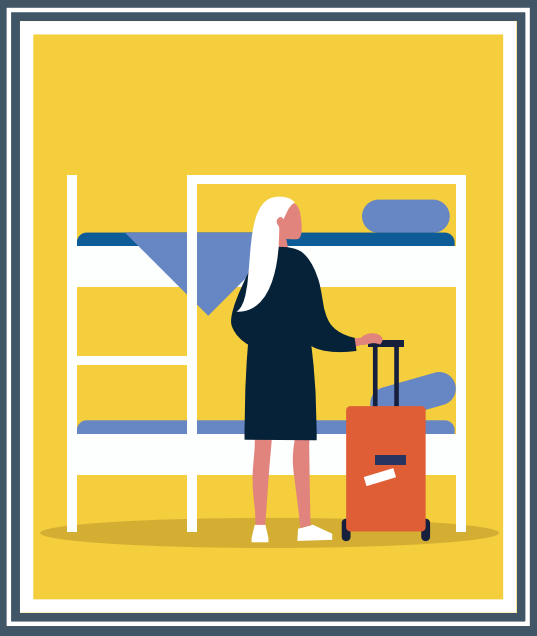






Building a Better Financial Future

MONEY MOVES WHEN RAISING KIDS



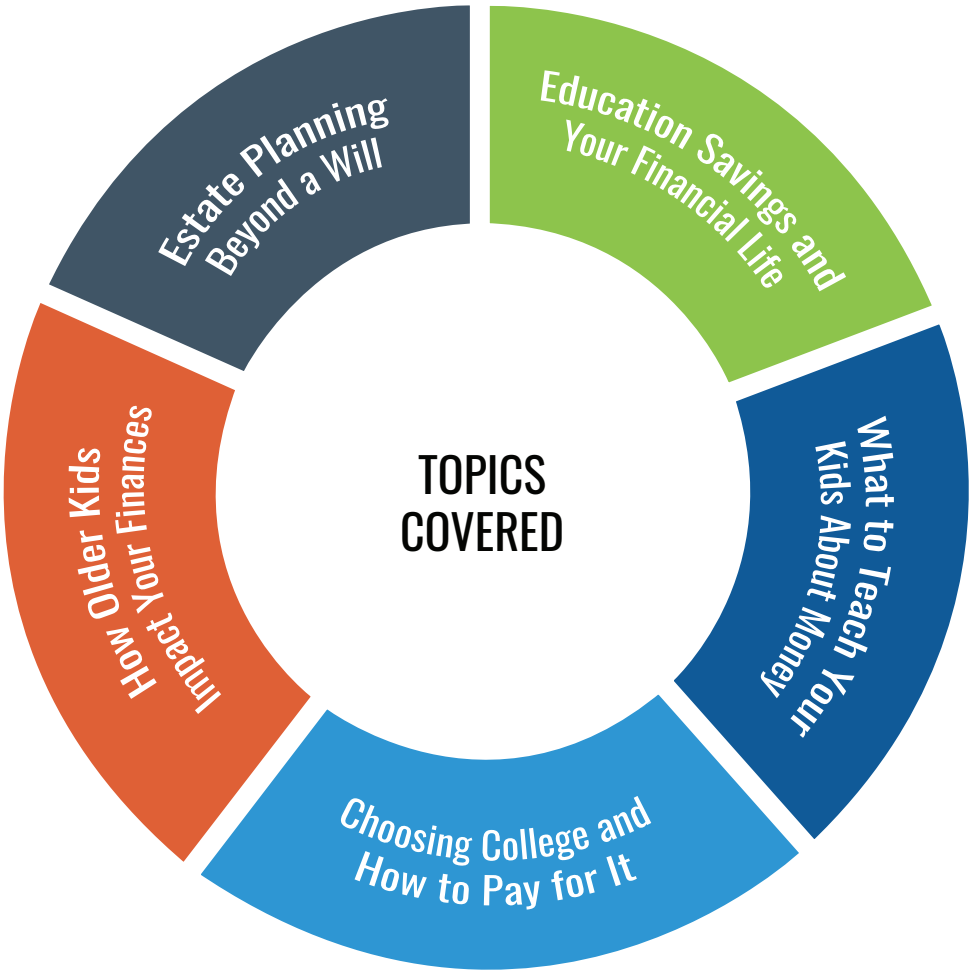


"You can truly make a difference in your financial situation through the actions and decisions you make every day with your money."



