The information in this material is not intended as tax or legal advice. It may not be used for the purpose of avoiding any federal tax penalties. Please consult a professional for specific information regarding your individual situation.
Money: Going Green

- 2.61 inches by 6.14 inches
- Weighs about one gram
- 7 billion notes with a face value of $206.9 billion

Source: U.S. Bureau of Engraving and Printing, 2018; Federal Reserve August 9, 2018
This is a hypothetical example used to illustrate the correlation between credit scores and installment-debt rates.

<table>
<thead>
<tr>
<th>Credit Score</th>
<th>Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td>760</td>
<td>620</td>
</tr>
<tr>
<td>30-Year, Fixed-Rate Mortgage</td>
<td></td>
</tr>
<tr>
<td>4.24%</td>
<td>5.83%</td>
</tr>
<tr>
<td>$1,966</td>
<td>$2,354</td>
</tr>
<tr>
<td>Difference per Month</td>
<td>$388</td>
</tr>
<tr>
<td>Difference over Life of Mortgage</td>
<td>nearly $140,000</td>
</tr>
</tbody>
</table>
Your Financial **Formula**

**Risk vs. Potential Return**

- Cash Alternatives
- Fixed Interest
- Bonds
- Stocks
- Speculative Investments

Higher vs. Lower
Trends in Debt & Household Savings

Federal Reserve Bank of New York, 2018; Federal Reserve Bank of St. Louis, 2018
Personal savings rate has trended lower since the recession ended.

Federal Reserve Bank of New York, 2018; Federal Reserve Bank of St. Louis, 2018
Where to Put the Money?

Savings  
Certificate of Deposit  
Money Market  
Treasury Bills

Money market funds are sold only by prospectus. Please consider the charges, risks, expenses and investment objectives carefully before investing. A prospectus containing this and other information about the investment company can be obtained from your financial professional. Read it carefully before you invest or send money.
Taxes & Inflation

This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.

Assumptions
- Inflation 3.0%
- Return 1.0%
- Marginal income tax rate 22%
Predictable Pattern

Money Market Fund Assets

S&P 500

Sources: Federal Reserve Bank of St. Louis, 2018.

For the period January 1, 2008 to July 31, 2018. Index performance is not indicative of the past performance of a particular investment. Past performance does not guarantee future results. Individuals cannot invest directly in an index. Actual results will vary.
How Much Do I Need?

- Replace Income
- Emergency Allowance
- Upcoming Expenses
How Much Do I Need?

Things to Consider:

• One or two incomes?
• Debt level
• Special needs/dependants
• Investment Liquidity
• Personal comfort level
Opportunity Cost of Savings?


For the period December 31, 2008 through December 31, 2018. Past performance is no guarantee of future results.
Savings vs. Investments

Investments

- Best possible return with lowest possible risk
- Safe
- Liquid
- Easily accessible

Savings

- Speculative Investments
- Stocks
- Bonds
- Fixed Interest
- Cash Alternatives
The Right Formula *For You*? 

VS. 

Speculative Investments  
Stocks  
Bonds  
Fixed Interest  
Cash Alternatives 

Speculative Investments  
Stocks  
Bonds  
Fixed Interest  
Cash Alternatives
A Speculative Approach?

Ron and Susan $150,000

$100,000

$50,000

This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.
A Measured Approach

Bob and Lydia $150,000

$75,000

$75,000

This is a hypothetical example used for illustrative purposes only. It is not representative of any specific investment or combination of investments.
Money Matters
Investment Matters

5 Smart Investing Strategies
About my

- Background
- Firm
- Commitment

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Five Smart Investing Strategies

- Don’t time the market
- Asset allocation
- Investment selection
- Dollar-cost averaging
- Rebalance your portfolio
Fear, Greed & Market Timing

Best Approach

Buy Low

Sell High

Common Approach

Buy High

Sell Low

This illustration is a hypothetical example. It is not representative of any investment or combination of investments. Actual results will vary.
Missing the Mark

**Standard & Poor’s 500**
Average annual rate of return (1995 to 2015)

<table>
<thead>
<tr>
<th>Number of Best Trading Days Missed</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>7.68%</td>
</tr>
<tr>
<td>5</td>
<td>5.49%</td>
</tr>
<tr>
<td>10</td>
<td>4.00%</td>
</tr>
<tr>
<td>20</td>
<td>1.57%</td>
</tr>
</tbody>
</table>

Source: Index Fund Advisors, March 28, 2017 (Latest data available.)
Past performance does not guarantee future results. Individuals cannot invest directly in an index. Actual results will vary.
The Power of **Asset Allocation**

91.5% of performance is determined by...

