

Table of Contents

Disclaimer / Limits of Liability	2
Introduction.....	3
Table of Contents	4
Chapter 1: My Story	11
Chapter 2: Risk Management.....	13
Part A: Share the Risk with a Third Party.....	13
Health	14
Accident	15
Disability	16
Life	17
Annuity	19
Long-Term Care.....	20
House / Renters / Auto.....	21
Umbrella / Excess Liability Insurance.....	22
A Final Thought on Sharing the Risk with a Third Party	23
Action List for Chapter 2 – Part A: Share the Risk with a Third Party....	23
Part B: Analyze the Risk of Any Financial Investment.....	24
Part C: Perception of Risk.....	25
Action List for Chapter 2 – Part B and C: Risk Management	26
Chapter 3: Choosing the Right Investments in the Financial Markets.....	27

Terminology	27
Diversification	28
Emergency Fund / Cash	29
Brokerage Account.....	29
Individual Stocks.....	29
Play Money	30
Mutual Funds	30
How do I get the correct asset allocation?.....	31
How do I choose the right mutual fund company?	33
Cost of a fund.....	33
Kinds of Mutual Funds.....	33
Actively Managed Funds	34
Passively Managed Funds	34
What do I prefer for my clients and myself?	35
Bonds.....	36
The value of a bond.....	36
The Magic of Compounding.....	37
Action List for Chapter 3 – Choosing the Right Investments in the Financial Markets	37
 Chapter 4: Looking at Alternative Investments.....	 38
Action List for Chapter 4 – Looking at Alternative Investments	39
 Chapter 5: Know Your Net Worth.....	 40
Definition	40
What am I Looking for in a Net Worth Statement?	40
Why a Net Worth Statement?	40
What Does a Net Worth Statement Look Like and What Should be in It?	41

Action List for Chapter 5 – Know Your Net Worth	42
Chapter 6: Planning for Financial Freedom and Retirement.....	44
What is Financial Freedom?.....	44
Action List for Chapter 6, Part A – What will It Take for Me to Reach Financial Freedom?	46
What does Retirement Mean for You?	46
Action List for Chapter 6, Part B – What is Retirement for You?.....	47
Vehicles to Use to Save for Retirement.....	47
Advantages of using tax-deferred savings vehicles	48
Disadvantages of using tax-deferred savings vehicles.....	48
ROTH IRA.....	49
Retirement Calculations.....	49
Action List for Chapter 6, Part C – Retirement Vehicles	50
Chapter 7: Have a Budget / Track your Expenses	51
Why a budget?	51
How to set up a budget?.....	52
Categories	52
What Systems Should I Use to Maintain My Budget?.....	53
How to Maintain the Budget?	54
Action List for Chapter 7 – Have a Budget	55
Chapter 8: Uncle Sam – Income and Estate Taxes	56
Income Tax.....	56
Statistical facts regarding income taxes	56
Tax Deductions.....	57
Tax Credits	58

Estate Taxes	58
How to reduce your Estate Taxes.....	59
Credit Shelter Trust	60
Gifting.....	61
Charity.....	62
Beneficiaries of Retirement Accounts	62
Action List for Chapter 8 – Uncle Sam – Income and Estate Taxes	62
Chapter 9: Protect Your Estate and Your Dependants.	64
Testamentary Will, Living Trust, Trusts.....	64
Medical Directive.....	65
Power of Attorney	65
Have Your Assets in the Correct Name (Title)	65
Action List for Chapter 9 – Protect your Estate and Your Dependants ...	66
Chapter 10: Plan for Your Own Education and Your Children’s Education	67
Your Own Education	67
Your Children’s Education	67
529 Plans.....	68
Education IRA	70
Regular Brokerage Account	70
Alternative Investments	70
Financial Aid.....	71
Advantages and Disadvantages of Different Savings Vehicles	72
Action List for Chapter 10 – Plan for Your Own Education and Your Children’s Education.....	73
Your Own Education	73
Your Children’s Education.....	73

Chapter 11: Your Attitude toward Money – Your Mindset	74
A Look Back to Your Formative Years.....	74
What Can You Do to Change the Money Mindset?	75
Lottery Winners / Sudden Wealth.....	76
Earnings Potential and Mindset	76
Action List for Chapter 11 – Your Attitude toward Money – Your Mindset	77
 Chapter 12: Couples / Families and Money.....	 78
Couples.....	78
Who should deal with the ongoing monitoring of the family spending?	79
Action List for Chapter 12 – Couples.....	79
Families / Children	79
My family and money	79
How is it in today’s society?	80
Cash Flow Game	80
What can you do to help your children?	81
Action List for Chapter 12 – Families / Children.....	82
 Chapter 13: Have a Set of Written Goals	 84
Facts about Goals	84
Why Have a Set of Written Goals?	84
What Kind of Goals are You Talking about?.....	84
Short-Term Goals Versus Long-Term Goals	85
Short-Term Goals	85
Long-Term Goals	85
Action List for Chapter 13 – Goals.....	86

Chapter 14: Have Your Own Small Business – Full Time or Part Time.....	87
A Small Business is Risky... ..	87
Starting and Running a Full-Time Business	87
Be an Entrepreneur and Not Self-Employed.....	88
Part-Time Business	88
Action List for Chapter 14 – Have Your Own Small Business – Full Time or Part Time	89
 Chapter 15: Working with an Advisor and Where to Find Resources.....	 90
Advisors Charge in Two Different Ways.....	90
Fee-based Advisors	90
Commission-based Advisors	91
Should I Use a CFP?	91
Resources	92
 Chapter 16: Final Thoughts	 93
 Appendix 1: Net Worth Statement.....	 94
 Appendix 2: Sample Budget.....	 96
 Appendix 3: Action Lists	 99
Action List for Chapter 2 – Part A: Share the Risk with a Third Party..	100
Action List for Chapter 2 – Part B and C: Risk Management	101
Action List for Chapter 3 – Choosing the Right Investments in the Financial Markets	102
Action List for Chapter 4 – Looking at Alternative Investments	103

Action List for Chapter 5 – Know Your Net Worth	104
Action List for Chapter 6, Part A – What Will it Take for Me to Reach Financial Freedom?	105
Action List for Chapter 6, Part B – What is Retirement for You?.....	106
Action List for Chapter 6, Part C – Retirement Vehicles	107
Action List for Chapter 7 – Have a Budget	108
Action List for Chapter 8 – Uncle Sam – Income and Estate Taxes	109
Action List for Chapter 9 – Protect Your Estate and Your Dependents.	110
Action List for Chapter 10 – Plan for Your Own Education and Your Children’s Education.....	111
Action List for Chapter 11 – Your Attitude toward Money – Your Mindset	112
Action List for Chapter 12 – Couples.....	113
Action List for Chapter 12 – Families / Children.....	114
Action List for Chapter 13 – Goals	115
Action List for Chapter 14 – Have Your Own Small Business – Full Time or Part Time	116