by other family members
- Withdrawals for qualified higher education expenses are free from federal tax\*
- Earnings can grow tax-free

The Tax Cuts and Jobs Act, which was signed into law in December 2017, allows families to use 529 plans to pay for up to \$10,000 in tuition expenses at elementary or secondary public, private or parochial schools. However, this may vary by state.





# Investing For Education

## Coverdell Education Savings Account

Can be used to pay for a child's qualified K-12 and higher education expenses

Earnings can grow tax free

Contribution's limit \$2,000 a year (not tax deductible)

Withdrawals for qualified expenses are free from federal tax

Can contribute until beneficiary is 18 years of age (distribution must occur prior to age 30)

Income restrictions

## Prepaid Tuition Plans

Rules vary by institution

Most states have residency requirements

Generally, only covers tuition and books

No investment options

Most states have guarantees

Most are portable but rules vary



# Investing For Education

## UGMA/UTMA Accounts

Custodial account for a minor. Beneficiary gains control at age of majority.

No income limits

Withdrawal for any reason at age of majority

Varied taxation based on minor

No contribution limits

### Additional Resources:

[www.savingforcollege.com](http://www.savingforcollege.com)

[www.studentaid.gov](http://www.studentaid.gov)

[www.ed.gov](http://www.ed.gov)

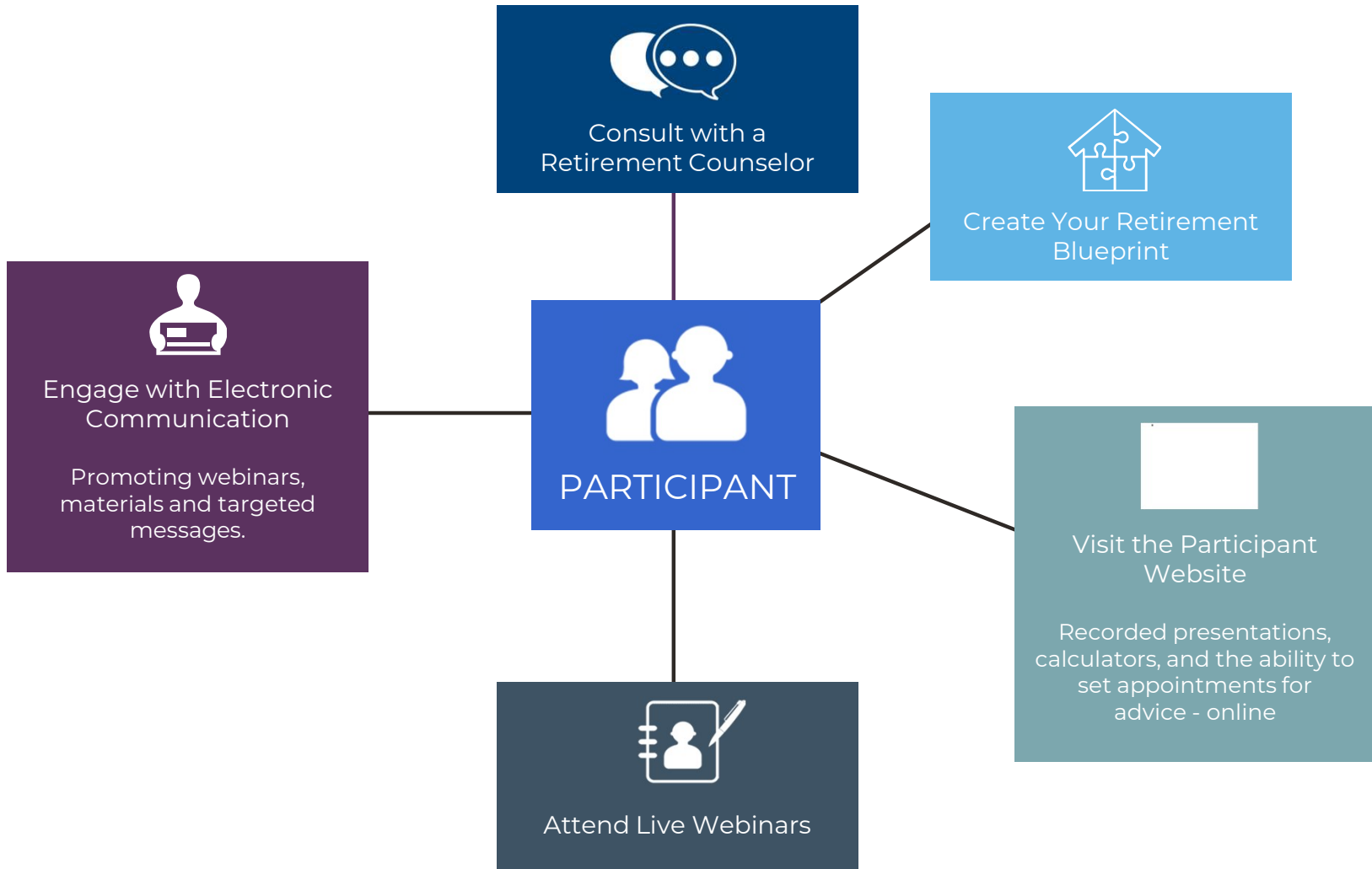
[www.finaid.org](http://www.finaid.org)



# Ways to Engage

Access. Advice. Accountability.

Participant Advice Services





# Build a Plan For Success

What Should My Next Steps Be?

1	Budget towards and prioritize your financial goals
2	Manage your credit and debt wisely
3	Prepare for emergency situations
4	Save for retirement and choose the investments that are right for you
5	Contact CAPTRUST for help.



# Schedule an Appointment or Call Directly

## CAPTRUST Advice Desk Hours

Monday–Thursday  
8:30AM–5:30PM ET

Friday  
8:30AM–4:00PM ET

Evening appointments available.

Schedule an appointment online



[captrustadvice.com](https://captrustadvice.com)

Call our advice desk directly



800.967.9948



**Thank You For Attending!**

