Personal Financial Plan

of Nathan and Eden

Date: _____

MBA620/Fin418 Personal Financial Plan
Table of Contents

Email: _____

I. Introduction (use Introduction LT01-01)): 2%
Organize with a new 3 ring clear-cover binder, typed tabs and heading, picture, text, and in the required format
P&S: Include paragraph which explains who wrote this Plan, who helped (spouse, parent, or friend), what will happen if not followed, and how most benefit?

II. My Plan for Life (Vision/Goals LT01-02): 40%
Share your vision for your life, including VMV statements
Explain what God wants you to be or do, your mission
Share your top three major goals
Make plans and strategies detailed, specific, complete
Include your epitaph and numbered pages
P&S: Short-term plans and strategies?
Medium-term plans/strat. (2-10 yea
Long-term plans/strat. (10-80 years

Self-evaluation of Goals___/40

III. Financial Statements (Financial Statements LT01-03): 3%
Show a current situation and action plan for each below:
Show two months data with comparisons and explanations
a. First/last month's Balance Sheets (Net Worth)
b. First/last month's income statements (Spending)
c. First/last month's Ratios (Liquidity, debt, savings)
P&S: What can you do to improve these in the future (a-c)?

IV. Saving, Income and Expense Plans (Budgets LT01-04): 10%
Include coversheet by month (3) of what you did well, what you can improve on, and action plan for the month
Include forecast, actual, and differences
Include a twelve-month SIE Budget (by month)
P&S: What are your saving, income and expense plans?

V. Tax Plan (Tax Planning LT01-05): 2%
Include your Federal and state tax form numbers
Include marginal and average tax rates
P&S: What are your tax plans and strategies?

VI. Cash Management Plan (Cash LT01-06): 2%
Explain your current cash management framework
P&S: What are your cash management plans and strategies?

VII. Credit Plan (Credit LT01-07): 4%
Explain what type of credit card user you are
Include your credit cards, rates and fees
Get one Credit Report and Credit Score, and give provider, score, and ranking. Do not include the full report
Check and make sure the Credit Report is correct
P&S: What are your credit plans and strategies?
What will you do to improve your card use?

VIII. Consumer Loans and Debt Plan (Debt LT01-08): 2%
List all consumer/mortgage/student loans outstanding
List your interest rates, costs, points/other fees
P&S: What are your loans and debt plans and strategies?

IX. Insurance Plan (Insurance LT01-09): 5%
a. Life, b. Health, c. Disability, d. Auto, and e. Home Owner's/Renter's. For each type of insurance answer:
Do you have it? Do you need it? What are the types, costs, coverage, and discounts for your coverage?
Include *CLUE report, health summary and LT29*
P&S: What are your insurance plans and strategies (a-e)?

X. Family Financial Plan (Money LT21): 4%
Discuss and evaluate how your family viewed finances
How did they handled their finances and teach you?
How will you handle and teach your family finance?
P&S: What are your family plans and strategies?

XI. Investment Plan (Investment Plan LT5A): 15%
Include your Investment Plan which covers:
i. Objectives, ii. Constraints, iii. Investment Policy, and iv. Portfolio Monitoring and Evaluation
P&S: ***Proposed investments*** and allocations (4 minimum)
Includes *LT13, LT27*, and 4 (EF, core, and Diversification) *mutual fund pages* from Morningstar (investment plans and strategies are included above)

XII. Retirement Plan (Retirement LT01-12): 4%
Develop your retirement planning vision and goals with strategies for accumulation, retirement, and distribution
Includes *LT06* and *Social Security statement first page*
P&S: What are your retirement plans and strategies?

XIII. Advance Plan (Wills and Estate LT01-13): 3%
Develop and include your estate planning strategy
Include *your holograph will* and spouse's will (if married)
Include your signed *Advanced Medical Directives* (*LT14*)
P&S: What are your advance plans and strategies?

XIV. Giving Plan (Giving Plan LT01-14): NG
Develop a giving strategy for institutional and direct giving
P&S: What are your giving plans and strategies?

XV. Education, Mission, Home and Auto/Toy Plans (Education Mission Home Auto LT01-15): 4%
What are your plans and strategies for these areas?
P&S: What is your housing/auto plans and strategies?
If you choose to help, what are your plans for preparing for your children's education and mission?

XVI. Individual Experiences (Other Items LT01-16):
Experience/Teaching Assignments write ups (5): 50 /50
Finance Journal Take Aways (LT38) for the class (Yes)/No
Other materials you would like to share?

Overall Grade: PFP:____/100

Note: P&S are your Plans and Strategies, Constraints, and Accountability. In the interest of safety, please do not include any account information in this Plan. If you have other privacy concerns, please see me.

Grade:
2/2

I. Introduction

Nathan
Personal Financial Plan
MBA 620 Fall 2019

This financial plan was prepared by Nathan (myself), in the Fall 2019 semester. I prepared this financial plan with the help of my dear wife Eden D.. My wife and I are excited to have this plan put together to guide us in making wise financial decisions for our future as my graduation nears. If I take this assignment seriously, I believe that my family will benefit most from the long-term goals and financial plans—being retirement, home mortgage preparation, tax planning, and our giving plan. I believe that this financial plan will save my family over $1,000,000 in the course of our life. I am convinced it will do so because—if we follow it—our decisions and spending habits will change over time (in the most positive way). I believe that the exact opposite could occur if we don't choose to follow this plan. I know that money is the perfect servant, but also can be the harshest taskmaster. If we do not follow this plan, our finances will become our harshest taskmaster, and my family will not be prepared for the unforeseen future. Eden and I intend to refer to this plan often and to update sections as our financial and personal lives change (i.e. careers, children, location of residence). If we keep this plan at the heart of our financial discussions, we will surely receive the planned benefits.

Grade: 40/40

II. Your Plan for Life
Vision, Goals, Plans and Strategies, Constraints, and Accountability

Nathan

Personal Financial Plan
MBA 620 Fall 2019

Your Plan for Life: Personal (and Family) Vision, Goals and Goal Planning

Introduction

Family financial preparedness has always been a topic that is close to my heart. I remember the first tithing lesson that my mother gave me—it has shaped my life forever. I remember my mother showing me a dollar and teaching me that the Lord has given us all that we have. She then proceeded to tell me that the Lord wants us to give back to Him through His church by donating a tenth of the amount He gave us. My mom then spent another couple of minutes crafting a rather simple math lesson so I could understand how a dime was a tenth of a dollar. This was all fun and enjoyable; however, the most important part came next. My mother showed me two different dimes, one was old and rusty-like while the other was shiny and brand-new. As a child, my eyes were very attracted to the shiny dime. The next lesson that was taught to me is that we *always* give the Lord our very best. My mother taught me that the shiny dime was the one we should give to the Lord in our tithes.

Now, I understand that in reality there is no different between the rusty or shiny dime, but the principle that my mother was trying to convey sank deep into my soul. As a child, I always proceeded to pay my tithes with the crispest dollar bill I had along with the shiniest coins I could use. Sometimes, I even tried to clean up the bill or coin before putting it in the tithing envelope. This behavior translated into my adulthood—I always put my best foot forward for the Lord.

I have a testimony that personal financial planning is doing just that—putting our best foot forward for the Lord. I did not grow up in a home that was rich beyond measure. In fact, divorce and struggle plagued my family in my early childhood. During all the struggles of my childhood however, the Lord watched over me and my family. We always had enough to live peacefully and I'm grateful for all those (grandparents, neighbors, ward members, step-family) who imparted of their substance. They had the ability to do so because of their efforts in personal financial planning. I aspire to return the favor in my adulthood.

In my reflections and studying for this assignment, I pondered over my favorite quote from President Thomas S. Monson which reads,

> Never let a problem to be solved, become more important than a person to be loved. – President Thomas S. Monson

My hopes in completing my Family Financial plan is to increase my family's ability to give the Lord our very best. In doing so, we hope to apply the council of Mosiah which reads,

> And behold, I tell you these things that ye may learn wisdom; that ye may learn that when ye are in the service of your fellow beings ye are only in the service of your God. – Mosiah 2:17

I know that I will be giving the Lord my very best through serving my brothers and sisters. My hope and prayer for my personal financial plan is that it might serve as a way to love others—and not simply serve to solve problems. Prayerfully and thoughtfully following this plan will give us the ability to love others in a greater capacity than we would otherwise.

Vision

My Spiritual Vision

I am the choice son of a God who lives and loves me. I was born into unideal circumstances but overcame much so that I might accomplish the mission that my Father in Heaven and sent me here to do. My unideal family circumstances have taught me how to endure well during trials and how to find the love of God in each and every day. I was taught the principle of the dollar and how the Lord blesses us both temporally and spiritually. I have a testimony that all I have is of God and I will *always* freely return to Him what is asked. I know that if I live my life as an example of Him, I will have to opportunity to take my family to live in His eternal kingdom.

My Temporal Vision

My temporal mind is full of gratitude towards my Heavenly Father. He has truly watched out over me and helped me to gain every temporal advantage that I have. He has blessed me with a bright and shining mind that has led me to tremendous educational and work opportunities. As a result, I am a critical thinker who has the abilities to solve complex problems as well as be the one who can envision the big picture—and even philosophize about said picture. Each day, I use these skills to better the economic situation of my firm and family.

