



FINANCIAL *Planning Strategies*

A Financial Planning Update



From the Desk of:
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Mr. Kennedy's investment philosophy is the same that he has practiced over the last decade: securities markets are efficient and advisors primarily add value by coordinating the asset allocation for clients based upon risk tolerance, objectives, and time horizons.

The firm has constructed 5 models for clients that vary in risk to meet the goals of each client. The firm primarily uses passive mutual funds in each model and uses select actively managed funds for bond, commodity, and real estate exposure. ITI uses several research resources, including many that were used over the last 20 years, to assist with the recommended asset allocation and the appropriate funds to utilize in each model.

Mr. Kennedy is an Investment Advisor Representative of ITI Financial Management, LLC. Investment services are offered through ITI Financial Management, LLC, a registered investment adviser with the state of Missouri.

Money Management throughout Life Stages

On the way to developing and maintaining your financial well-being, the ability to successfully manage your personal finances will play an important role. A solid financial strategy can help you build a more financially secure future for your family.

To start, it is important to have an emergency fund in a separate savings account. Once you have accumulated up to six months' worth of income to cover housing, food, utilities, transportation costs, etc., you can work toward defining your short- and long-term financial goals, and then constructing a plan to help ensure you meet your objectives.

With your goals set and your plan in motion, you will need to regularly review your personal finances. When you reach a new stage in life, such as getting married, buying a home, or the birth of a child, here are some milestones to consider:

Your First Job. When you obtain your first permanent full-time position, you may be offered a workplace retirement plan. It is never too early to begin saving for retirement. Taking advantage of your employer's plan as soon as possible will give your account the maximum amount of time and potential to grow. Since the combined effects of time and compound interest are powerful, the sooner you start, the better. Try to contribute enough to your

retirement fund to take full advantage of any employer-provided matching contributions.

Consider any insurance provided by your employer, including health, life, and disability insurance. If the insurance coverage offered through your employer's benefit plan does not meet your needs, or if insurance is not offered at all, look into obtaining coverage independently.

If you change jobs, you may find that benefit plans vary greatly from employer to employer. Therefore, changes in insurance coverage and retirement options must be factored into your personal financial plan. For example, funds in your retirement plans might need to be rolled over as you continue to save.

Marriage. Weddings are special occasions that become cherished memories, but can also affect your financial situation. You may consider opening a joint bank account, owning or purchasing property jointly, and sharing auto and/or health insurance. You may also want to begin saving toward the purchase of your first home and other mutual goals, such as raising a family.

Obtaining and/or updating life insurance coverage to reflect a name change, if applicable, to name your spouse as beneficiary can help ensure that financial goals will continue to be met. Marriage will also require a review

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Education: One of the Best Investments You Can Make

It wasn't long ago when an individual went to college, got an education, and embarked on one career that usually lasted a lifetime. Many companies provided on-the-job training, and little emphasis was put on the idea of going back to school to continually upgrade your skills or change careers. During a job interview, it was common to be asked where you saw yourself in five or 10 years. Many new graduates could see a fairly predictable career track ahead.

By contrast, today's workplace environment and economic climate are very different. Trying to keep up with constant change and global competition is challenging enough, let alone trying to project where you will be careerwise, and what job you will be in five or 10 years from now. Rapid technological changes are redefining many types of jobs and may eventually make some jobs obsolete.

On the other hand, new careers with plenty of jobs may open up in certain industries over the next decade. New fields, such as green technology, are quickly emerging. To maintain current employment and improve opportunities to land job offers in an unpredictable market, many workers and independent contractors will need to enhance and upgrade their skills regularly.

In an information-based culture, the more technological skills you have, the more attractive you may be to prospective employers. However, personal growth



and development carry a price tag. While some companies provide certain forms of training, it may be unrealistic to think employers will bear the *entire* cost of talent development. As workers must now assume the responsibility for funding their own retirements through the shift from workplace defined *benefit* plans toward defined *contribution* plans, many also have to fund their own long-term career development.

Changing the Mindset

The first step toward career development for the long term is to keep an open mind about continuing education. Rather than thinking of education as something that is over and done with after college graduation, you may have to look at education as an ongoing *process*. Professional success in the 21st century may require workers to become "sponges" with the unlimited ability to "soak up" new information and apply it quickly on the job.

It may help to think of "investing" in personal growth and development

as akin to the business practice of investing in research and development (R&D). Just as businesses set aside a portion of their revenues to fund R&D that may lead to new products and more customers, consider setting aside a portion of your income to pursue activities (e.g., coursework, advanced degrees, professional or trade meetings, or relocation for a better work opportunity) that may enhance your job skills, career satisfaction, and earning capacity.

