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REVISED AND UPDATED

SMART COUPLES FINISH RICH

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9 STEPS TO CREATING A RICH FUTURE FOR YOU AND YOUR PARTNER

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INTRODUCTION

WHY SMART COUPLES ARE TAKING CONTROL OF THEIR FINANCIAL FUTURE

I'll never forget the first fight I had with my wife, Michelle, over money. We were just back from our honeymoon, and the bliss of getting married was still in the air. Our new apartment looked great. We were incredibly excited to be starting our lives together.

As Michelle began to unpack, I sat down at the kitchen table and started sorting through the mail. Since we'd been gone almost two weeks, there was a lot to go through. I began separating the important stuff from the junk mail, taking the bills that needed to be paid and placing them in piles. Nice, neat organized piles. In my mind, this bill-paying stuff would clearly be a nonissue. After all, both Michelle and I were financial professionals. I managed money for hundreds of couples; she helped corporate executives trade restricted stock. What's more, I'd spent the last five years teaching classes on financial management and had just started writing a book on money for women. Paying our bills and managing money as a couple were bound to be a breeze.

NEAT AND SIMPLE?

As I sorted out the bills, I created a "David" pile and a "Michelle" pile. This was going to be so easy. I'd pay my bills (like my car payments and my cell phone) and Michelle would pay her bills (like her car and her cell phone). We'd split the household bills, which meant we needed a "we" pile. And . . . hmmm . . . who pays the insurance bills? Well, we'll figure that out. Maybe we also need a "to be discussed" pile. Let's see, that's four piles.

Oh, here's a bill for the cleaning lady. I guess that could go in our "we" pile. But what about this American Express bill with all the honeymoon expenses on it? Well, the card's in my name and I guess it's pretty much the guy's job to pay for the honeymoon, so that should probably go in the "David" pile. Dry cleaning? Well, even though we now get our dry cleaning done at the same place, the account is in my name, so I guess I can pay it. Let's see—how much does this cost? No way . . . this can't be right! How could my dry-cleaning bill have tripled in a month?

Michelle was in the bedroom organizing her closet. "Honey," I yelled to her, "do you know they charge $7 to dry-clean one of your sweaters? How can it cost so much to dry-clean women's clothing? And do you know you had them dry-clean *seven* sweaters this month? This is insane. We're going to have to get two dry-cleaning accounts, because I'm not paying these ridiculous prices for you."

Michelle stopped what she was doing and came into the kitchen. "Of course I know it costs $7 to dry-clean a sweater," she said. She looked down at my nice, neat piles of bills. "Hey, what's with all this?" she asked.

I grinned up at her. "Oh," I said, "I'm getting things organized. I'm separating our bills to see who pays what."

Michelle looked at me a little strangely. "Honey, you don't need to waste your time doing that. This is going to be easy. We are going to put all of our money in a joint checking account and pay everything together."

"We are?"

"Of course we are. We're married now, we love each other, and from now on everything we have is one and everything we do as one."

"Well, actually," I said, "that's not exactly what I had in mind." Sensing a little tension, I quickly added, "In the beginning at least, I think it might be easier if we sort of split this stuff up."

"But, David," Michelle replied, "you make more and spend more than I do. You can't expect us to just split all these bills down the middle."

"Well, no, of course not," I said. "I thought I'd sort of split them up in a way that's fair."

"Well, what's fair?"

Good point, I thought. "Well, I need to think that through."

Michelle shook her head. "No, you don't. I'll tell you what's fair. What's fair is that we put all our money in one account and pay all the bills out of this account."

SOMETHING'S NOT WORKING

Fast-forward a few months. Michelle and I still hadn't totally agreed on who was responsible for paying what. Unfortunately, the bills kept arriving, just like clockwork, every 30 days. Only now they were starting to get paid late (and, as a result, we were getting hit with late fees).

Upset about all the money we were wasting on late fees, I began freaking out and blaming Michelle for the problem. In turn, she was telling me it was all the fault of my stupid "pile system." Needless to say, what we were doing wasn't working. And rather than sorting itself out, the problem was only getting worse. Instead of sitting down and discussing how we might reconcile our clearly different attitudes about handling money into one simple system that worked for both of us, we were running on "assumptions." I was assuming Michelle knew how I wanted our money to be managed, and she was assuming I knew what she wanted to do. We were each assuming the other was paying certain bills. We weren't on the same page—and the consequences were that this "money stuff" was creating more stress than it should.

THE GOOD NEWS . . .

Eventually, Michelle and I did come up with a system to manage our finances together. As a result, I'm happy to report that things are much, much better for us on the money front. We now work together on our finances, and instead of making assumptions about how the other one feels, we put our heads together and bounce ideas off each other. In short, we've learned to make a priority of discussing our finances and planning our financial goals and dreams together. Doing this changes everything: it ends the fights and it focuses the energy of a relationship on the positive instead of the problems.

Looking back, it's not surprising that as newlyweds Michelle and I had a hard time figuring out how to handle our finances. Even though we both had financial backgrounds, we had never taken a class or gotten any coaching about how to manage money as a couple. As a result, neither of us had ever thought about how different things become when you go from being two single people managing your money separately as individuals to a couple managing your money together.

Needless to say, what Michelle and I went through was hardly unique. Most couples have never been taught how to plan their financial future together. As a result, most couples rarely talk about money . . . unless they are fighting about it. My goal with this book is to change that. Having taught so many couples both as a financial advisor and now through this book and the seminar it is based on, I'm happy to report that it's both possible and fun to become a Smart Couple Who Finishes Rich. The key to being able to "win financially" is learning how to take the right actions in the right order. It's really not difficult at all—especially when you do it together as a couple.

In this book, we're going to work on how the two of you, as a couple, can both talk about and handle your money in a smart way. Whether you're just starting out or are well into midlife, whether this is your first marriage or your fourth, this book will show you how to get your financial goals and your personal values in synch so they—and the two of you—can work together to make your dreams a reality! What's more, if you have financial fears—and most people do—you will learn how to address and overcome them as a couple.