BUILDING A BETTER FINANCIAL FUTURE | RAISING KIDS

Raising children is, for most people, one of the busiest, rewarding and fastest times of their lives. The years will go by quickly, and before you know it you will move from planning play dates to planning weddings. Financially, this is one of the most important times of your life as well. There are several decisions and expenses that you will encounter on this journey. It all begins with how you fund college expenses and the choices you have to make from that decision. There are also other considerations as your children get older, especially when they enter their late teen years. For some parents, it might not end when their children graduate from college. During all of this, parents have to stay focused on their short and long term financial plans.



KEY TAKEAWAYS

1. Paying for college is a big decision for parents and can have lasting financial impacts
2. Start teaching your kids smart financial habits early in life and carry them forward even after graduation
3. Choosing a college should take into account financial consequences, not just a child's desire to attend
4. Kids have a significant impact on monthly financial budgets that can last past their college years

EDUCATION SAVINGS AND YOUR FINANCIAL LIFE

It is important to develop a plan for how you will pay for your kids' education before they start school. For some parents, it might start by choosing to go to a private elementary school. For others, it might not be until college that funds for schooling become an issue. Paying for education has an impact on other aspects of your financial life, which means education is a major component of your financial planning once you begin having children.

COACHING POINTS

- Don't let education funding derail retirement contributions
- Debt impacts funds available for paying for college
- Planning for college needs to start early
- Start early on scholarship resume building
- College savings accounts have many benefits

EDUCATION SAVINGS AND YOUR FINANCIAL LIFE

Don't Let Education Derail Your Own Financial Life

Keep funding retirement

- Don't lower retirement contributions for education funding
- If retirement contributions are less than 10%, delay education funding

Only one option for retirement

- You must save for retirement - there is no borrowing to live in retirement
- There are several options to pay for schooling

Don't take on too much debt

- Puts you at risk of having to scale back other debt reduction
- Takes away from funds to use for college savings

Adding debt to pay for expensive college

- Have a maximum debt to incur for college
- Find value in college choice

Avoid using 401k to pay for college

- Might be subject to early withdrawal penalty
- Can lower your income in retirement

Planning For College

Start before first child reaches 5

- Adjust budget to fund retirement and education savings
- Consider college funding in all financial decisions

Prepare your child for scholarships

- Focus on education excellence and activities
- STEM scholarships are more available

Set realistic expectations

- How much you can and are willing to pay in tuition
- Share with teenagers to keep school choices realistic

Don't need to save it all

- Can pay from monthly income
- Have options to obtain loans

Make smart choices for education savings

- 529 plans offer several benefits
- Find ways to get tax benefits if possible

Benefits of 529 College Savings Plans

- Earnings grow federal tax-free and not taxed for college expenses
- Some states offer state tax deductions for contributions
- You remain in control of the funds rather than the beneficiary
- Flexibility because the beneficiary can change
- Everyone is eligible to utilize 529 plans
- Very easy to open and maintain



WHAT TO TEACH YOUR KIDS ABOUT MONEY

Financial literacy is not a subject that most high schools or colleges spend significant time discussing. Unfortunately, many kids as young as 14 or 15 years old are exposed to financial decisions. If they don't have the proper framework for making decisions, they can often develop poor habits that will impact them as they move out on their own. As a parent, it likely will be your responsibility to build the financial awareness within your children. Giving your kids knowledge and experiences to make financial decisions early in life is one of the key factors to becoming money smart adults.