I am a team player who is always willing to lend a helping hand. I strive to use the Holy Ghost to guide me to those who need my assistance. I believe that the best learning comes from service and charitable giving. Temporally, I hope to provide a needed service and use my resources to charitably give back to the Lord's Kingdom. In order accomplish this, I live by the motto that, "the only place where work comes before success is in the dictionary." I am not perfect—I make mistakes often—but I will not give up. Rather, I will take a setback as an opportunity to pause, listen, and gather feedback for improvement. This is my vision for temporal success.

My Family Vision

I want myself and my family to be disciples of Jesus Christ. "Behold, I am a disciple of Jesus Christ, the Son of God. I have been called of him to declare his word among his people, that they might have everlasting life" (3 Nephi 5:13). As a disciple of Christ, my first and most important responsibility is toward my Father in Heaven and Savior Jesus Christ. I show my commitment to them through my commitment to my wife and children. I will provide both temporally and spiritually for them in the hopes that they can be physically healthy as well as carry powerful testimonies. I have a great desire to be the priesthood leader in a home that is worthy to command them down from the heavens into the branches of my familial lineage. As they grow in our home, I hope that all my children can one be sealed in the temple to their wonderful spouses for time and all eternity. This is the great vision I have for my family

My Individual Vision

I am a humorous, caring, and an outgoing son of a loving Heavenly Father. Also, I am someone who is analytical, straightforward, and quick to get the job done. I am also a beautiful mind that can create, theorize, and enjoy the beauty that surrounds me. I envision myself as someone who is serious about covenant keeping, but compassionate to those who need to feel the love of God.

I have diligently put my faith in the Lord and His counsels. I have followed my patriarchal blessing regarding marriage, education, and missionary service. The Lord's counsel has made all the difference in my life. I envision myself as someone who will continue to follow His counsel and exercise the faith that will one day move a mountain.

I have been sent to this earth with a mission to fulfill. I am here to prepare the world for the second coming of the Savior—which is near. I can do so by living my life as an example (disciple of Christ) to those who look to me for guidance and leadership. I will fulfill my mission by become a righteous husband, father, and giving service to my fellow men.

Mission

My Spiritual Mission

My mission is to be a disciple of Jesus Christ and live as an example to all those who look to me for guidance and leadership. My mission has changed and will continue to change as my circumstance changes. When I was a young man, my mission was to serve the Lord full-time for two years. Now, my mission is to raise a loving family using the sprit and principles of the Gospel of Jesus Christ. I hope to become an example to all those—especially my wife and children—who may look to me for guidance or leadership. I plan on fulfilling this mission through strict obedience to the Lord's commandments. I believe that I will need to exercise faith in the Lord's

priesthood and trust that the Holy Ghost can guide me in my daily decisions. I plan on using the Spirit daily to reaffirm my testimony in the Savior so that I might be able to endure to the end as a disciple of Jesus Christ.

My Temporal Mission

My mission is to be a provider of temporal wellbeing for my family and all those who depend on me. I am on a mission to not just provide the basic necessities of life—I desire to give my family the very best I can. I do not believe that giving them "the very best" will mean that I spoil or indulge my wife/children into bad behaviors. Giving them "the very best" means I will guide our family using the sharp principles found in this plan. I will be an active guide who always seeks for our temporal growth. As such, I will be a wise steward of my personal affairs, so that I will always have those things pertaining to life and happiness to fulfill our family mission. As an action, I will apply the principle of work in all things. I will work each day with the goal to better my family's economic situation and more fully live the temporal principles the Lord has set for us. This achievement will be increased through each facet of the strategies outlined in this booklet.

My Family Mission

My mission is to be the best friend and confidant of my dear wife. She is my world; the Lord is my light. Everything written in this personal financial plan enables me to put the Lord and her first in all things. Secondarily, I want to be a righteous, sturdy, wise, and compassionate example to my children. I want them to have a reason to "honor thy father." I want them to know that I make active and intentional efforts in my day to improve their outlook on life. I hope they can grow up in righteousness and have all the tools they need to be successful in the eyes of God. In summation, I plan to bring joy to my family and led them back to our Heavenly Father's presence. Our theme will be that of 2 Nephi 5: 13, "Behold, I am a disciple of Jesus Christ, the Son of God. I have been called of him to declare his word among his people, that they might have everlasting life."

My Individual Mission

My individual mission is similar to my spiritual mission. I have come to this earth to prepare the way for the coming of the Lord. I am a learner who wants to improve the talents I have and obtain new talents along the way. I believe that, "The only place where success comes before work is in the dictionary." Like my temporal vision, I plan on apply the principle of work in my individual mission. Honest work and effort will allow me to increase my talents, find balance with my family, and gain wisdom. Throughout my life, I plan on sharing all the knowledge that I have gained with anyone who is willing to learn. Be it my education, work expertise, or testimony, I hope to impart of my substance like unto the Good Samaritan. My theme is that, "when ye are in the service of your fellow beings ye are only in the service of your God" (Mosiah 2:17).

Family Mission and Value Statements

Family Values

Accountability
Our family will always live in a manner of responsibility and stewardship. The Lord has entrusted us with all we have been given; therefore, we must make wise choices with His resources and give an accounting to Him of said choices.

Integrity
Elder Bednar said, "People of integrity and honesty not only practice what they preach, they are what they preach." Our family will uphold the Lord's standards and live them intentionally. We desire to uplift our livelihoods so that we are prepared to meet God and better understand our eternal nature.

Empathy
Each and every single one of God's children is precious. In this mortal life, we all experience trial, pain, sorrow, and sin. No single person is exempt. Our family will seek to follow the Savior's counsel by loving our neighbor, no matter what kind of neighbor we have. We shall not judge another simply because they experience mortality differently than we do. We will seek to understand our brothers and sisters; we will live as examples of Christ.

Charity
"For charity never faileth" 1 Corinthians 13:8. Our family desires to not only improve our own livelihoods—but like unto the Savior—the livelihoods of all mankind. Our family values the power of charity more than we value personal, temporal, or monetary accomplishments. We will seek to give beyond the Lord's command of the tithe and look for ways to lift where we stand.

Obedience
"There is a law, irrevocably decreed in heaven before the foundations of this world, upon which all blessings are predicated—and when we obtain any blessing from God, it is by obedience to that law upon which it is predicated" D&C 130:20-21. Our family seeks to obtain blessings from our Father in Heaven. Therefore, we are a family that values obedience to all the Lord's commandments.

Family Mission

- Seek to understand the Atonement of the Lord.
- Have faith in Jesus Christ.
- Follow the promptings of the Holy Ghost.
- Seek revelation from Heavenly Father.
- Keep the commandments at all times and in all places.
- Our young men serve full-time missions.
- Our young women are supported to serve full-time missions if desired.

- All of our children are sealed in the temple to their spouses of choice.
- All of our children obtain a minimum education of a bachelor's degree.
- Post-education, all our children work as useful and contributing citizens.
- We aspire for our children to cleave unto their spouses in righteousness.

Goals

Goal #1: Gain expertise in my special area of interest and use my talents to give service to my fellow men.

When I was very young, I spent a few years feeling that I did not have a "special" or "unique" talent. All the other kids I knew had talents such as jump-roping, running, riding-bikes really well, or other talents that I child of my age would have seen to be impressive. Quickly into my elementary education, I discovered that I had a knack for math. We used to perform "50 in-a-minute" exercises where we tried to correctly accomplish up to 50 short math problems in one minute. I quickly found that I was above my peers in these exercises, which caused a desire within me to emerge—a desire to further cultivate my newfound talent.

Strengthening my math abilities over the years lead me to develop a consistent and sturdy academic work ethic. By the time I hit high school I had yet to get a semester report card with straight A's. Previous to high school, my best grade was always math and I usually received moderate grades on my other courses (B to A- range). After my first semester of high school, my report card showed all A's and one A-. I was astounded that I had the ability within myself to perform so well—my mind and heart then asked me, "Can you do better?" I challenged myself to set straight A's next semester. Long story short, I received straight A's for the rest of high school.

I illustrate this story to highlight that I discovered my talent is actually "hard-work over long periods of time." I found that in high school I was unable to achieve the ACT score I desired (I am not naturally brilliant); however, I could obtain the GPA I wanted through a consistent and long-term effort. I've found this talent to benefit me in all facets of my life. I took this talent along with my excitement for practical math and applied it to my undergraduate and graduate studies in accounting. I've seen success at BYU because of my long-term efforts.

I'm now at a point in my life where I am ready to graduate. Unfortunately, as of this moment, I am not entirely sure as to what I want to do for a career. When I finish this long mortal journey, I want to have spent my professional time in a place where I can work-hard to learn. I do not define "working-hard" as working excessive hours or ignoring the essential needs of the human experience (i.e. family, exercise, sociality, eternal relationships, etc.), but I define hard-work as a consistent focus towards a worthy objective. I want to find another special area of interest just like I did in elementary school and use my talents to cultivate myself into an expert in said field. On this subject, President Monson has said,

> Your chosen field should be one which will challenge your intellect, and which will make maximum utilization of your talents and your capabilities. Finally, it should be a field that will supply sufficient remuneration to provide adequately for your companion and your children. Now that's a big order, but I bear testimony that these criteria are very important in choosing your life's work. – President Thomas S. Monson

Growing up, I always used my math abilities to help my classmates and uplift where I stood. I plan on doing the same with my life's work. I want my destination to be a professional position that allows me to lift more people (be it co-workers, neighbors, friends, family) than I ever could alone.