YOUR ROAD MAP TO LIVING—AND FINISHING—RICH

My goal in this book is to provide an action-oriented road map that will enable the two of you to take control of your finances as a couple. In the chapters that follow, you will learn everything you need to do as a couple to both live and finish rich. Specifically, you will learn:

- How to learn to earn . . . together (without fighting!)
- How to look at your values and put what matters most in your life first
- How to use what I call the "Couples' Latte Factor" to transform any income into a million-dollar nest egg
- How to protect your family with a "security basket," provide for your future with a "retirement basket," and fund your dreams with a "dream basket"
- And finally, how to grow your income as a couple by 10 percent over the next nine weeks.

In the past, many of you may have read investment books that put you to sleep. I promise you, this one won't. The reality is that investing is a blast when you know exactly what to do and how to do it. The problem with most investment books—and most financial advisors—is that they talk over our heads. You won't find that here. That's because my approach to living and finishing rich involves some incredibly simple techniques that can be life-changing when you put them into action.

IF MY GRANDPARENTS COULD DO IT, SO CAN YOU

I learned how to invest from my grandmother, Rose Bach. It was Grandma Rose who helped me make my first stock purchase. I was just seven years old, and the stock was a share in the company that owned my favorite restaurant in the whole world . . . McDonald's.

Where did my grandmother learn to invest? That's an amazing story.

My grandparents had no money and no college education. During the Great Depression, they lived in Milwaukee, Wisconsin, and like many Americans of their time, they struggled to keep their heads above water. As my grandfather used to say, "You gotta watch the pennies because they add up to a dollar." Fortunately for my grandfather—and, ultimately, for me and my whole family—shortly after her thirtieth birthday my grandmother made a decision that transformed all our lives.

One day, tired of the never-ending struggle to make ends meet, she decided that someday she was going to be rich. It was a remarkable decision, for at the time she was earning only $10 a week. And my grandfather was earning even less . . . just $5 a week.

The first step, she decided, was to build up a small nest egg. So, together, she and my grandfather began putting aside 10 percent of their paychecks each week, keeping the money in a coffee can in their kitchen.

After a month of saving, my grandmother took the money they had accumulated and went to a local brokerage office to open an account. She was not exactly welcomed with open arms. Scandalized that a married woman had come to see them on her own, the men running the brokerage told her to leave—and not come back without her husband!

Someone else might have been intimidated. But not my grandmother. She was a strong and feisty woman. "Gentlemen," she said, "if you don't want my money, I'll go next door and open an account with your competitor."

My grandmother got her account and she began to invest what she and my grandfather managed to save each week. To make a long story short, her investments eventually made her a millionaire. (Her investments also inspired a family tradition: her son—my father, Marty—became a financial advisor, as did both of her grandchildren, my sister Emily and me.)

Of course, things didn't always go smoothly. A few years ago, I asked my grandmother how she did that first year. "I know how it turned out, Grandma," I said, "but how did it start?"

My question made her laugh. "David," she said, "I bought four stocks . . . and they all went to zero in less than a year!"

I was stunned. "Zero?" I repeated. "What did Grandpa say?"

Grandma laughed some more, her eyes sparkling. "I didn't tell him!" she replied.

"But what kept you going?" I asked her. "How did you keep investing after you lost all of your money after a full year of saving?"

She looked me straight in the eye. "David," she said, "I told you—I wanted to be rich, not poor." She went on to explain that she had quickly realized the problem was not the stock market or the stockbroker or even the particular stocks she had chosen. "The problem was me," she said. "I didn't know the first thing about investing. I had never taken a class on investing. Your grandfather didn't know anything about money. It was the blind leading the blind."

But then, she said, she realized something that then and there changed her life. "If we were going to get rich, I was going to have to *learn* how to get rich! I needed to take classes, read books, study the stock market, and make friends with rich people." This revelation of my grandmother's led to a lesson that has stayed with me ever since.

There are many things my Grandma Bach taught me about money, but none was more important than this:

IF YOU WANT TO GET RICH, YOU HAVE TO LEARN TO EARN

The fact is, anyone can become an investor. Indeed, today with the Internet, it's never been easier to get started. But becoming an investor and becoming wealthy are not the same thing. Had my grandmother not realized that she needed to get smart about money, she and my grandfather would more than likely have ended up like 90 percent of all Americans—struggling to survive during retirement.

My grandmother's story illustrates another lesson that's worth mentioning here—namely . . .

YOU DON'T HAVE TO BE RICH TO BE AN INVESTOR

My grandparents started out with nothing, able to save only a few dollars a week. Yet over time they were able to build a million-dollar portfolio. How? By planning together, saving together, and investing together. Had they decided that because they were poor and didn't have college degrees, they would always be poor, that's just what would have happened. But that's not what they did. Instead, they decided to change their lives. They decided to be a Smart Couple Who Finishes Rich.

Okay, that was my grandparents and it was a long time ago. What about you today?

Can a book like this one really change the way you and your partner think about money and enable you to realize your financial dreams?

The answer is an unequivocal yes.

Can the process of working on your finances as a couple really be fun?

Absolutely. In fact, there are very few things in a relationship that can do more to solidify your bond and make you stronger as a couple than planning your financial future together. Think about it. Most couples decide to spend their lives together because they sincerely love each other and want to build a life together. I've never met a couple who said, "Wouldn't it be great to be together so we can fight on a regular basis about our finances!" But even though no one wants to fight about money, the fact is that most couples do. Either that or they flat-out avoid the subject.

According to the experts, the number-one cause of divorce in this country isn't sex or religion or problems with the in-laws. It's fighting over money. Having advised hundreds of couples individually in my financial-planning practice, I can tell you from firsthand experience that working on your money together significantly improves the chances not only of your succeeding financially but of your staying together happily as a couple. The key is to take the journey together—not separately.

This book is meant for couples who want to do that. If you are looking for a book that will explain how to hide assets from your partner or create ways to keep your finances separate, you might as well stop reading now. *My goal is to help you be the strongest couple you can be, and the best way I know to do this is to go on the journey together.*

TAKING CHARGE TOGETHER: THE SECRET TO YOUR SUCCESS

You may have already noticed that I've been referring to your spouse or significant other as your "partner." I do this deliberately, for in a good relationship that's exactly what a spouse or significant other should be—a partner.