**Asset Allocation**

8.5% is determined by other factors

Diversification and asset allocation are approaches to help manage investment risk. They do not eliminate the risk of loss if security prices decline. Past performance does not guarantee future results. Actual results will vary.
The Investment Selection Process
A Long-Term Look at Performance

The Scoreboard: Which Asset Class Had the Best Performance?

<table>
<thead>
<tr>
<th></th>
<th>Cash</th>
<th>Bonds</th>
<th>Stocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.80%</td>
<td>-4.01%</td>
<td>-37.00%</td>
</tr>
<tr>
<td>2009</td>
<td>0.16%</td>
<td>18.39%</td>
<td>26.46%</td>
</tr>
<tr>
<td>2010</td>
<td>0.13%</td>
<td>9.13%</td>
<td>15.06%</td>
</tr>
<tr>
<td>2011</td>
<td>0.08%</td>
<td>8.26%</td>
<td>2.11%</td>
</tr>
<tr>
<td>2012</td>
<td>0.07%</td>
<td>9.97%</td>
<td>16.00%</td>
</tr>
<tr>
<td>2013</td>
<td>0.05%</td>
<td>-1.52%</td>
<td>32.39%</td>
</tr>
<tr>
<td>2014</td>
<td>0.03%</td>
<td>7.48%</td>
<td>13.69%</td>
</tr>
<tr>
<td>2015</td>
<td>0.03%</td>
<td>-0.75%</td>
<td>1.38%</td>
</tr>
<tr>
<td>2016</td>
<td>0.30%</td>
<td>6.10%</td>
<td>12.00%</td>
</tr>
<tr>
<td>2017</td>
<td>0.80%</td>
<td>6.50%</td>
<td>21.80%</td>
</tr>
</tbody>
</table>

**Dollar-Cost Averaging in a Falling Market**

<table>
<thead>
<tr>
<th>Month</th>
<th>Invested</th>
<th>Share Price</th>
<th>Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$500</td>
<td>$30</td>
<td>16.7</td>
</tr>
<tr>
<td>February</td>
<td>$500</td>
<td>$29</td>
<td>17.2</td>
</tr>
<tr>
<td>March</td>
<td>$500</td>
<td>$28</td>
<td>17.9</td>
</tr>
<tr>
<td>April</td>
<td>$500</td>
<td>$27</td>
<td>18.5</td>
</tr>
<tr>
<td>May</td>
<td>$500</td>
<td>$26</td>
<td>19.2</td>
</tr>
<tr>
<td>June</td>
<td>$500</td>
<td>$25</td>
<td>20.0</td>
</tr>
</tbody>
</table>

**Total Invested** $3,000  
**Total Shares Purchased** 109.5  
**Average Price per Share** $27.50  
**Average Cost per Share** $27.39

This is a hypothetical example used for illustrative purposes only. It does not reflect the actual or expected performance of any investment product. Dollar-cost averaging does not guarantee a profit nor protect against losses.
# Dollar-Cost Averaging in a Rising Market

This is a hypothetical example used for illustrative purposes only. It does not reflect the actual or expected performance of any investment product. Dollar-cost averaging does not guarantee a profit nor protect against losses.