Goal #2: Be a good manager of my personal affairs so that I always have the things of life and happiness necessary to provide for all those who depend upon me.

I often wonder why I care so much about personal finances and money? Over the last five years of my life, I have drastically "adulted" in many ways. Over these years, I've steadily had to rely on my income efforts to provide for all my basic needs, education, and discretionary spending. I've also had experiences where I did not know how I was going to get through a seemingly insurmountable wall of setbacks. Not all my trials and setbacks have been monetary in nature; however, they all have affected my ability to see my future in a positive light. It feels as if the last five years of my life have been an absolute gauntlet of refiner's fire. I never imagined that my BYU experience would put me where I am now. I still sometimes wonder if God put all these trials in my path? Or did my own choices cause me to face setbacks and disappointment?

As I've slowly walked through the gauntlet that represents my years at BYU, I've understood time and time again that I needed to act responsibly with the opportunities I've been given. As I've used my resources and knowledge with the best intentions in mind, I've witnessed the hand of my Father in Heaven guiding me along the journey. Even to this day, I still hope that I can make the right choices to maximize the resources I've been blessed with. Even through trials, I often find myself thinking with an elevated level of light and knowledge regarding the management of my personal affairs. I did not grow up with a family who was equipped to teach me about college, careers, or investments. Nevertheless, I find myself competently wise and astute in knowing the right direction to go. I thank my Heavenly Father for enlightening my life and brightening my mind.

I am lucky enough to end my BYU journey with an eternal companion whom I love. Together we anxiously prepare for our children. I've thought about these children for a long time—long before I courted my wife. I want my children to have the light and knowledge that my Father in Heaven has blessed me with. I want them to live responsible lives that are focused upon building the kingdom of God and improving the outcomes of their family. I want to make sure that I can provide the right spiritual, physical, and temporal opportunities for them. I want to conservatively prepare for

family needs, emergencies, and aspirations. I hope I can prepare in such a way that we can experience the joy the earth has to offer, but also rest peacefully knowing that our fears and uncertainties cannot overcome us.

Despite the fact that I am unable to resolve all my trials, I move knowing that these experiences will be for my good. The Doctrine and Covenants reads,

> And if thou shouldst be cast into the pit, or into the hands of murderers, and the sentence of death passed upon thee; if thou be cast into the deep; if the billowing surge conspire against thee; if fierce winds become thine enemy; if the heavens gather blackness, and all the elements combine to hedge up the way; and above all, if the very jaws of hell shall gape open the mouth wide after thee, know thou, my son, that all these things shall give thee experience, and shall be for thy good. – D&C 122:7

I plan on using my trials for my good. I hope that they help me be a better husband, father, and steward of my blessings. I hope that my Father in Heaven allows me to use my setbacks as knowledge that will help me better manage the needs of my children. I hope my refiner's fire yields me as a strong tool in the hands of the Lord for the benefit of my family and all those who will depend upon me.

Goal #3: Build a home that is centered on faith in the Savior Jesus Christ; a home pointed towards the Lord's house.

I've had the blessed opportunity of participating in temple ordinances since I turned the required age of 12 years old. Growing up in southeast Idaho, our nearest temple was the Logan, Utah Temple. I remember as a young man thinking that it looked like a very large castle; however, I understood that it was a sacred place where the Lord himself could dwell. I understood that I could contribute in His work of salvation by participating in baptisms for the dead. What a joyous occasion it was to have a temple built in Twin Falls Idaho shortly into my youth! I will never forget the temple celebration titled, "The Living Waters." On that day I gained a testimony that Thomas S. Monson was the true and living prophet on the earth. I always knew that he (and Gordon B. Hinckley previously) were prophets of the Lord. Yet, on that day I gained an extra physical and spiritual witness that he truly is the servant of the great I Am.

To this day, I have had the blessing and privilege to perform every one of my personal ordinances in that sacred temple. My wedding day was truly special as I took my wife to the Twin Falls Idaho temple. I hope that each of my children can have the sacred privilege that is an eternal marriage. I also hope and pray that I can keep the sacred covenants I have made in the temple and continue my own marriage into the eternities.

I find it essential that my family is centered on the Gospel of Jesus Christ. The world is increasingly complex and unrighteous. Darkness and gloom are widespread and is no respecter of nations, origin, or economic status. I know that life will be hard. I

know that sin, tragedy, and pain are not exempt from me or those of my faith. If our hearts and minds are not pointed to the Lord's house, how can we ever expect to understand our role in His Plan? How can we know if he truly loves us if we never visit his dwelling place? I aspire to build a family that understands the birth of Immanuel, the mission of the Son of Man, the atonement of the Savior, and the return of the Messiah. All of my visions and goals are centered around Him, and I want to build a family that knows how to do the same.

Plans and Strategies

Goal #1: Gain expertise in my special area of interest and use my talents to give service to my fellow men.

Short-Term Action Plan

I have spent the last several years working hard to obtain the education necessary to be successful as a professional. In the short term, my plan is to continue to work as hard as I can in my classes; this is important to me because I want to be as marketable to employers as possible. I can increase my marketability if I can keep boosting my GPA through high grades in each of my classes. Furthermore, by working diligently in my classes, I can better learn the professional skills that are being taught to me.

After graduation, I want to obtain my Certified Public Accounting (CPA) certification. I am not entirely sure if I want to work in a CPA type capacity for the entirety of my career; however, I know that obtaining the certification will help me progress in my career, better market myself to future employers, and possibly open up opportunities for higher-paying or leadership-type positions.

Medium-Term Action Plan

I have spent significant amounts of time thinking about what I can do to help me achieve my professional goals. I want to be able to have enough flexibility in my career that I can take regular time to participate in my children's' lives. My wife and children are the most important people I can serve in this life. The first strategy that I have is to try and grow within each position that I hold professionally. I plan on taking on challenging projects and working each day to exceed project deadlines. My hope is that through my hard work, I can show my employer that I am someone who is worthy of pay increases, work flexibility, and more autonomy in my professional projects. Using this autonomy, I will have a greater ability to participate in my children's life events and serve my family members.

In addition, I also want to consistently gain more expertise in my specialized area of work. I'm not entirely sure what type of expertise I'll gain in my career, but I have a plan of how to keep growing my expertise during the first decade of my career. I plan on taking advantage of every educational opportunity that my employer provides. Apart from the continued education requirements of my CPA certification, I plan on

enrolling in other educational courses that will further my skills in other professional areas—data analytics, communication, leadership, and other business areas.

Long-Term Action Plan

In the long-term I hope to have a career that is enveloped in meaningful service. I want to provide a service that is not only contributing to the health of the nation's economy, but also meaningfully contributes to individuals. First, I plan on finding ways to serve my co-workers and managers. I believe that some of the most important people I can serve are right in front of my eyes every day. In a long-term sense, I know that I will stay with an employer because of the great co-workers and team members that I serve with. As such, I want to have a personal understanding of each team member that I work with. I want to find ways to uplift their lives while working with me. I plan on sharing my testimony with them through my actions and behavior towards them. My action plan is to find small and daily service opportunities to help build/uplift their individual lives.

Another really important long-term strategy that I have is to ensure that I pass on my professional skills and knowledge to those that I mentor. After becoming an experienced professional, I plan on finding ways that I can develop professional mentor-type relationships with those who could benefit from my expertise. I plan on using this relationship to build their careers and hopefully give them all the tools they will need to grow as future leaders. The greatest professional service I can provide is ensuring that the next generation will have better opportunities than I did.

Goal #2: Be a good manager of my personal affairs so that I always have the things of life and happiness necessary to provide for all those who depend upon me.

Short-Term Action Plan

As listed in the goals section of Goal #2, "I want to conservatively prepare for family needs, emergencies, and aspirations. I hope I can prepare in such a way that we can experience the joy the earth has to offer, but also rest peacefully knowing that our fears and uncertainties cannot overcome us." Our short-term goal is to prepare to go on a vacation and have our first child. In order to do so, we began to set aside a reasonable amount of money into our "Vacation" and "Family" envelopes. We use these envelopes to measure the cumulative amounts we have set aside for these important events.

In order to meet these goals, we've sacrificed certain luxuries to save for our vacation and birth of our first child. For example, we are not giving each other Christmas or Birthday presents this year in order to grow the envelopes each month. Furthermore, my wife and I will continue to hold weekly finance/budget meetings together on Sunday mornings. We use these meetings to track our progress and make sure we are following our budget with exactness. Another action that we regularly perform is the maintenance of the assets we already have. We don't want to experience unfortunate

surprises such as a damaged cell phones, broken car, or other mistreated assets. We make sure to budget enough money each month to regularly maintain and repair the assets we are already blessed with. This will allow us to better prepare for the birth of our child and save enough money to take a vacation together before we start our family.

Medium-Term Action Plan

My wife and I want to make sure that we save enough money for the big events in our children's lives. I want to be a great provider that is always ready and prepared for my family's life events and possible emergencies. As such, my wife and I would like to have enough set aside to pay for each child's mission by the time they turn 18 years old. Furthermore, we also want to have enough money to give our daughters $7,000 (in today's dollars) to pay for wedding expenses and $4,000 (in today's dollars) for our sons' marriages.