The vital importance of partners really acting like partners when it comes to money became apparent to me after I published my first book, *Smart Women Finish Rich.* One of the great things about writing a book is that you often get feedback from readers sharing with you what works and what does not. Within just a few months of the publication of *Smart Women Finish Rich,* I was getting dozens of e-mails daily from readers recounting the kind of impact the book was having on them.

Most of the messages were incredibly positive, but a few concerned me. For example, one woman wrote, "Your book has changed my life. I'm now totally motivated and taking charge of my own finances. The problem is, I can't get my husband to change. Without his support, I'm wondering if any of my efforts will be worth it." In a similar vein, another woman wrote, "Great ideas in theory, but my husband won't save, spends all of our income on 'male toys,' and won't listen to me about your ideas."

It wasn't just women complaining about irresponsible men. Even though *Smart Women Finish Rich* was meant for women, I got a fair number of e-mails from men who had purchased the book for their wives or girlfriends . . . only to find they weren't interested. As one man wrote to me, "I read your book before I gave it to my wife. Honestly, I hoped it would motivate her to become more involved with the family finances. Instead she said, 'You're doing a great job with our money and I'm not interested in this stuff.' "

Eventually, I got an e-mail that summed up the problem brilliantly. It came from a woman in Omaha, Nebraska, and it really struck a chord with me.

> *David [the woman wrote], after reading your book I became a super-sonic jet engine on a plane. I'm striving to go forward, to reach my dream destination. Unfortunately, my husband's jet engine is going full steam in reverse. I know that this plane (our financial plan) is going to crash. You can't fly with one engine going forward and one engine going in reverse. I don't know what to do. I'm thinking of bailing out before we crash. Any suggestions?*

It was this e-mail that made me realize I needed to write a personal-finance book for couples. As the woman in Omaha said, a couple's financial plan is a lot like a plane with two engines. If both engines aren't pointed in the same direction or working at roughly equal power, you are going to have problems. Without teamwork, financial planning for most couples becomes a battle, not a victory. And ignoring the problem will only make it worse, for every month those bills are going to show up, whether you want them to or not. There's no getting around it. The bills show up, the monthly stress hits, the arguments start—and next thing you know it's the next month with the same problems all over again.

IT'S TIME FOR THE TWO OF YOU TO TAKE CHARGE

So that's our basic premise: all couples should work on their finances together. And when I say all couples, I mean *all* couples. Age isn't a factor. Whether you're a brand-new couple starting out in your early twenties or a retired couple in your seventies, the process of planning your finances together is one you can begin today. All that's required for you to do this is for you to receive the tools. And that's what I intend to give you in this book.

Much of what you will learn as you read the nine chapters that follow will seem incredibly simple. You may even find yourself thinking, "I know that. I've heard that before."

Don't let this make you feel complacent. When it comes to money, just having heard of something isn't enough; you've got to know what it means. And just knowing what something means doesn't matter if you're not actually doing it. For example, even though nearly everyone is familiar with the concept of "paying yourself first," most couples don't know how much they should pay themselves first, or where the money should actually go. As a result, they don't do it.

ONE PLUS ONE EQUALS FOUR

When two people work together to accomplish a goal, they can usually achieve it twice as fast as either of them would have working alone. This is certainly true when it comes to your money. The sooner you start working together, the more quickly you can dramatically improve your financial picture. The key is to truly believe that wherever you are starting from—no matter how bad or bleak it looks—things can and will get better. If right now you are badly in debt or living paycheck to paycheck, I am here to tell you, as someone who has personally coached thousands of people on their finances, that it can and will get better . . . if the two of you take action together.

By the same token, if you have already achieved financial success but find that for some reason the money in your life is not making your dreams come true, I am here to tell you that you shouldn't give up—that you can align your values with your dreams and live a fulfilling life . . . if you and your partner work on this money stuff together.

HOW BEST TO USE THIS BOOK

Before we get started, I want to give you some tips on how to get the most out of what this book has to offer. To begin with, you should think of this book as a road map—specifically, your personal financial road map to a financial destination you will shortly choose. As you use this financial road map, I'd like you to think of me as your personal financial coach, a friendly guide who can help you find your way through the obstacles and lead you quickly to the wealth and happiness you deserve.

You should also keep in mind that though taking control of your finances can be both easy and fun, it does require a real commitment. As I noted earlier, even though they are purchased with good intentions, most personal-finance books don't get read past the first few chapters. So as you start this one, do yourself a favor—make a commitment to yourself that you will invest the few hours necessary to really read this book and put the nine steps to work. I promise you that as easy as these steps are, if you just "go for it" and really do them, they will change your life. As I often tell my students and clients, if you do just two or three of the steps, you will be better off than 80 percent of the population. If you do five or six of the steps, you will be better off than 90 percent. And if you do all nine steps, you will end up in the financial elite—living in the top 1 percent.

I've deliberately organized things so that each of the next nine chapters covers a single step of our nine-step journey. Although each step is self-contained, they all build on the steps that went before. So my suggestion is that you read the chapters in order. You might even consider reading each chapter twice before you go on to the next one. Why read a chapter twice? Because when we're reading, we often miss something the first time around, and because repetition is the key to developing any skill.

One final suggestion: as you read this book, you may realize that you're not doing everything you should be doing with your finances. Don't use that as an excuse to jump all over your partner—or yourself. The purpose of this book is to improve your financial future, not to make you or your partner feel bad. As adults trying to make our lives better, we tend to be too hard on ourselves. If your financial life is not yet where you want it to be, that's okay—you're about to change that. Stay positive. Remember, the hardest part of changing things is . . . deciding to change. You've already made that decision. You've purchased this book and now you're reading it. So give yourself a break—and some credit.

The journey you and your partner are about to take together is meant to change your lives forever. So have fun with the process, and keep in mind that you've already taken the most important step toward controlling your financial destiny. You've decided to live smart and finish rich—together, as a couple.

Now let's get started!