COACHING POINTS

- Teaching money concepts to your kids helps them be better adults
- Your role in teaching your kids starts with modeling good money habits
- Discussing your financial decisions is a great way to teach financial habits
- An allowance can be a great tool if enacted properly
- Your college freshman will need deeper financial knowledge

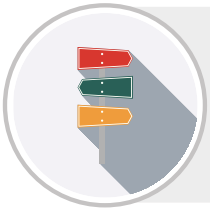
WHAT TO TEACH YOUR KIDS ABOUT MONEY

Money concepts to teach your kids:



Difference between needs and wants

- Help them understand that needs and wants can be very similar



Spend, save, share are the only three money choices

- Give your kids an allowance
- Have them perform all three each month



How much everything costs

- Kids often have no concept of how much anything costs
- Include them in going to the store and comparison shopping online



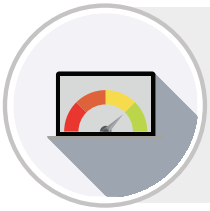
Where money comes from

- Sometimes kids think that money is available to everyone
- Explain that you must work, invent something, or invest to have money



Smart spending and saving habits

- Modeling the right financial behaviors to teach your kids
- Reinforce in them the need to save whenever possible



Teach them about credit

- Explain the idea of credit in the simplest terms possible
- A tool to buy something today and pay for it over time or later

WHAT TO TEACH YOUR KIDS ABOUT MONEY

The four most important concepts:



How to Earn Money:

Teach children that money comes from working, and without working, there is no money.

How to Share Money:

One of the most fulfilling things you can do is share your money with others. You never know when you might be the one in need.









How to Spend Money:

Buy what you really need before spending money on the things you want. Make a list of items needed before heading out the door.

How to Save Money:

Use a more relative example when teaching your children what to save for. A great example would be a toy they want to buy.

WHAT TO TEACH YOUR KIDS ABOUT MONEY

Talking to Your Kids About Money

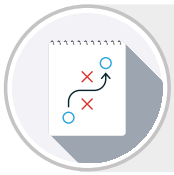
1. Discuss choices about dinner, eating in or eating out
2. Be honest with your kids about your own financial situation
3. Talk about how they want to spend and save their money
4. Take them shopping and involve them in the entire process
5. Don't be afraid to have your child by your side when paying bills
6. Give your kids an allowance

Tips for Using An Allowance Properly

1. Provide an allowance but also give financial responsibility
2. Suggested starting amount is 3 times age per month
3. Increase as they are given additional financial responsibility
4. Establish required household duties for payment
5. Give guidance and tools to set up savings
6. Use the 50% spend, 40% save and 10% share budget goals

WHAT TO TEACH YOUR KIDS ABOUT MONEY

Financially preparing your college freshman:



Have a spending plan for college life

- College comes with freedom. If you're not careful, it may lead to financial problems that can be difficult to overcome



Take advantage of student perks and deals

- Almost all college towns cater to students by offering deals and perks for students



Borrow as little as possible to pay for college

- Don't borrow for college unless absolutely necessary. Too many college freshmen borrow all they are offered and not what they need



Monitor your accounts to avoid fees

- Students should use text and mobile alerts to keep track of account transactions and balances to avoid overdraft fees



Protect yourself from fraud

- Don't leave your wallet, money, gift cards or other personal identification in an unsecure place. Students don't always know who is in and out of their room



Be organized to avoid fees or penalties

- Paying bursar bills late, not returning items when due or not making class purchases in a timely manner can all increase expenses



Be careful with credit cards and store charge cards

- A common mistake made by college students, especially freshmen, is overuse of credit cards and store charge cards



Practice good financial habits

- Learn to comparison shop on all purchases, have a 24-hour rule before making an unplanned purchase and don't shop to cheer yourself up

CHOOSING COLLEGE AND HOW TO PAY FOR IT

One of the most stressful things when college planning might be making the school choice. Many factors need to be included in this decision besides where your potential college student wants to attend. The choice of school impacts not only the cost of tuition, but also the options available for scholarships and grants. It is important to know that people use many different sources to pay for college. Parents and students should understand all the different types of loans available and how they may or may not qualify for the loans.