As a final matter, my wife and I do not plan on paying for our children's college educations. Both my wife and I did not receive any funding or monetary help from our parents. I worked really hard to obtain the jobs, scholarships, and grades necessary to be successful in college. My work has been tremendously blessed by the Lord, and I was able to quickly pay off three years (the entire amount) worth of my wife's student debt after we married. I believe that my children will need to do the same in order to grow their accountability and learn how to contribute to society.

In order to help our children, move towards a college education, we do want to "incentivize" them towards saving for college. My wife and I plan to save $5,000 (in today's dollars) per child by the time they turn 12 years old. We will use this money to "match" their college savings that they create during their teen years (12-18 years old). My wife and I will reevaluate the amount we save per month in this category when each child turns twelve; we want to make sure we save enough to match their efforts. After they turn 18, we will no longer match their contributions and they will be responsible for their college education.

In order to fulfill all these goals, we have calculated (using the time value of money and a conservative 3% rate) the amount we need to save per month for the first child—which totals $153 per month. We will reevaluate this amount at the birth of each child. This money will be put into taxable brokerage accounts (and maybe an Education IRA) that will appreciate over the next 18 years.

Long-Term Action Plan

My wife and I want to use our retirement time together and with our children/grandchildren. We plan on reevaluating our insurances (life, auto, home, etc) and making sure that our financial house is in order. We also will start to set aside funds for visiting/spending time with our grandchildren. No matter where our children and their spouses decide to live, we want to have the ability to travel and

visit with them. We would also like to have the ability to help with our children's missions and education. We plan on setting aside enough money in retirement to do so.

As a final matter, my plan as a co-manager of my family's financial affairs (with my wife) is to set up our estate before retirement. We want to make sure that our accumulated assets are properly passed down through a trust that enforces our key objectives and values. We do not plan on leaving any substantial amounts of money to our heirs. After retirement, we plan on serving a mission and using our knowledge of financial matters to move Traditional retirement funds into Roth accounts tax free. During retirement, tax planning will be at the forefront of our actions as we want to target our tax rate each year.

Goal #3: Build a home that is centered on faith in the Savior Jesus Christ; a home pointed towards the Lord's house.

Short-Term Action Plan

My wife and I want to make the temple the focus of our worship. We have a lot of big life decisions that we will be making within the next year (job location, children, etc.) and we need the power and guidance of the Holy Ghost. We know that, in the Lord's house, the Spirit can become more present in our lives as we perform sacred ordinances for our ancestors.

Our plan is to attend the temple weekly whenever possible. We also will try to take as many family names as we can. We feel that serving in the temple each week will give us more clarity to make these important life decisions and protect us from temptation. Another action plan we have is to spend as much time with our immediate family members as we can. We are not entirely sure if we will be taking a job out-of-state post-graduation, thus, we believe that we need to take every opportunity to serve our family while we live near. We need their strength and testimonies as we begin to embark on our journey.

Medium-Term Action Plan

The rearing and teaching of our children in their first years of life is extremely important. We want our children to understand who the Savior Jesus Christ is, what impact His life had on them, and how they can life their life in emulation of Him. We plan on holding weekly family home evenings that are focused on the Savior and the importance of following His gospel. In addition, we will begin to hold daily family scripture study. Our scripture study will help us come together as a family to pray, study, and share our testimonies/lessons learned.

In order for our children to develop testimonies of the Savior and His Atonement, we feel that it is important that they understand how their Mother and Father knows the Lord. Once a month, we plan on holding a special devotional where we have a lesson

and share our testimonies/stories of the Savior. My wife and I have many experiences that reinforce gospel teachings, and we want to make sure that we pass our testimonies to our children. We feel that these simple and consistent actions will result in great things for our children over the course of their lives.

Long-Term Action Plan

My wife and I want to take an active role in the spiritual lives of our grandchildren. We plan on visiting them as often as possible and sharing our testimonies and gospel teachings with them. We hope to have properly saved and followed our budget so that we can take our children and their families on vacations or host reunions as often as occasion permits. We will use this time to bond, have fun, and share our testimonies/gospel teachings with each one of them. We also plan on using the time to impart blessings of healing and comfort to each of them. We love our family and want each of them to fortify their families for the second coming of the Savior.

As we retire, my wife and I want to live the gospel by example. We plan on serving a mission as soon as possible after retirement. We hope our example will help all those who look to us for guidance and leadership. Furthermore, we want to travel together and visit temples across the world. We know that we will not be able to see all the temples in the world; however, we plan on visiting new temples during our travels together and reinforcing our covenants/testimonies during those visits. We plan on peforming as much service to the Lord as we can handle.

Constraints

Loss of employment, debt, and sin/transgressions are the main constraints to our visions and goals. To combat the fact that these issues could be passed on to our children, we will do everything in our power to teach our children the correct principles. Using our goals and plans/strategies, we are confident that we can prepare the emergency fund necessary to combat loss of employment. We are also confident—that working together as a couple—we can ensure we do not assume excessive debt beyond a reasonable home. The most important element of this plan is the presence of the Atonement of Jesus Christ. As such, we will also teach our children that it is alright to make mistakes—they can turn to the Lord Jesus Christ to heal them of their wounds. As their Father, I will do my best to hold the priesthood righteously and live my life as an example to them. I know that they can overcome anything if they will but trust in the Lord, keep His commandments, and rely on His infinite grace and mercy.

Even though our family is preparing for blessings, we are aware that tragedy and misfortune are a part of our mortal experience. Furthermore, we understand that our path to eternal life it not without its bumps and unexpected turns. In order to overcome these constraints, we plan to live the Gospel of Jesus Christ and following our budget, saving, income, and expense plans. We know that we can all live together in harmony if we can bring our visions together under one roof. My wife and I plan

on resolving our conflicts through the use of our Sunday councils. Conflicts exist so that we might grow and learn from experience. This plan is dedicated to the Lord and His Plan of Salvation for our family; therefore, we are confident that He is aware of our goals and will ensure our physical, financial, and spiritual safety/security amidst unexpected tragedies if we follow this financial plan.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our Family Financial Plan with anyone who is willing to listen and learn. We will teach these things to our children and share our plan with them when they reach an appropriate age. Through the different facets of this financial plan, as parents and children we perform different roles in the family while maintaining an equal partnership through mutual respect and helping one another whenever possible. We know that we are all needed in the family—no talent or contribution is more important than another. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan. We will follow the Lord's method of accountability as taught in Doctrine and Covenants which reads,

> That every man may act in doctrine and principle pertaining to futurity, according to the moral agency which I have given unto him, that every man may be accountable for his own sins in the day of judgement. – D&C 101:78

Epitaph

He never let a problem to be solved become
more important that a person to be loved.
He sought for wisdom and learning from God,
and used that wisdom each day to bless those around him.
He truly lifted heavy weights, and learned to love it
as Christ walked with him and lightened his load.

Nathan D.
Vision, Mission and Values Statements
Personal Finance: Another Perspective
September 10, 2019

Vision
(What I hope to become)

My Spiritual Vision

I am the choice son of a God who lives and loves me. I was born into unideal circumstances but overcame much so that I might accomplish the mission that my Father in Heaven and sent me here to do. My unideal family circumstances have taught me how to endure well during trials and how to find the love of God in each and every day. I was taught the principle of the dollar and how the Lord blesses us both temporally and spiritually. I have a testimony that all I have is of God and I will *always* freely return to Him what is asked. I know that if I live my life as an example of Him, I will have to opportunity to take my family to live in His eternal kingdom.

My Temporal Vision

My temporal mind is full of gratitude towards my Heavenly Father. He has truly watched out over me and helped me to gain every temporal advantage that I have. He has blessed me with a bright and shining mind that has lead me to tremendous educational and work opportunities. As a result, I am a critical thinker who has the abilities to solve complex problems as well as be the one who can envision the big picture—and even philosophize about said picture. Each day, I use these skills to better the economic situation of my firm and family.

I am a team player who is always willing to lend a helping hand. I strive to use the Holy Ghost to guide me to those who need my assistance. I believe that the best learning comes from service and I believe that, "the only place where work comes before success is in the dictionary." I am not perfect—I make mistakes often—but I will not give up. Rather, I will take a setback as an opportunity to pause, listen, and gather feedback for improvement.

My Family Vision

I want myself and my family to be disciples of Jesus Christ. "Behold, I am a disciple of Jesus Christ, the Son of God. I have been called of him to declare his word among his people, that they might have everlasting life" (3 Nephi 5:13). As a disciple of Christ, my first and most important responsibility is toward my Father in Heaven and Savior Jesus Christ. I show my commitment to them through my commitment to my wife and children. I will provide both temporally and spiritually for them in the hopes that they can be physically healthy as well as carry powerful testimonies. I have a great desire to be the

priesthood leader in a home that is worthy to command them down from the heavens into the branches of my familial lineage. As they grow in our home, I hope that all my children can one be sealed in the temple to their wonderful spouses for time and all eternity. This is the great vision I have for my family

My Individual Vision

I am a funny, kind, and outgoing son of a loving Heavenly Father. I am someone who is analytical, straightforward, and quick to get the job done. I am also a beautiful mind that can create, theorize, and enjoy the beauty that surrounds me. I envision myself as someone who is serious about covenant keeping, but compassionate to those who need to feel the love of God.