BUILDING A MILLION-DOLLAR RETIREMENT ACCOUNT

Daily or Monthly Investments Suggested to Build
$1,000,000 by Age 65.

10% Annual Interest Rate

Starting Age	Daily Savings	Monthly Savings	Yearly Savings
20	$ 4.00	$ 124.00	$ 1,488.00
25	$ 6.00	$ 186.00	$ 2,232.00
30	$ 10.00	$ 310.00	$ 3,720.00
35	$ 16.00	$ 496.00	$ 5,952.00
40	$ 26.00	$ 806.00	$ 9,672.00
45	$ 45.00	$1,395.00	$16,740.00
50	$ 81.00	$2,511.00	$30,132.00
55	$161.00	$4,991.00	$59,892.00

The purpose of this chart is to share with you how much money you should be saving, daily, monthly, or annually, with a rate of return of 10% to accumulate $1,000,000 by the age of 65.

EARNINGS OUTLOOK

How much money will pass through your hands during your lifetime and what will you do with it?

Monthly Income	10 Years	20 Years	30 Years	40 Years
$1,000	$120,000	$240,000	$360,000	$480,000
$1,500	180,000	360,000	540,000	720,000
$2,000	240,000	480,000	720,000	960,000
$2,500	300,000	600,000	900,000	1,200,000
$3,000	360,000	720,000	1,080,000	1,440,000
$3,500	420,000	840,000	1,260,000	1,680,000
$4,000	480,000	960,000	1,440,000	1,920,000
$4,500	540,000	1,080,000	1,620,000	2,160,000
$5,000	600,000	1,200,000	1,800,000	2,400,000
$5,500	660,000	1,320,000	1,980,000	2,640,000
$6,000	720,000	1,440,000	2,160,000	2,880,000
$6,500	780,000	1,560,000	2,340,000	3,120,000
$7,000	840,000	1,680,000	2,520,000	3,360,000
$7,500	900,000	1,800,000	2,700,000	3,600,000
$8,000	960,000	1,920,000	2,880,000	3,840,000
$8,500	1,020,000	2,040,000	3,060,000	4,080,000
$9,000	1,080,000	2,160,000	3,240,000	4,320,000
$9,500	1,140,000	2,280,000	3,420,000	4,560,000
$10,000	1,200,000	2,400,000	3,600,000	4,800,000

Source: The Super Saver: Fundamental Strategies for Building Wealth by Janet Lowe (Longman Financial Services Publishing: United States, 1990).

PURPOSE-FOCUSED FINANCIAL PLAN ™

Designing a Proactive Year

The goal of a Purpose-Focused Financial Plan is to write down what you are going to focus your energy on in the next 12 months. To do this, follow the six steps below and fill in the worksheet on the following page:

1. List your top five values. Ideally you already did this in Step Two, when we covered the concept of creating your Value Circle. Remember you are writing down values first to address the issue of who you want to "be" as a person.
2. Based on your top five values, write down specifically what you want to "do." Your top five "to do's" will be your top five goals for the next 12 months.
3. Now it is time to make these goals specific and measurable. Remember, the more detailed and provable, the better.
4. In the fourth box on the next page, it's time to hit the "action plan" hard. What action can you take in the next 48 hours to move toward your goals? Remember that "I don't know" is not acceptable. The answer to "I don't know" is . . . "I know you don't but if you did, what would you do in the next 48 hours to get moving?"
5. Whom are you going to go to for help? Be specific. You will need help if your goal is big and worth going for. In this box, write in the name of the person who could help you reach your goal.
6. When are you going to start and when is your deadline to finish?

PURPOSE-FOCUSED FINANCIAL PLAN ™

	TOP 5 VALUES	TOP 5 FINANCIAL GOALS	MAKE SPECIFIC, MEASURABLE, PROVABLE	48-HOUR PLAN WHAT ACTIONS WILL YOU TAKE IN THE NEXT 48 HOURS?	ENLIST HELP WHO WILL YOU SHARE YOUR GOALS WITH?	START & FINISH LINE WHEN WILL YOU START? WHEN WILL YOU FINISH?
	Example: security	increase net worth by 10% in 2018	increase contributions to 401(k) from 6% to 12%	call benefits person at work; change contributions plan by Friday	call Pete (financial advisor) to review investment options in 401(k) plan; ask him about Roth IRA	start tomorrow, Monday, Jan. 15, 2018; finish by Friday, Jan. 19, 2018
1.						
2.						
3.						
4.						
5.						

TO BUILD WEALTH . . . PAY YOURSELF FIRST AND DO IT MONTHLY

YOUR MONTHLY INVESTMENT	YOUR AGE	TOTAL AMOUNT OF MONTHLY INVESTMENTS THROUGH AGE 65	AT A 4% RATE OF RETURN	AT A 7% RATE OF RETURN	AT A 9% RATE OF RETURN	AT A 12% RATE OF RETURN
$100	25	48,000	118,590	264,012	471,643	1,188,242
	30	42,000	91,678	181,156	296,385	649,527
	40	30,000	51,584	81,480	112,953	189,764
	50	18,000	24,691	31,881	38,124	50,458
$150	25	72,000	177,294	393,722	702,198	1,764,716
	30	63,000	137,060	270,158	441,268	964,644
	40	45,000	77,119	121,511	168,168	281,827
	50	27,000	36,914	47,544	56,761	74,937
$200	25	96,000	237,180	528,025	943,286	2,376,484
	30	84,000	183,355	362,312	592,770	1,299,054
	40	60,000	103,169	162,959	225,906	379,527
	50	36,000	49,382	63,762	76,249	100,915