COACHING POINTS

- Choosing a school requires balancing several factors
- Don’t overspend on college especially if loans are used
- Consider all the options for lowering the cost of college
- People use many different sources to pay for college
- Not all student or parent loans are the same

CHOOSING COLLEGE AND HOW TO PAY FOR IT

Choosing a school:



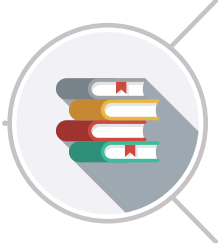
Value of school for chosen major

- Best cost for chosen major
- Placement rate for your major



Cost compared to benefit of school

- Alumni network strength
- School's reputation for your degree



Flexibility with changing major

- If you need to change, are there plenty of options?
- Would changing require additional time in college?



Amount of debt that is acceptable

- Compare starting salary with debt required
- Will the monthly payments be too much?



Scholarships and grants available

- Complete the FAFSA annually
- Look for local, state and national scholarships



Fit for your student

- Is it too large or too small for your child to thrive?
- Does it offer non-curricular activities of interest?

CHOOSING COLLEGE AND HOW TO PAY FOR IT



Options to Lower Cost	Typical Sources of College Funding
Attend a community college for the 2 years first	Parent income and savings
Apply for work study programs	Grants and scholarships
Choose the lowest cost option for housing	Student loans
Apply for Federal grants	Parent loans
Apply for all types of scholarships	Student income and savings
Consider living at home and commuting	Friends and relatives

CHOOSING COLLEGE AND HOW TO PAY FOR IT

Borrowing to pay for college education:

Federal Loans (first option to consider)



Direct subsidized loans are based on financial need

Direct unsubsidized loans are not based on need or credit worthiness

Direct Plus loans are credit based, unsubsidized loan for parents



Private Loans Issued by Financial Institutions

Private student loans which require a credit worthy cosigner

Parent loans which require credit worthiness

Other Loan Options



Tuition installment payment plan from the college

Home equity loan if a homeowner

HOW OLDER KIDS IMPACT YOUR FINANCES

As your kids get older, their impact on your finances will be constantly changing. Your expenses will likely shift but won't really be reduced until they move out of the house and are more responsible for themselves. Financial impacts of older kids will be big life events, such as weddings, for which you might want to provide financial assistance. Regardless of the situation, all of this needs to be part of your long term planning so that your important financial goals are attainable.

COACHING POINTS

- There will be several costs that increase as your children grow older
- Planning for these events will help avoid stressing your financial situation
- The entire family needs to be involved in smart financial habits
- Be smart when helping your older kids financially
- Be aware of what your young adult children should be doing

HOW OLDER KIDS IMPACT YOUR FINANCES



Costs that Increase with Older Kids

Auto & Life Insurance

auto premium raises with each child

Clothing

adult clothes & shoes are more expensive

College Apartments

renter's insurance, furnishings, etc.

Food

increased grocery bill & no kids meal deals

Big Events

wedding expenses, milestones, etc

HOW OLDER KIDS IMPACT YOUR FINANCES

Important Family Financial Habits

1. Everyone involved in saving money
2. Prioritizing what is important to buy
3. Vacations planned from a budget
4. Grades that will earn good student auto insurance discount
5. Sharing a kids' car vs. every kid having a car
6. Not comparing lifestyles to others

Helping Older Kids Financially

1. Co-sign on loans to get them a better interest rate
2. Start them early with credit building activities such as a credit card
3. Give a home down payment as a gift if possible
4. Allow them to live with you after college to save money
5. Provide transportation after college for the first few months
6. Be a pet and/or child sitter for them to save money