I have diligently put my faith in the Lord and His counsels. I have followed my patriarchal blessing regarding marriage, education, and missionary service. The Lord's counsel has made all the difference in my life. I envision myself as someone who will continue to follow His counsel and exercise the faith that will one day move a mountain.

I have been sent to this earth with a mission to fulfill. I am here to prepare the world for the second coming of the Savior—which is near. I can do so by living my life as an example (disciple of Christ) to those who look to me for guidance and leadership. I will fulfill my mission by become a righteous husband, father, and giving service to my fellow men.

Detailed Plan Visions

Saving, Income and Expense (budgets) Vision:
I will always pay the Lord first (10%), myself second (>=20%), and budget the remainder. My vision is to always have enough saved to secure my family in an emergency situation.

Tax Vision:
I will understand my family's tax state of affairs and will use it to carefully maximize our after-tax benefits. After obtaining my CPA, I will prepare a detailed tax plan each year to accomplish my family goals.

Cash Management Vision:
I will always have sufficient amounts saved in checking, savings, and other financial instruments so that familial emergencies will not take away from the Lord, myself, or other budgeted categories.

Credit Vision:
I will not borrow unless I have the ability to pay expenses and commitments.
Borrowings/commitments will be paid before they are due. Each month, my wife and I will review my credit reports and ensure our rating stays at a high level (i.e. no accidental fraud charges).

Consumer Loans and Debt Vision:
My family and I will not go into debt except for a modest home, reasonable transportation, and graduate education.

Insurance Vision:

I will have practical health, life, auto, and homeowner's insurance that will meet the needs of my family as well as cover any potential future emergencies. As my assets increase, I purchase policies (such as life insurance) that will ensure we have the right amount of coverage in relation to our saved assets (i.e. not to much or too little insurance coverage).

Family Financial Vision:
I want myself and my family to be disciples of Jesus Christ. As a disciple of Christ, my first and most important responsibility is toward my Father in Heaven and Savior Jesus Christ. I show my commitment to them through my commitment to my wife and children. I will provide for them both temporally and spiritually (see above Family Vision).

Investments Vision:
My family and I will only hold investments for the purpose of obtaining family financial goals. Investments will be made conservatively to ensure sufficient returns.

Retirement Vision:
I will have sufficient resources by the time I am 65 years old to retire from my work. I envision that I will have enough to serve the Lord in a greater capacity upon retirement.

Advance Planning Vision:
We will plan so that money will not be our taskmaster but rather our servant. Monthly, we will review and update/set goals so that we might serve the Lord, our children, and our neighbors.

Giving Vision:
We will save so that we might give to our children, grandchildren, and God's other children on the earth. We will set monetary giving goals to reach so that we can donate much more than tithes and offerings.

Education Vision:
My wife and I will strive to teach our children the importance of education and will help each child save for their education beginning when they are eight years old. We will plan to use a recommended education plan where we will match each child's contributions.

Missions Vision:
My wife and I will serve a mission after we are married. We will teach our sons the commandment that they have to serve a full-time mission and will support our daughters and grandchildren should they desire to serve.

Home Vision:
My wife and I will accomplish all tasks necessary to have exemplary family. Our home will be a place where the Lord, His servants, and the Spirit are invited daily. It will be clean, tidy, and dedicated to the raising of an obedient and loving posterity.

Transportation/Toy Vision:
We will have enough reliable transportation to take me (and/or my wife) to work and my children to school/other commitments. My wife and I will utilize toys, vacations, and other non-essential purchases to build memories with each other and our children.

Mission

(My life mission statement)

My Spiritual Mission

My mission is to be a disciple of Jesus Christ and live as an example to all those who look to me for guidance and leadership. My mission has changed and will continue to change as my circumstance changes. When I was a young man, my mission was to serve the Lord full-time for two years. Now, my mission is to raise a loving family using the sprit and principle of the Gospel. My spiritual mission can be summarized as keeping the commandments, exercising faith in all things, and enduring to the end.

My Temporal Mission

My mission is to be a provider of temporal wellbeing for my family and all those who depend on me. I will be a wise steward of my personal affairs, so that I will always have those things pertaining to life and happiness that are necessary. To do so, I will apply the principle of work in all things. I will work each day with the goal to better my family's economic situation. This achievement will be multiplied through our faithful and diligent savings plan(s).

My Family Mission

My mission is to be the best friend and confidant of my dear wife. Secondary to that, I want to be a righteous, sturdy, wise, and compassionate example to my children. In doing so, I plan to bring joy to my family and led them back to our Heavenly Father's presence. Our theme will be that of 2 Nephi 5: 13, "Behold, I am a disciple of Jesus Christ, the Son of God. I have been called of him to declare his word among his people, that they might have everlasting life."

My Individual Mission

My individual mission is to share all the knowledge that I have gained with others. Be it my education, work expertise, or testimony, I hope to impart of my substance like unto the Good Samaritan. My theme is that, "when ye are in the service of your fellow beings ye are only in the service of your God" (Mosiah 2:17).

Values
(Key values that I choose to live by)

Accountability
Integrity
Empathy
Charity
Obedience

Mottos and Mission Statements

My Personal Motto
(My purpose)

If you want to get big muscles
you have to lift heavy weights.

Lift where you stand.

The only place where work comes
before success is in the dictionary.

Family Mottos
(Our family purpose and goals)

Be a Disciple of Jesus Christ at all times and in all places.

Charity begins at home.

Family Mission Statement
(What we hope to accomplish as a family)

Seek to Understand the Atonement
Have Faith in Christ
Follow the Promptings of the Spirit
Seek Revelation from God
Keep the Commandments
Serve Full-Time Missions
Temple Sealings
Obtain an Education
Become a Useful Citizen
Cleave unto thy Spouse

Epitaph
(What I want said at my funeral)

He never let a problem to be solved become
more important that a person to be loved
He sought for wisdom and learning from God
and used that wisdom each day to bless those around him
He truly lifted heavy weights, and learned to love it
as Christ walked with him and lightened his load

Grade: 3/3

III. Financial Statements

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Current Situation: Balance Sheet

Eden and I have work really hard to get our balance sheet and ratios at optimal levels. When we married in December of 2018, Eden had around $16,000 of student debt (she graduated from BYU in April of 2018). In the first 8 months of our marriage, I worked a very busy (but lucrative) internship in public accounting while Eden worked full-time at Vivant. Using our hard-earned funds and income from FAFSA Grants, we paid off the full $16,000 in just over 8 months. We are also convenience credit card users, so we always pay off the balance before the due date.

Our September balance sheet is a lower than it was throughout the summer because of the Eden's final debt payments and my graduate tuition costs. We have a steady amount of cash for emergencies and to cover our "Month's living Expenses Covered Ratio." Furthermore, both of our phones stopped working and we had to shell out some savings to get new phones. We had plenty of cash reserves, so we felt that it wasn't going to be a bad decision to invest in phones that would last us at least the next 5 years. We didn't buy the newest models and used Facebook Marketplace to save on costs. This is reflected in the Income Statement as about $1,300.

September's balance sheet is looking really good when it comes to savings. Our gross and net savings ratios are really strong (for college students), or goal is to keep increases the health of our balance sheet through our aggressive saving. This will help us prepare for graduate tuition due in December.

Action Plan: Balance Sheet

Currently, our Balance sheet has been growing month to month in order to save for the cost of our final semester of graduate tuition. The good news is that we will be graduating debt free! December will be a month where our balance sheet goes down, since we budgeted for Christmas, our honeymoon, and my final semester of graduate tuition.

Our plan to increase the health of our Balance Sheet to keep up our savings plan. Before each semester starts, we try and forecast our Balance sheet for the next 4-6 months. This helps us set savings goals and predict what unexpected costs might occur. During my last semester, I will be taking 12 credits. I will be using this extra time to either pick up more hours or begin studying for my CPA exams.

Our balance sheet also reflects a small amount of credit card balances (picked up in October) that we will be paying off immediately. Also, we recently took the amounts of money contained in our "New Car" and "New Home" envelopes and put them in a 18-month High Yield Ally CD. We did this because it will yield a higher interest rate and we won't need to use the money for several more years.