THE TIME VALUE OF MONEY

Invest Now Rather Than Later

BILLY *Investing at Age 14 (10% Annual Return)*			SEE THE DIFFERENCE	***SUSAN*** *Investing at Age 19 (10% Annual Return)*			SEE THE DIFFERENCE	***KIM*** *Investing at Age 27 (10% Annual Return)*		
AGE	INVESTMENT	TOTAL VALUE		AGE	INVESTMENT	TOTAL VALUE		AGE	INVESTMENT	TOTAL VALUE
14	$2,000	$2,200		19	$2,000	2,200		19	0	0
15	2,000	4,620		20	2,000	4,620		20	0	0
16	2,000	7,282		21	2,000	7,282		21	0	0
17	2,000	10,210		22	2,000	10,210		22	0	0
18	2,000	13,431		23	2,000	13,431		23	0	0
19	0	14,774		24	2,000	16,974		24	0	0
20	0	16,252		25	2,000	20,871		25	0	0
21	0	17,877		26	2,000	25,158		26	0	0
22	0	19,665		27	0	27,674		27	$2,000	2,200
23	0	21,631		28	0	30,442		28	2,000	4,620
24	0	23,794		29	0	33,486		29	2,000	7,282
25	0	26,174		30	0	36,834		30	2,000	10,210
26	0	28,791		31	0	40,518		31	2,000	13,431
27	0	31,670		32	0	44,570		32	2,000	16,974
28	0	34,837		33	0	48,027		33	2,000	20,871
29	0	38,321		34	0	53,929		34	2,000	25,158
30	0	42,153		35	0	59,322		35	2,000	29,874
31	0	46,368		36	0	65,256		36	2,000	35,072
32	0	51,005		37	0	71,780		37	2,000	40,768
33	0	56,106		38	0	78,958		38	2,000	47,045
34	0	61,716		39	0	86,854		39	2,000	53,949
35	0	67,888		40	0	95,540		40	2,000	61,544
36	0	74,676		41	0	105,094		41	2,000	69,899
37	0	82,144		42	0	115,603		42	2,000	79,089
38	0	90,359		43	0	127,163		43	2,000	89,198
39	0	99,394		44	0	139,880		44	2,000	100,318
40	0	109,334		45	0	153,868		45	2,000	112,550
41	0	120,267		46	0	169,255		46	2,000	126,005
42	0	132,294		47	0	188,180		47	2,000	140,805
43	0	145,523		48	0	204,798		48	2,000	157,086
44	0	160,076		49	0	226,278		49	2,000	174,094
45	0	176,083		50	0	247,806		50	2,000	194,694
46	0	193,692		51	0	272,586		51	2,000	216,363
47	0	213,061		52	0	299,845		52	2,000	240,199
48	0	234,367		53	0	329,830		53	2,000	266,419
49	0	257,803		54	0	362,813		54	2,000	295,261
50	0	283,358		55	0	399,094		55	2,000	326,988
51	0	311,942		56	0	439,003		56	2,000	361,886
52	0	343,136		57	0	482,904		57	2,000	400,275
53	0	377,450		58	0	531,194		58	2,000	442,503
54	0	415,195		59	0	584,314		59	2,000	488,953
55	0	456,715		60	0	642,745		60	2,000	540,048
56	0	502,386		61	0	707,020		61	2,000	596,253
57	0	552,625		62	0	777,722		62	2,000	658,078
58	0	607,887		63	0	855,494		63	2,000	726,086
59	0	668,676		64	0	941,043		64	2,000	800,895
60	0	735,543		65	0	1,035,148		65	2,000	883,185
61	0	809,098								
62	0	890,007								
63	0	979,008								
64	0	1,076,909								
65	0	1,184,600								

Total invested = $10,000. Earnings beyond investment = $1,174,600.

Total invested = $16,000. Earnings beyond investment = $1,019,148.

Total Investment = $78,000. Earnings beyond investment = $805,185.

Billy earns $1,174,600 **Susan earns $1,019,148** **Kim earns $ 805,185**

Billy invested $68,000 less than Kim and has $369,415 more!

START INVESTING EARLY!

TAX-DEFERRED VS. TAXABLE INVESTING					
Age	Monthly Investment through the age of 65	Rate of Return	Taxable Accumulation	Tax-Deferred Accumulation	Difference of Tax-Deferred Investing
30	$100	4%	72,581	91,373	+18,792
		7%	115,762	180,105	+64,343
		9%	162,036	294,178	+136,142
		12%	277,603	643,096	+365,493

The above example is for illustrative purposes only. It shows a 30-year-old individual investing $100 a month through the age of 65 and compares the growth of the money invested in a taxable account vs. a tax-deferred one. The taxable account assumes a 28% tax -bracket.

DREAM WORKSHEET

Designing and Implementing the Fun Factor!

The difference between this Dream Worksheet and the Purpose-Focused Financial Plan is that the Dream Worksheet is meant for you to focus on the "fun" stuff in life. In this exercise, write down the top five things that you want to do with your life that sound like "fun"—things you might not consider realistic but you would really like to do.

To do this, simply follow the six steps below and fill in the worksheet on the following page.

1. List your top five dreams. Remember . . . have fun with this. Be "kid-like," not adult-minded.
2. Make these dreams as specific and measurable as possible.
3. What action can you take in the next 48 hours to get the ball rolling? Remember . . . "I don't know" is not an answer.
4. Who are you going to share your dream with? No matter how crazy it may sound now, the sooner you share it with someone you love and respect the sooner that dream is going to feel real.
5. What value will this dream help you realize?
6. What will the dream cost? Even if you don't know the exact cost, make sure you write down an estimate.

DREAMS
Designing and Implementing the Fun Factor ™

	TOP 5 DREAMS	SPECIFIC, MEASURABLE, PROVABLE	48-HOUR PLAN	WHO WILL YOU SHARE YOUR DREAMS WITH?	WHAT VALUE DOES IT HELP YOU ACCOMPLISH?	WHAT WILL THE DREAM COST?
	Example: trip to Maui	go to Maui December 2018 for 7 days	call travel agent; get Maui brochures	husband Bill and kids	fun/family/health	$3,500
1.						
2.						
3.						
4.						
5.						