The best investment you might ever make is to begin setting aside funds for your continuing education. In the process, you'll be reinforcing the sense of responsibility required to control your own destiny and developing the resources necessary to carry out your vision for the future. You'll also be demonstrating to others, including your employer or other potential employers, that you are committed to improving your skills, receptive to change, and willing "to go the extra mile" to pursue professional success. 💰



The Importance of Disability Income Insurance

Many of us would rather not think about what would happen if we became unable to work for a period of time due to an unexpected illness or injury. Perhaps it's easier to believe this could never happen. However, the statistics tell a different story.

According to the latest statistics from the Council for Disability Awareness, just over one in four of 20-year-olds today will become disabled before they reach their full retirement age. More than 37 million Americans are classified as disabled, which is approximately 12% of the population. More than half of those individuals are between the ages of 18–64. Moreover, the average individual disability claim lasts more than 31 months.

Disability income insurance can play an important role in your overall financial well-being by helping to protect your most valuable asset—your

ability to earn an income. In exchange for purchasing a policy and paying periodic premiums, the insurance company would pay you a predetermined benefit amount if you sustain a qualifying disability that prevents you from working.

In order to obtain the appropriate amount of disability income insurance, review any coverage you already have in place. For instance, you may have some type of disability insurance coverage through your employer. If so, find out if the coverage is short-term and/or long-term, what the benefit amount is per type of coverage, and how long benefits last. This information can help you determine if additional insurance is needed to help cover expenses.

If you are self-employed, carefully examine how a disabling injury or illness could affect you, your family, and your business. In addition to any group disability coverage, your business may also

have workers compensation insurance, which is required of employers in most states. Keep in mind that workers compensation only covers disabilities that occur on the job. But, disability income insurance can help supplement your other coverage sources. In addition, you may want to consider **business overhead expense (BOE) insurance** to help cover business expenses and other continuing fixed costs, such as utilities, rent, and equipment leases, should you sustain a qualifying disability under the terms of the policy.

Since disability income insurance helps protect your potential earnings, it is an important part of your overall insurance program. Individual policies can be tailored to your individual circumstances. Because features and benefits vary widely from one policy to another, be sure to consult a qualified insurance professional to determine an appropriate amount of coverage. 💰

Tips for Documenting Your Valuables

Could you list, and accurately value, all your personal property from memory? In the event you need to file a claim, a complete inventory of all your possessions can help you document your loss. A written description should include the date of acquisition, original cost, and any improvements. Serial numbers, if available, should be recorded, and any receipts you have should be attached to the list.

If you have a video or digital camera, you can establish additional documentation of your home and belongings for insurance purposes. This record, which can be used as evidence in case of theft, fire, or damage, should include the following:

- A complete scan of all rooms, outside grounds, attic, basement, and garage.
- Close-ups of all valuable items such as artwork, jewelry, and antiques. Be sure to zoom in on

serial numbers of stereos, television sets, and other electronic appliances.

- Audio commentary of details that may not be visually apparent.

Store the visual images, along with your comprehensive written list, in a safe place away from home. For extra safety, you may want to make copies and store them in separate locations. Once you have established a complete inventory, it should be fairly easy to do periodic updating. 💰



Money Management throughout Life Stages

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of your retirement goals to establish a savings plan to meet your retirement needs. Getting married can also affect your tax situation. Be sure to consult with your tax advisor for the most effective strategies.

New Home or Re-financing. Buying a first home is an exciting milestone. Whether you are a first-time homeowner or are looking to refinance, research the various mortgages available to find the most appropriate one for your circumstances. Also, purchase a homeowners insurance policy to protect your home and its contents from covered losses. This is an opportune time to review any life insurance policies you may have to ensure that mortgage obligations can be met in the event of your premature death.

Children. With the added joy of a child comes financial responsibility. If you and your spouse are both working, you may need to plan for child care expenses, or you may perform a cost-benefit analysis to determine whether the income of one spouse could meet your family's needs. Update your health insurance to include your child, and review your life insurance policy to ensure you have adequate coverage and to add your child as a contingent beneficiary.

For an infant, college may be 18 years away. Yet, the sooner you start saving for higher education, the better. Children may also change your estate plan. Writing or reviewing your will becomes especially important to see that your child will be provided for.

Starting Your Own Business. Leaving your job to start your own business can be an exciting adventure. As you assume responsibility for establishing, maintaining, and growing your business, be sure to consider the benefits that were previously provided by your employer. It is important to maintain retirement plans and disability, medical, and life insurance coverage as you continue building your financial independence.

Retirement. Retirement is a time to enjoy the fruits of your labor. You may want to relocate to a warmer climate and anticipate the adventures awaiting you. Your finances come in to play as you make your retirement dreams come true. Maintain adequate health care coverage, and stay informed of your future care options. Proper planning can help preserve your hard-earned assets.

As you approach each milestone in life, the additional planning can be well worth the effort to become financially independent and prepared for whatever life brings your way. Remember to conduct annual check-ups to assess your financial goals, so you can help provide for your loved ones, and build for your future. 💰



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