Data Sheet: September & October Balance Sheets/Differences

Balance Sheet (LT4B) for Nathan and Eden
September 1, 2019

Directions: Fill in the green cells with your data. Be careful not to modify the blue cells. Key inputs for ratios comes from your budget and income statements for the mt Frequency: Monthly

Month: September | Day: 1 | Year: 2019

Assets		Liabilities or Debts	
Current or Monetary Assets		**Current Liabilities**	
Cash, Checking, Saving	20,622	Unpaid Other Balances	-
Other Monetary Assets (HSA/CDs)	394	Unpaid Credit Cards	-
A. Total Monetary Assets	21,016	Other Credit Cards	-
Investments & Retirement Plans		I. Total current liabilities	-
B. Mutual Funds, securities	-	**Housing Loans**	
C. Qual./Ind. Retirement Plans	1,073	Mortgage Outstanding	-
Total Investments (B+C)	1,073	Other Housing Debt	-
Housing		J. Total Housing	-
Primary Residence	-	**Vehicle Loans**	
Other Housing	-	Automobiles	-
D. Total Housing (at market value)	-	Other vehicle loans	
Vehicles		K. Total Automobile Loans	-
Automobiles	4,000	**Other Loans**	
Other vehicles, ATVs, RVs, etc.	-	Students Loans	-
E. Total Automobiles	4,000	Other borrowings	
Personal Property & Other Assets		L. Other Loans	-
Personal Property	2,350	M. Total Debt/Liabilities	-
Electronics	2,720		
Furniture and Kitchen Supplies	2,510	**Net Worth**	
F. Personal Property & Other	7,580	N. Total Assets	33,669
		O. Less: Total Debt	-
H. Total Assets (A+B+C+D+E+F)	33,669	P. Equals: Net Worth	33,669

Balance Sheet (LT4B) for Nathan and Eden D.
October 1, 2019

Directions: Fill in the green cells with your data. Be careful not to modify the blue cells. Key inputs for calculating your ratios comes from your budget and income stat Frequency: Monthly

Month: October | Day 1 | Year: 2019

Assets		Liabilities or Debts	
Current or Monetary Assets		**Current Liabilities**	
Cash, Checking, Saving	15,226	Unpaid Other Balances	-
Other Monetary Assets (HSA/CDs)	5,367	Unpaid Credit Cards	652
A. Total Monetary Assets	20,593	Other Credit Cards	-
Investments & Retirement Plans		I. Total current liabilities	652
B. Mutual Funds, securities	-	**Housing Loans**	
C. Qual./Ind. Retirement Plans	1,267	Mortgage Outstanding	-
Total Investments (B+C)	1,267	Other Housing Debt	-
Housing		J. Total Housing	-
Primary Residence	-	**Vehicle Loans**	
Other Housing	-	Automobiles	-
D. Total Housing (at market value)	-	Other vehicle loans	-
Vehicles		K. Total Automobile Loans	-
Automobiles	4,000	**Other Loans**	
Other vehicles, ATVs, RVs, etc.	-	Students Loans	-
E. Total Automobiles	4,000	Other borrowings	-
Personal Property & Other Assets		L. Other Loans	-
Personal Property	2,350	M. Total Debt/Liabilities	652
Electronics	4,150		
Furniture and Kitchen Supplies	2,510	**Net Worth**	
F. Personal Property & Other	9,010	N. Total Assets	34,870
		O. Less: Total Debt	652
H. Total Assets (A+B+C+D+E+F)	34,870	P. Equals: Net Worth	34,218

Differences Between Balance Sheet 2 and Balance Sheet 1 for September 1, 2019 and October 1, 2019 for Nathan and Eden D

Directions: Fill in the green cells with your data. Be careful not to modify the blue cells. Key inputs for ratios comes from your budget and income statements for the r Frequency: Monthly

Month: October | Day: 1 | Year: 2019

Assets		Liabilities or Debts	
Current or Monetary Assets		**Current Liabilities**	
Cash, Checking, Saving	(5,396)	Unpaid Other Balances	-
Other Monetary Assets	4,973	Unpaid Credit Cards	652
A. Total Monetary Assets	(423)	Other Credit Cards	-
Investments & Retirement Plans		I. Total current liabilities	652
B. Mutual Funds, securities	-	**Housing Loans**	
C. Qual./Ind. Retirement Plans	194	Mortgage Outstanding	-
Total Investments (B+C)	194	Other Housing Debt	-
Housing		J. Total Housing	-
Primary Residence		**Vehicle Loans**	
Other Housing		Automobiles	-
D. Total Housing (at market value)		Other vehicle loans	-
Vehicles		K. Total Automobile Loans	-
Automobiles	-	**Other Loans**	
Other vehicles, ATVs, RVs, etc.	-	Students Loans	-
E. Total Automobiles	-	Other borrowings	-
Personal Property & Other Assets		L. Other Loans	-
Personal Property	-	M. Total Debt/Liabilities	652
Other assets	1,430		
Other miscellaneous assets	-	**Net Worth**	
F. Personal Property & Other	1,430	N. Total Assets	1,201
		O. Less: Total Debt	652
H. Total Assets (A+B+C+D+E+F)	1,201	P. Equals: Net Worth	549

Current Situation: Income Statement

Our income statement has been really good since we finished paying down our debt in the summer. We are currently saving over $800 month to month to prepare for our graduate tuition in December. This semester, I have been working about 12 hours per week which means my family has about 1.3 jobs being worked. We have been able to keep our fixed costs (rent, health insurance, life insurance, auto insurance, phone bill) relatively low. This has allowed us to be flexible in our variable costs and ensure that we are meeting our savings goals each month.

Based off of the income statements posted below, there are a few small discrepancies between budget vs. actual amounts. This is due to our "Envelope" method budgeting, which allows budgeted amounts to build month over month as amounts spent are less than budget amounts. Furthermore, in September we had to buy new cell phones (which we had plenty of money set aside in savings), which caused our projects savings rate of 18.6% to drop to -7.8%. Despite that one big transaction, overall our

Income statement seems to show a lot of good financial health! We are tending to save around 3% more per month than we originally budget for. Our zero debt and low variable costs are ensuring a steady 19-22% growth month over month (taking out the effects of the cell phone purchase).

Action Plan: Income Statement

Our income statement is looking rather healthy (for college students). Our plan is to continue to contribute to Eden's 401(k) at a rate of 5%, keep our fixed costs low, and try to change the monthly budget to maximize our savings each month. After graduation, we plan on putting at least 10% more per month towards retirement and looking for other opportunities to keep fixed costs low.

One way we plan to keep our fixed costs low is to continue to share one vehicle. Right now, we share my vehicle (which is running really well) and keep a car savings fund for repairs and maintenance. After graduation, we plan on continuing to share one car for at least 6 months to a year to maximize our savings from an income statement perspective.

The income statements presented look drastically different because of the emergency phone expense that we had in September. More information on this event can be found in the Savings, Income, Expense, and Budget section of our PFP. October is a better reflection of what a regular month looks like. We tend to regularly save between 21-30% of our income.

Data Sheet: September & October Income Statements

Nathan and Eden

Simple Monthly Saving, Income and Expense Plan (LT4C)

For the month of September, 2019 9/1/19

Description	Monthly Budget	Income Statement	Difference (+ is good)	Running Balance
Gross Income (U)	4,231.63	4,251.36	19.73	4,251.36
Taxes	766.00	772.00	(6.00)	3,479.36
Income less Taxes (S)	3,465.63	3,479.36	13.73	
Pay the Lord	453.16	455.14	1.98	3,024.22
Pay Yourself (Saving #1)	824.00	825.00	1.00	2,199.22
Income for Living Expenses	2,188.47	2,199.22	(10.75)	
Expenses - Fixed				
Fixed Long-term Debt Payments	-			
Mortgage	-	-	-	2,199.22
Consumer/Auto Loan pmts	-	-	-	2,199.22
Student Loan Pmt	-	-	-	2,199.22
Long-term Debt Payments (T)	-			
Fixed Other Expenses				
Rent	650.00	650.00	-	1,549.22
Utilities	100.00	100.00	-	1,449.22
Insurance: Auto, Renters	50.54	51.54	(1.00)	1,397.68
Weekly Date	120.00	121.17	(1.17)	1,276.51
Health Insurance	103.00	103.00	-	1,173.51
Life, Accident, Ring Insurance	32.93	32.93	-	1,140.58
Total Fixed	1,056.47	1,058.64	(2.17)	
Expenses - Variable				
Groceries and Toiletries	350.00	342.24	7.76	798.34
Gifts	60.00	22.89	37.11	775.45
Clothing	140.00	-	140.00	775.45
Self Care	140.00	166.12	(26.12)	609.33
Gas	150.00	98.98	51.02	510.35
Cell Phones	20.00	1,309.23	(1,289.23)	(798.88)
Car Maintenance, Trip	280.00	251.76	28.24	(1,050.64)
Furniture, Crafts, Miscellaneous	68.00	105.16	(37.16)	(1,155.80)
Total Variable	1,208.00	2,296.38	(1,088.38)	
Living Expenses - Total (R)	2,264.47	3,355.02	(1,090.55)	
Saving #2 - Remaining Income	(76.00)	(1,155.80)		(1,155.80)
Saving #1	824.00	825.00		825.00
Savings - Total (Q)	748.00	(330.80)		(330.80)
Savings Percent	17.7%	-7.8%		

Nathan and Eden D.