AVERAGE INVESTMENT PERFORMANCE		
For the Period: 10/1/89–12/31/16		
Portfolio/Investment	Strategy	Average Annual Return
DJ Industrial Average w/Dividends		10.27%
S&P 500 Index w/Dividends		9.38%
Morningstar Large Blend Funds	U.S. Large-Cap Core	7.95%
Morningstar Mid-Cap Blend Funds	U.S. Mid-Cap Core	9.78%
Morningstar Small Blend Funds	U.S. Small-Cap Core	10.07%
Morningstar Foreign Large Blend	International (Developed) Equities	4.67%
Morningstar Diversified Emerging Mkts.	Emerging Market Equities	6.56%
Morningstar World Large Stock	Global Equities	6.66%
Morningstar World Allocation	Global Stock/Bond Allocation	6.98%
Morningstar Intermediate-Term Bond	Intermediate-Term U.S. Bonds	5.58%
Morningstar Intermediate Government	Intermediate-Term U.S. Govt. Bonds	5.12%
Morningstar Corporate Bond	Investment-Grade U.S. Bonds	6.63%
Morningstar High-Yield Bond	High-Yield U.S. Bonds	6.89%
Morningstar Muni National Intermediate	Intermediate-Term U.S. Municipal Bonds	4.69%
Morningstar World Bond	Global Bonds	5.56%
Morningstar Money Market—Taxable	Money Markets	2.77%

Created by Sterling Capital
Source: Morningstar
The DJ Industrial Average and S&P 500 Index represent returns of passive indexes, while the "Morningstar" portfolios represent the average return of investment managers in the respective strategy.

AVERAGE INVESTMENT PERFORMANCE		
For the Period: 3/9/09–9/30/17		
Portfolio/Investment	Strategy	Average Annual Return
DJ Industrial Average w/Dividends		18.32%
S&P 500 Index w/Dividends		18.95%
Morningstar Large Blend Funds	U.S. Large-Cap Core	16.90%
Morningstar Mid-Cap Blend Funds	U.S. Mid-Cap Core	18.15%
Morningstar Small Blend Funds	U.S. Small-Cap Core	19.13%
Morningstar Foreign Large Blend	International (Developed) Equities	11.84%
Morningstar Diversified Emerging Mkts.	Emerging Market Equities	11.82%
Morningstar World Large Stock	Global Equities	14.63%
Morningstar World Allocation	Global Stock/Bond Allocation	9.13%
Morningstar Intermediate-Term Bond	Intermediate-Term U.S. Bonds	5.28%
Morningstar Intermediate Government	Intermediate-Term U.S. Govt. Bonds	2.87%
Morningstar Corporate Bond	Investment-Grade U.S. Bonds	7.84%
Morningstar High-Yield Bond	High-Yield U.S. Bonds	11.15%
Morningstar Muni National Intermediate	Intermediate-Term U.S. Municipal Bonds	4.04%
Morningstar World Bond	Global Bonds	4.77%
Morningstar Money Market—Taxable	Money Markets	0.07%

Created by Sterling Capital
Source: Morningstar
The DJ Industrial Average and S&P 500 Index represent returns of passive indexes, while the “Morningstar” portfolios represent the average return of investment managers in the respective strategy.

MISSING THE 30 BEST DAYS COULD CUT YOUR RETURN TO A LOSS

If you had invested a hypothetical $100,000 in the S&P 500 on December 31, 1996, by December 31, 2016, your $100,000 would have grown to $439,334, an average annual total return of 7.68%.

But suppose during that five-year period there were times when you decided to get out of the market and, as a result, you missed the market's 10 best single-day performances. In that case, your 7.68% return would have fallen to 4.0%. If you had missed the market's 30 best days, that 7.68% return would have dropped to –2.42%. Of course, past performance cannot guarantee comparable future results.

THE PENALTY FOR MISSING THE MARKET

Trying to time the market can be an inexact—and costly—exercise.
S&P 500 Index: December 31, 1996–December 31, 2016

Period of Investment	Average Annual Total Return	Growth of $10,000
Fully Invested	7.68%	$439,334
Miss the 10 Best Days	4.00%	$219,112
Miss the 30 Best Days	–2.42%	$61,266
Miss the 50 Best Days	–4.16%	$42,750