Money Moves Adult Children Should be Doing

1. Develop and live from a budget
2. Use a budget to make financial decisions
3. Improve their credit score quarterly
4. Start saving immediately for retirement
5. Avoid excessive credit card debt
6. Build a short term emergency fund

ESTATE PLANNING BEYOND A WILL

Having an estate plan is an essential financial planning step that should be completed when you have children. These are critical financial steps that you need to protect your loved ones in the event something happens to you. Your estate plan is a comprehensive plan that covers building, protecting and sharing your assets over your lifetime. The plan is going to change quite frequently as your family situation changes, and finding the right professionals to assist with your estate plan is a critical function.

COACHING POINTS

- An estate plan includes more than a will and medical directives
- Power of attorneys are important documents to create
- All of your wishes might not be included in your will
- Finding the right attorney starts with knowing the right questions to ask
- Your estate plan will evolve over time as you move through life stages

ESTATE PLANNING BEYOND A WILL

1 Have A Will Prepared

This will ensure your last wishes are followed and that any possessions or wealth will be disbursed properly with minimal hassles.

Wills can provide directions for the care of your children as well as establish how and when they receive their inheritance.

2 Create an Advanced Medical Directive

This provides instructions to your caregivers on what actions they should take if you are no longer able to makes decisions for yourself.

3 Assign a Power of Attorney

This step will appoint someone to help you with financial affairs if you are no longer able to make those decisions yourself or need assistance during an illness.

It can be a limited power of attorney to provide a specific scope of what business this person can perform in your name, or it can be broader to cover more contingencies.

4 Update Beneficiaries on Everything

It is common to forget to update beneficiaries on life insurance, 401k plans and other investments if your family situation changes years after first establishing these products.

Not having beneficiaries updated could mean that your life insurance or 401k funds go to an ex-spouse or your parents instead of your own children or current spouse.

ESTATE PLANNING BEYOND A WILL

5 Name an Executor of Your Estate

This is the person you want to be in control of dividing and divesting your estate per instructions in your will.

If you have children, the executor may also assume responsibility for the welfare of your children under the age of 18.

6 Verify Your Insurance Coverage is Appropriate

Insurance (life, health, auto, homeowners, disability or long term care) should be reviewed regularly for appropriate amount of coverage in your financial situation.

7 Inform Key Individuals on Where to Find Your Estate Documents

You may keep your important documents in several places: at home in a safe, at your financial institution, with your attorney, etc. It's extremely important to make sure the individuals who will handle your estate know where to go for these documents.

8 Have a Complete History of Your Assets

This inventory may include investments, retirement savings, insurance policies, real estate, collectible items, and even sentimental items.

9 A Letter of Introduction for Your Surviving Family Members

This is an informal, non-legal document that helps family members put your affairs in order from desired funeral arrangements to canceling credit cards and paying other bills.

ESTATE PLANNING BEYOND A WILL



Questions to Ask an Estate Planning Attorney

- Is your primary focus estate planning?
- How long have you been practicing?
- Do you execute the plan or only formulate the plan?
- Do you conduct periodic reviews?
- How deep is your estate tax experience?
- Can you create a comprehensive plan?
- Who else in your office will be working with us?
- What are your fees?

Working Your Estate Plan

- As your family situation changes, update your estate plan
- Regularly review the financial aspects with a professional
- Change insurance coverages based on current needs
- Make sure your heirs are aware of your estate plan
- Constantly update your financial documents

Building a Better Financial Future

MONEY MOVES WHEN RAISING KIDS

All content is for informational and educational purposes only. Ideas are opinions based on what is believed to be reliable sources and should not be mistaken for individual financial or tax advice. Each individual needs to determine the actions that are appropriate for their specific situation. All information and ideas presented should be discussed with an advisor, legal counsel, accountant, financial coach or some other trusted sources prior to implementation.