Simple Monthly Saving, Income and Expense Plan (LT4C)

For the month of October, 2019

Description	Monthly Budget	Income Statement	Difference (+ is good)	Running Balance
Gross Income (U)	4,308.43	4,453.43	145.00	4,453.43
Taxes	774.00	785.00	(11.00)	3,668.43
Income less Taxes (S)	3,534.43	3,668.43	134.00	
Pay the Lord	460.84	475.34	14.50	3,193.09
Pay Yourself (Saving #1)	820.00	860.00	40.00	2,333.09
Income for Living Expenses	2,253.59	2,333.09	(79.50)	
Expenses - Fixed				
Fixed Long-term Debt Payments				
Mortgage		-	-	2,333.09
Consumer/Auto Loan pmts		-	-	2,333.09
Student Loan Pmt		-	-	2,333.09
Long-term Debt Payments (T)	-			
Fixed Other Expenses				
Rent	650.00	650.00	-	1,683.09
Utilities	100.00	100.00	-	1,583.09
Insurance: Auto, Renters	50.54	52.45	(1.91)	1,530.64
Weekly Date	120.00	196.73	(76.73)	1,333.91
Health Insurance	103.00	103.00	-	1,230.91
Life, Accident, Ring Insurance	32.93	32.93	-	1,197.98
Total Fixed	1,056.47	1,135.11	(78.64)	
Expenses - Variable				
Groceries and Toiletries	340.00	375.71	(35.71)	822.27
Gifts	50.00	53.39	(3.39)	768.88
Clothing	160.00	128.64	31.36	640.24
Self Care	120.00	5.85	114.15	634.39
Gas	135.00	137.36	(2.36)	497.03
Cell Phones	51.50	51.50	-	445.53
Car Maintenance, Trip	150.00	5.29	144.71	440.24
Furniture, Crafts, Miscellaneous	100.00	12.07	87.93	428.17
Total Variable	1,106.50	769.81	336.69	
Living Expenses - Total (R)	2,162.97	1,904.92	258.05	
Saving #2 - Remaining Income	90.62	428.17		428.17
Saving #1	820.00	860.00		860.00
Savings - Total (Q)	910.62	1,288.17		1,288.17
Savings Percent	21.1%	28.9%		

Current Situation: Financial Ratios

Our financial ratios for September were really off because of the cell phone purchases that we had to make. More information on this event can be found in the Savings, Income, Expense, and Budget section of our PFP. Even with this issue, our month's living expense covered ratio was over six months. This is a really big accomplishment for our family. This ratio's health is attributable to the fact that we have no debt. We paid off my wife's debt previous to preparing our PFP. This has truly blessed our family and drastically increased the positive ratios.

Some ratios are missing or aren't available because our family has no debt. We are really happy that our financial ratio analysis is simple due to the fact that there is no debt. Our balance sheet in October shows some unpaid credit card amounts. These amounts were paid off quickly in October and therefore are not reflected in any of the ratios. Apart from the cell phone purchases in September, October's financial ratios are a better reflection of what actually occurs in a regular month. Our gross and net savings ratios are relatively high (usually over 20%).

Action Plan: Financial Ratios

Our action plan is to continue following our savings, income, and expense plan. If we diligently follow this plan, all of our financial ratios will continue to improve. My wife and I have been tracking expenses weekly—if we continue this practice, we will always meet our monthly goals.

My wife and I want to continue our aggressive savings so that we can prepare for children, a new car, and a new home. If we keep our savings ratios high, all the other ratios (liquidity, debt, etc..) will not move out of place. We are not planning on acquiring any new debt within the next few years, which will allow us to continue our aggressive savings ratio. We will be monitoring our liquidity ratio and monthly living expenses ratio so we can start to invest excess funds into long term index funds using the mutual funds identified in the investments section of our PFP.

Data Sheet: September & October Ratios/Differences

Monthly Financial Ratios for Nathan and Eden

As of September 1, 2019

			6 Key Ratios Differences	
Q.	Savings - Monthly (How much did you save this period? - IS)	(331)	1. Current Ratio (%): (Mon. Assets (A)/Current Liabilities(I))	No Data
R.	Living Expenses - Monthly (What were your living expenses? - IS)	3,355	2. Month's Living Exp. Cov. Ratio (x): (Mone. Assets (A)/Living Exp. (Q))	6.26
S.	Income less Taxes - Monthly (What was your income less taxes? - IS)	3,479	3. Debt Ratio (%): (Total Liabilities (M)/Total Assets (N))	No Data
T.	Long-term debt payments - Monthly (Sum of all LT debt payments? - IS)	-	4. Long-term Debt Coverage Ratio (x): (Inc. after Taxes (S)/LT Debt Pmts (T)) Debt Service Ratio (1/LTDCR)	No Data
U.	Gross Income - Monthly (How much did you make this period? - IS)	4,251	5. Net Saving's Ratio (%): (Savings (Q)/Inc. after taxes (S))	-9.5%
			6. Gross Savings Ratio (%) (Savings (Q)/Gross Income (U))	-7.8%

Note: Inputs Q, R, S, T, U are from your budget/LT4C

- Page 1 of 3 -

Monthly Financial Ratios for Nathan and Eden

as of October 1, 2019

			6 Key Ratios Differences	
Q.	Savings - Monthly (How much did you save this period? - IS)	1,338	1. Current Ratio (%): (Mon. Assets (A)/Current Liabilities(I))	31.58
R.	Living Expenses - Monthly (What were your living expenses? - IS)	1,855	2. Month's Living Exp. Cov. Ratio (x): (Mon. Assets (A)/Monthly Living Exp. (Q))	11.10
S.	Income less Taxes - Monthly (What was your income less taxes? - IS)	3,668	3. Debt Ratio (%): (Total Liabilities (M)/Total Assets (N))	1.9%
T.	Long-term debt payments - Monthly (Sum of all LT debt payments? - IS)		4. Long-term Debt Coverage Ratio (x): (Inc. after Taxes (S)/LT Debt Pmts (T)) Debt Service Ratio (1/LTDCR)	No Data
U.	Gross Income - Monthly (How much did you make this period? - IS)	4,453	5. Net Saving's Ratio (%): (Savings (Q)/Inc. after taxes (S))	36.5%
			6. Gross Savings Ratio (%) (Savings (Q)/Gross Income (U))	30.0%

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Monthly Financial Rati os for Nathan and Eden

as of October 1, 2019

Q.	Savings - Monthly (How much did you save this period? - IS)	1,669
R.	Living Expenses - Monthly (What were your living expenses? - IS)	(1,500)
S.	Income less Taxes - Monthly (What was your income less taxes? - IS)	189
T.	Long-term debt payments - Monthly (Sum of all LT debt payments? - IS)	-
U.	Gross Income - Monthly (How much did you make this period? - IS)	202

6 Key Ratios Differences

1. Current Ratio (%): (Mon. Assets (A)/Current Liabilities(I))	#VALUE!
2. Month's Living Exp. Cov. Ratio (x): (Mon. Assets (A)/Monthly Living Exp. (Q))	4.84
3. Debt Ratio (%): (Total Liabilities (M)/Total Assets (N))	#VALUE!
4. Long-term Debt Coverage Ratio (x): (Inc. after Taxes (S)/LT Debt Pmts (T))	#VALUE!
Debt Service Ratio (1/ LTDCR)	#VALUE!
5. Net Saving's Ratio (%): (Savings (Q)/Inc. after taxes (S))	46.0%
6. Gross Savings Ratio (%) (Savings (Q)/Gross Income (U))	37.8%

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Grade:
3/3 per month
10% Overall

IV. Saving, Income and Expense Plan (Budgets)

Nathan
Personal Financial Plan
MBA 620

I. Overall Saving, Income and Expense Plan

Vision

- My wife and I envision that we will save 20% per month towards retirement, become debt free, pay off our home as quickly as possible, and contribute to our children's mission and education funds.
- Our personal finances will allow us to retire at 65, serve the lord on a mission, spend time with our children and grandchildren, travel, and prepare our estate/trusts upon death.
- *Saving.* Our vision is to have enough to retire at 65. We want to contribute 20% of every dollar made towards retirement. We also want to save for modest cars, a home, and yearly vacations.
- *Income.* Our vision is that Nathan will make enough to meet the financial goals while Eden stays home and raises our children. Our goals are that Nathan will make $150-200K per year by the time he is 40 years old.
- *Expense.* Our vision is to keep our fixed expenses (Insurance, mortgage, auto payments, etc.) as low a possible to ensure more control over our variable expenses.

Goals

- *Saving.* Our short-term goal is to have saved $50,000 saved (not including retirement) for our emergency fund, children's missions/education, and liquid cash by the time Nathan is 30 years old. By the time Nathan is 50 years old, our goal is to have $150,000 saved (not including retirement) for our emergency fund, children's missions/education, and liquid cash. For retirement, our goal is to contribute 20% of every dollar made until retirement.
- *Income.* Our goal is to earn $80,000 per year upon graduation and make $150-200K per year by the time Nathan is 40 years old. Our goal is to be financial stable enough to have Eden staying at home as a full-time mother and for Nathan to retire at age 65.
- *Expense.* Our goal is to live in a modest home and drive reasonable transportation to ensure that we keep our fixed costs low for our entire life. We also will keep electronics and other items at a reasonable cost to ensure that we are not spending too much on "wants" instead of "needs.

Plans and Strategies.

- *Saving.* Our plan is to save $35 per month per child towards education expenses, $50 per month per child towards missions (all beginning the day the child is born), 20% of gross income towards retirement, and insure we have 6 months of salary saved as an emergency fund.
- *Income.* Our goal is to put Nathan in a career that can earn him $150-200K per year by the time he is 40 years old. Eden will work as well until we are in a financial position to have her stay at home full-time.
- *Expense.* Our goals are to keep our mortgage payment below $1300 per month, our car payments below $250 per month, and keep our insurance costs as low as possible. We plan to take great control over our variable costs and keep our retirement savings at 20% of gross income.

Constraints

- Unexpected hardships (sickness, death, disabilities) could change our plan. However, if we follow our plan as stated, we will be able to handle the hardships and modify our plan to ensure that we will still meet our retirement goals and needs of our children.