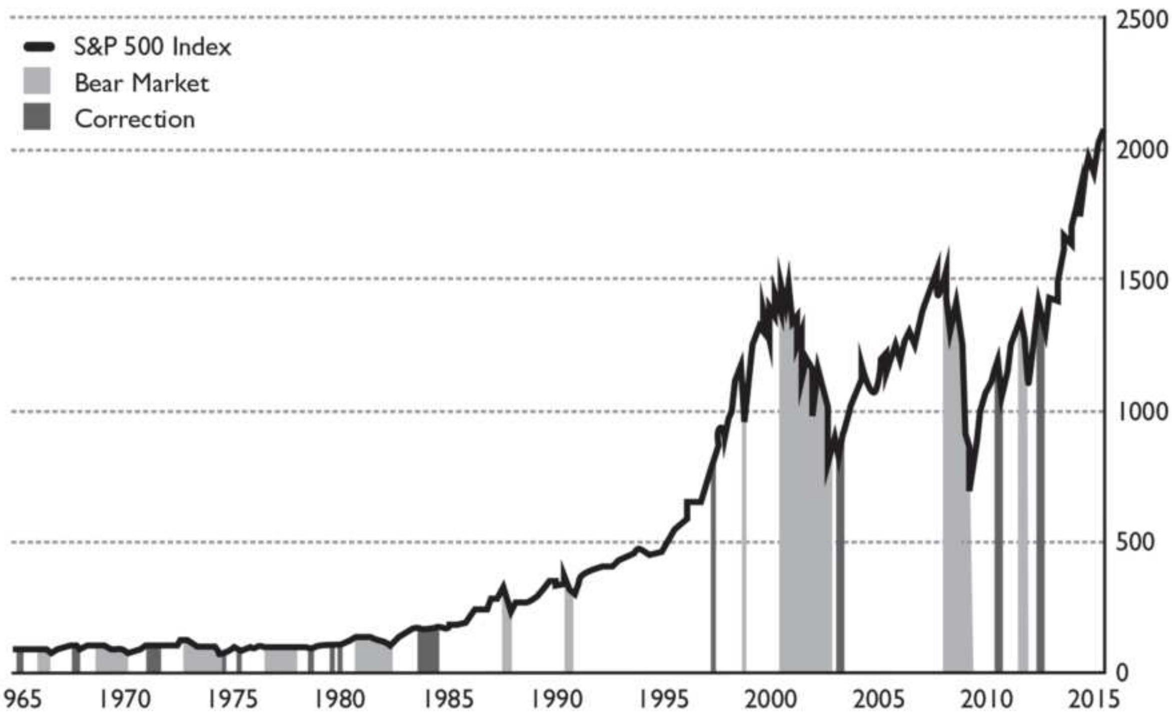
Source: Sterling Capital

MARKET DECLINES HAVE ALWAYS RECOVERED

S&P 500 Corrections (Declines Greater Than 10% But Less Than 20%) 1965–2014

Peak		Trough		Recovery		Number of Days	
Date	Adj Close	Date	Adj Close	Date	% Drop	Peak to Trough	Trough to Recovery
4/2/12	1419.04	6/1/12	1278.04	9/6/12	−9.94%	61	98
4/15/10	1211.67	7/2/10	1022.58	11/4/10	−15.61%	79	126
11/27/02	938.87	3/11/03	800.73	5/27/03	−14.71%	105	78
2/18/97	816.29	4/11/97	737.65	5/5/97	−9.63%	53	25
10/10/83	172.65	7/24/84	147.82	1/21/85	−14.38%	289	182
2/13/80	118.44	3/27/80	98.22	7/7/80	−17.07%	44	103
10/5/79	111.27	11/7/79	99.87	1/18/80	−10.25%	34	73
9/12/78	106.99	11/14/78	92.49	8/10/79	−13.55%	64	270
6/30/75	95.19	8/21/75	83.07	1/12/76	−12.73%	53	145
11/7/74	75.21	12/6/74	65.01	1/27/75	−13.56%	30	53
9/8/71	101.34	11/23/71	90.16	12/20/71	−11.03%	77	28
4/28/71	104.77	8/9/71	93.53	1/18/72	−10.73%	104	163
10/9/67	97.51	3/5/68	87.72	4/29/68	−10.04%	149	56
5/13/65	90.27	6/28/65	81.60	10/5/65	−9.60%	47	100
				Mean	−12.35%	85	107
				Min	−17.07%	30	25
				Max	−9.60%	289	270

Bear Markets and Corrections, 1965-2015



WHERE DOES THE MONEY *REALLY* GO?

One of the most important parts of getting your financial life together is having a solid grasp on exactly what your current cash flow is. To do this, use the worksheet below.

First, determine how much you earn . . .

Your Income

Wages, salary, tips, commissions, self-employment income	$________
Dividends from stocks, bonds, mutual funds, savings accounts, CDs, etc.	$________
Income from rental property	$________
Income from trust accounts (usually death benefits from an estate)	$________

Alimony, child support, Social Security widows benefits	$________
Social Security benefits	$________
Other income	$________
TOTAL MONTHLY INCOME	$________

Second, determine what you spend

Your Expenses

Taxes

Federal income taxes	$________
State income taxes	$________
FICA (Social Security taxes)	$________
Property taxes	$________
TOTAL TAXES	$________

Housing

Mortgage payments or rent on primary residence	$________
Mortgage payment on rental or income property	$________
Utilities	$________
Homeowners or renters insurance	$________
Repairs or home maintenance	$________
Cleaning service	$________
Television cable	$________
Home phone	$________
Landscaping and pool service	$________
Monthly Internet service	$________
Condo or association dues	$________
TOTAL HOUSING	$________

Auto	
Car loan or lease	$________
Gas	$________
Car insurance	$________
Car phone	$________
Repairs or service	$________
Parking	$________
Bridge tolls	$________
TOTAL AUTO	$________

Insurance	
Life insurance	$________
Disability insurance	$________
Long-term-care insurance	$________
Liability insurance (umbrella policy)	$________
TOTAL INSURANCE	$________

Food	
Groceries	$________
Food outside of home	$________
TOTAL FOOD	$________

Personal Care	
Clothing	$________
Cleaning/drycleaning	$________
Cosmetics	$________
Health club dues and/or personal trainer	$________
Entertainment	$________

Country club dues	$________
Association memberships	$________
Vacations	$________
Hobbies	$________
Education	$________
Magazines	$________
Gifts	$________
TOTAL PERSONAL CARE	$________
Medical	
Health-care insurance	$________
Prescriptions and monthly medicines	$________
Doctor or dentist expenses	$________
TOTAL MEDICAL	$________
Miscellaneous	
Credit-card expenses	$________
Loan payments	$________
Alimony or child support	$________
Anything you can think of that I missed!	$________
TOTAL MISCELLANEOUS EXPENSES	$________
TOTAL MONTHLY EXPENSES	$________
Murphy's Law Factor	
Take the total expenses and increase by 10 percent	$________
TOTAL INCOME	$________
Minus total monthly expenses	$________
Net cash flow (available for savings or investments)	$________

FINISHRICH INVENTORY PLANNER™

STEP ONE: FAMILY INFORMATION

Client Name____

Date of Birth____________ Age______ Nickname_____________________

Spouse's Name ____

Date of Birth____________ Age______ Nickname_____________________

Mailing Address____

City____________________________State___Zip______Home Phone ____________________

Work Phone ______________________Fax ___________________ E-mail _________________

Spouse's Work Phone ______________________Fax _______________E-mail ______________

SS#__________________________ Spouse's SS#__________________________

Employer____

Job Title____

Spouse's Employer____

Spouse's Job Title____

Are you retired? Yes ____Date Retired_________No____Planned Retirement Date_______

Is your spouse retired? Yes____Date Retired_______No___Planned Retirement Date_______

Marital Status: Single____Married____Divorced____Separated____ Widowed_____

Children

Name Date of Birth SS#

1.____

2.____

3.____

4.____

5.____

Dependents

Do you have any family members that are financially dependent upon you or could be in the future?

(i.e. parents, grandparents, adult children, etc.) Yes ___ No___

Name 1. ______________________ Age _____

Relationship______________________

Name 2. ______________________ Age _____

Relationship______________________

Name 3. ______________________ Age _____

Relationship______________________

Name 4. ______________________ Age _____

Relationship______________________

Name 5. ______________________ Age _____

Relationship______________________

Cash Reserves

List amount in banks, savings & loans, and credit unions

Name of Bank Institution	Type of Account	Current Balance	Interest Rate
Example: Bank of America	Checking/Savings/Money Market	$10,000.00	2%
1.			
2.			
3.			
4.			
5.			