<table>
<thead>
<tr>
<th>Month</th>
<th>Invested</th>
<th>Share Price</th>
<th>Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$500</td>
<td>$26</td>
<td>19.2</td>
</tr>
<tr>
<td>February</td>
<td>$500</td>
<td>$27</td>
<td>18.5</td>
</tr>
<tr>
<td>March</td>
<td>$500</td>
<td>$28</td>
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</tr>
<tr>
<td>April</td>
<td>$500</td>
<td>$29</td>
<td>17.2</td>
</tr>
<tr>
<td>May</td>
<td>$500</td>
<td>$30</td>
<td>16.7</td>
</tr>
<tr>
<td>June</td>
<td>$500</td>
<td>$31</td>
<td>16.1</td>
</tr>
</tbody>
</table>

**Total Invested**: $3,000  
**Total Shares Purchased**: 105.6  
**Average Price per Share**: $28.50  
**Average Cost per Share**: $28.40
Balance Your Portfolio

Conservative

Initial Investment: $100,000
Ending Value: $232,625

Best year: 10.46%
Worst year: -8.29%
Average year 4.31%

Balance Your Portfolio

**Aggressive**

- Initial Investment: $100,000
- Ending Value: $367,707
- Best year: 25.3%
- Worst year: -30.4%
- Average year: 6.7%

**Portfolio Allocation**
- Stocks: 80%
- Bonds: 10%
- Cash: 10%

Rebalancing: Time And Intent

Where Is Your Money?

CASH EQUIVALENTS 1%
BONDS 1%
FIXED INCOME 1%
STOCKS 1%
SPECULATIVE 1%
Elements of Sound Investing Strategies
Insurance Matters
Protecting Those Who Matter Most

NJ State Library Final
September 24, 2019
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Facts of Life Insurance

Fact
30% of Americans know they need more life insurance.

Fact
On average, Americans estimate the cost of life insurance twice as high as the actual price.

Sources: LIMRA, 2018, American Council of Life Insurers, 2018
Obligation or Opportunity?

- Replace your income
- Pay estate taxes
- Protect your home
- Pay for routine tasks
- Fund college costs
- Supplement retirement income
- Aid in estate distribution
- Protect family business
Understanding Life Insurance

- **How** does it work?
- **How** much do you need?
- **What** are your options?
How Does it Work?

Insurance Policy

Premium

Benefit

Insurance Company

Insurance Company
Your **DNA Test** *(Detailed Needs Analysis)*

- **Short-Term Cash Needs**
- **Long-Term Cash Needs**
- **Future Obligations**
DNA: Detailed Needs Analysis

<table>
<thead>
<tr>
<th>Needs</th>
<th>Obligations</th>
<th>Liquid assets</th>
</tr>
</thead>
</table>

Coverage Requirement
What Are Your Options?

Term Life Insurance

Permanent Life Insurance
Term Life Insurance
Whole Life Insurance

Insurance

Premium

Cash Value

Benefit

Cost of Protection

Insurance Company

Insurance Company
Universal Life Insurance

Insurance

Flexible Premium

Cash Value

Cost of Protection

Adjustable Benefit

Insurance Company

Insurance Company
Variable Life Insurance

Variable universal life insurance combines the protection and tax efficiencies of life insurance with the investment potential of a comprehensive selection of variable investment options. The insurance component provides the death benefit coverage and the variable component gives you the flexibility to potentially increase the policy’s cash value. Variable insurance products are subject to investment risk, are not guaranteed and will fluctuate in value. In addition, there is no guarantee that any variable investment option will meet its stated objective. **Variable life insurance is sold by prospectus only.** Investors should consider the investment objectives, risks, charges, and expenses of the variable insurance contract and sub-accounts carefully before investing. The prospectus contains this and other information about the variable insurance contract and sub-accounts. You can obtain contract and underlying sub-account prospectuses from your financial representative. Please read the prospectus carefully before you invest or send money and assess your need for death-benefit coverage.
Fixed or Variable?

**Fixed**
- No investment flexibility
- Fixed return on cash value account

**Variable**
- Investment flexibility
- Variable return based on accounts
- Potential for higher returns
- Risk of lower returns
Accessing the **Cash Value**

Withdrawals of earnings are fully taxable at ordinary income tax rates. If you are under age 59½ when you make the withdrawal, you may be assessed a 10% federal income tax penalty.
Plan for the *Unexpected*