Fixed Income

List fixed-income investments

Example: C.D., Treasury Bills, Notes, Bonds, Tax-Free Bonds, Series EE Savings Bonds	Dollar Amount	Current %	Maturity Date
1.			
2.			
3.			
4.			
5.			

Stocks

Name of Company   No. of Shares   Price Purchased   Approx. Market Value   Date Purchased

1.____

2.____

3.____

4.____

5.____

Do you have stock certificates in a security deposit box? Yes ____ No ___

Mutual Funds and/or Brokerage Accounts

Name of Brokerage Firm/ Mutual Fund   No. of Shares   Cost Basis   Approx. Market Value   Date Purchased

1.____

2.____

3.____

4.____

5.____

6.____

Annuities

Company   Annuitant/Owner   Interest Rate   Approx. Market Value   Date Purchased

1.____

2.____

3.____

Other Assets (i.e., business ownership, etc.)   Approximate Market Value

1. ____ $ ______________________

2. ____ $ ______________________

3. ____ $ ______________________

STEP THREE: RETIREMENT ACCOUNTS

Are you participating in an Employer Sponsored Retirement Plan?

(These include Tax-Deferred Retirement Plans such as 401(k) Plans and 457 Plans) Yes _____ No _____

Company where your money is   Type of Plan   Approximate Value   % You Contribute

You:

1. ____ $ ______________________

2. ____ $ ______________________

3. ____ $ ______________________

Spouse:

1. ____ $ ______________________

2. ____ $ ______________________

3. ____ $ ______________________

Do you have money sitting in a company plan you no longer work for?

Yes _____ No _____ Balance ____________When did you leave the company?___________

Spouse:

Yes _____ No _____ Balance ___________When did you leave the company?___________

Self-Directed Retirement Plans

Are you participating in a retirement plan? (These include IRAs, Roth IRAs, SEP-IRAs, SAR-SEP IRAs, and SIMPLE plans)

Name of institution where your money is   Type of Plan   Approximate Value

You:

1.____

2.____

3.____

4.____

5.____

Spouse:

1.____

2.____

3.____

4.____

5.____

STEP FOUR: REAL ESTATE

Do you rent or own your own home?

Own _____ / Monthly mortgage is _____________ Rent _____ / Monthly rent is _________

Approximate value of primary home $ _______________Mortgage balance $ ___________=

Equity in home_____Length of loan ___Interest rate of loan ___Is loan fixed or variable?____

Do you own a second home?

Approximate value of second home $ _______________Mortgage balance $ ___________=

Equity in home_____Length of loan ___Interest rate of loan ___Is loan fixed or variable?____

Any other real estate owned?

Approximate value $ _______________Mortgage balance $ ___________= Equity in home_____Length of loan ___Interest rate of loan ___Is loan fixed or variable?____

STEP FIVE: ESTATE PLANNING

Do you have a will or living trust in place? Yes _____ No ___ Date it was last reviewed_____

Who helped you create it? Attorney's name____

Address____

Phone _______________________________ Fax __________________________

Is your home held in the trust or is it held in joint or community property? _______________

Risk Management/Insurance

Do you have a protection plan in place for your family? Yes _____ No _____

Life Insurance Company	Type of Insurance (i.e., Whole Life, Term, Variable, etc.)	Death Benefit	Cash Value	Annual Premium

1.____

2.____

3.____

Tax Planning

Do you have your taxes professionally prepared? Yes _____ No _____

Name of accountant/CPA ____

Address ____

Phone ______________________________ Fax ____________________

What was your last year's taxable income?______________Estimated tax bracket?________%

STEP SIX: CASH FLOW

Income

Your Est. Monthly Income ________________ Estimated Annual Income

____

Spouse's Est. Monthly Income _____________ Estimated Annual Income________________

Rental Property Income: Monthly ______________ Annually________________

Other Income (i.e., partnerships, Social Security, pensions, dividend checks, etc.)

Type of Income Monthly Annually

1.____

2.____

3.____

Expenses

Monthly Estimated Expenses $____________Annual Estimated Expenses $_______________

What do you earn a month after taxes? $ _________________________

What do you estimate you spend? - $ _________________________

Net Cash Flow = $ _________________________

STEP SEVEN: NET WORTH

Total Assets $ _________________________

Total Liabilities - $ _________________________

Estimated Net Worth = $ _________________________

PURPOSE-FOCUSED FINANCIAL PLAN™

PURPOSE-FOCUSED FINANCIAL PLAN ™

	TOP 5 VALUES	TOP 5 FINANCIAL GOALS	MAKE SPECIFIC, MEASURABLE, PROVABLE	48-HOUR PLAN WHAT ACTIONS WILL YOU TAKE IN THE NEXT 48 HOURS?	ENLIST HELP WHO WILL YOU SHARE YOUR GOALS WITH?	START & FINISH LINE WHEN WILL YOU START? WHEN WILL YOU FINISH?
	Example: security	increase net worth by 10% in 2018	increase contributions to 401(k) from 6% to 12%	call benefits person at work; change contributions plan by Friday	call Pete (financial advisor) to review investment options in 401(k) plan; ask him about Roth IRA	start tomorrow, Monday, Jan. 15, 2018; finish by Friday, Jan. 19, 2018
1.						
2.						
3.						
4.						
5.						

PURPOSE-FOCUSED FINANCIAL PLAN ™

	TOP 5 VALUES	TOP 5 FINANCIAL GOALS	MAKE SPECIFIC, MEASURABLE, PROVABLE	48-HOUR PLAN WHAT ACTIONS WILL YOU TAKE IN THE NEXT 48 HOURS?	ENLIST HELP WHO WILL YOU SHARE YOUR GOALS WITH?	START & FINISH LINE WHEN WILL YOU START? WHEN WILL YOU FINISH?
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1.						
2.						
3.						
4.						
5.						