Accountability

- My wife and I are first accountable to God. We have promised Him that we will be wise stewards over his resources and will use them to bless our family and others. Secondly, Eden and I are accountable to each other. We have written this plan to ensure we can reflect on it often and talk about how we are doing in our goals.

II. Monthly Saving, Income and Expense Plans

Current Situation: September

This month went really well concerning the amounts we budgeted versus spent (except for cell phones). We stayed under budget in our groceries and gasoline as well as saved our goal of $825 (approximate) this month. This number will hopefully continue in the next month.

The attached spending analysis deviates slightly from the budget tracking my wife and do on Google Drive. Eden and I use the envelope method of budgeting; it works best for us in tracking our categorical spending. This means that any fund left in an "envelope" will be rolled over to next month. We have several "envelope" categories that have excess funds. In reality, we didn't spend more than we had budgeted even though some of the categories in the attached sheet show differently.

This month we did have a big deviation from our normal spending. Around the 10th of September my phone decided to stop working (permanently). I knew this would happen eventually because my iPhone 5s has been on the fritz for quite some time now. To add to the problem, my wife's phone has been slowing down dramatically over the last few

months. This month it has started to stop receiving calls or text messages. Because of our tremendous efforts is saving and paying off our debt, my wife and I felt that we had the means to look for new phones. We wanted to invest in phones that we knew would last us for at least the next five years. We ended up spending around $1,260 (phones, cases, screen protectors) total. That is partially why the attached spending analysis is drastically deviated from the normal.

Another aspect that deviated from what we wanted was our new phone bill. Previous to purchasing new phones, my parents paid for my bill and Eden paid her mom about $22 per month for Google Fi. This changed this month as Eden and I signed up for a plan with BYU ($25.75 per line). Ultimately, this is the best option as BYU heavily subsidizes cellular service. Nevertheless, it was a big change from our normal spending. Next Month our Budget will account for this change without changing our spending goal.

Action Plan: September

This month I really learned how important it is to set aside the necessary funds for emergency situations. I wouldn't say that a broken phone is an "emergency," however, it is essential that we replace our phones as soon as possible. This really caused me to think about how we can better improve our envelope method to account for these kinds of events.

Another thing I learned is how important it is to ask yourself if something fits within your budget before spending. My wife and I used to spend way too much on groceries before we started seriously tracking it a few months ago. This month was one of the first month's that we stayed under budget for that envelope. We pushed our final grocery purchase to October 3rd instead of September 30th. I want to keep this practice going forward.

In order to better track of what is in savings, something that we would like to change is splitting our savings envelope into different types of savings categories. Right now, it all sits in one lump sum, which stops us from tracking what it should be used for. We want to split it into six categories: 1) Education, 2) Family, 3) Vacation, 4) Emergency, 5) New Home, and 6) New Car. Ultimately, we had the funds to purchase our new phones; however, this will help us to better understand what we have for them in the future. New "devices" and other Family purchases will be listed under the "Family" savings envelope.

Data Sheet: September

Nathan and Eden

Simple Monthly Saving, Income and Expense Plan (LT4C)

For the month of September, 2019 9/1/19

Description	Monthly Budget	Income Statement	Difference (+ is good)	Running Balance
Gross Income (U)	4,231.63	4,251.36	19.73	4,251.36
Taxes	766.00	772.00	(6.00)	3,479.36
Income less Taxes (S)	3,465.63	3,479.36	13.73	
Pay the Lord	453.16	455.14	1.98	3,024.22
Pay Yourself (Saving #1)	824.00	825.00	1.00	2,199.22
Income for Living Expenses	2,188.47	2,199.22	(10.75)	
Expenses - Fixed				
Fixed Long-term Debt Payments	-			
Mortgage	-	-	-	2,199.22
Consumer/Auto Loan pmts	-	-	-	2,199.22
Student Loan Pmt	-	-	-	2,199.22
Long-term Debt Payments (T)	-			
Fixed Other Expenses				
Rent	650.00	650.00	-	1,549.22
Utilities	100.00	100.00	-	1,449.22
Insurance: Auto, Renters	50.54	51.54	(1.00)	1,397.68
Weekly Date	120.00	121.17	(1.17)	1,276.51
Health Insurance	103.00	103.00	-	1,173.51
Life, Accident, Ring Insurance	32.93	32.93	-	1,140.58
Total Fixed	1,056.47	1,058.64	(2.17)	
Expenses - Variable				
Groceries and Toiletries	350.00	342.24	7.76	798.34
Gifts	60.00	22.89	37.11	775.45
Clothing	140.00	-	140.00	775.45
Self Care	140.00	166.12	(26.12)	609.33
Gas	150.00	98.98	51.02	510.35
Cell Phones	20.00	1,309.23	(1,289.23)	(798.88)
Car Maintenance, Trip	280.00	251.76	28.24	(1,050.64)
Furniture, Crafts, Miscellaneous	68.00	105.16	(37.16)	(1,155.80)
Total Variable	1,208.00	2,296.38	(1,088.38)	
Living Expenses - Total (R)	2,264.47	3,355.02	(1,090.55)	
Saving #2 - Remaining Income	(76.00)	(1,155.80)		(1,155.80)
Saving #1	824.00	825.00		825.00
Savings - Total (Q)	748.00	(330.80)		(330.80)
Savings Percent	17.7%	-7.8%		

Current Situation: October

There are not many changes in our situation from September to October. We changed a few categories such as groceries, gas, clothing, self-care, and cell phones. The primary change was the cell phones expense, which now reflects our new unlimited data plan with BYU. We are really grateful for this plan because it is heavily discounted from what a normal unlimited AT&T plan would cost. We are able to sign up for this plan because my wife works at BYU. After graduation, we will have to reevaluate this portion of our budget if we move away from Provo (so I can start my first job) and lose that cellular plan discount.

Another key objective to note with October's budget is our amount of forecasted savings which is 21.1%. At the beginning of October, Eden and I created our savings envelopes (Education, Family, Vacation, Emergency, New Home, and New Car—see Action Plan: September). We created really detailed envelopes so we can know how much of the projected 21.1% is exactly saved for each of the above six categories. We are excited to meet this goal! Another final note concerns our health insurance premiums. We received notification that they will be increasing next year. To plan for this change, Eden and I will be dropping our vision plan to offset the increase in health insurance premium increase (we decided that we did not actually need to pay for the family vision plan).

Action Plan: October

October went really well. We ended up saving about 28.9% (7.8% above our planned 21.1%). The slight deviations in certain categories are attributable to the envelope method that my wife and I use to track our expenses. Some of the extra expenses are reflected by the fact that there is extra money in the envelope for a certain category versus what is budgeted for in a single month. Also, we discovered that our auto insurance premium was slightly higher than we previously thought. Accordingly, we adjusted our budget moving forward.

Moving forward, we need to watch our date expenses. They were a little high this month because we went to Corn Belly's Maze with some friends. We didn't expect that outing to cost us $40. Furthermore, we went to the BYU vs. Boise game because we found some cheap tickets that Eden's co-worker was selling. Overall, there was money in the "Family Envelope" to cover the football game cost; however, we will be watching our date night budget more closely moving forward. All and all we are super happy with the progress this month! Our savings envelopes are really growing, and we are excited to keep saving for our goals.

Data Sheet: October

Nathan and Eden

Simple Monthly Saving, Income and Expense Plan (LT4C)

For the month of October, 2019

Description	Monthly Budget	Income Statement	Difference (+ is good)	Running Balance
Gross Income (U)	4,308.43	4,453.43	145.00	4,453.43
Taxes	774.00	785.00	(11.00)	3,668.43
Income less Taxes (S)	3,534.43	3,668.43	134.00	
Pay the Lord	460.84	475.34	14.50	3,193.09
Pay Yourself (Saving #1)	820.00	860.00	40.00	2,333.09
Income for Living Expenses	2,253.59	2,333.09	(79.50)	
Expenses - Fixed				
Fixed Long-term Debt Payments				
Mortgage		-	-	2,333.09
Consumer/Auto Loan pmts		-	-	2,333.09
Student Loan Pmt		-	-	2,333.09
Long-term Debt Payments (T)	-			
Fixed Other Expenses				
Rent	650.00	650.00	-	1,683.09
Utilities	100.00	100.00	-	1,583.09
Insurance: Auto, Renters	50.54	52.45	(1.91)	1,530.64
Weekly Date	120.00	196.73	(76.73)	1,333.91
Health Insurance	103.00	103.00	-	1,230.91
Life, Accident, Ring Insurance	32.93	32.93	-	1,197.98
Total Fixed	1,056.47	1,135.11	(78.64)	
Expenses - Variable				
Groceries and Toiletries	340.00	375.71	(35.71)	822.27
Gifts	50.00	53.39	(3.39)	768.88
Clothing	160.00	128.64	31.36	640.24
Self Care	120.00	5.85	114.15	634.39
Gas	135.00	137.36	(2.36)	497.03
Cell Phones	51.50	51.50	-	445.53
Car Maintenance, Trip	150.00	5.29	144.71	440.24
Furniture, Crafts, Miscellaneous	100.00	12.07	87.93	428.17
Total Variable	1,106.50	769.81	336.69	
Living Expenses - Total (R)	2,162.97	1,904.92	258.05	
Saving #2 - Remaining Income	90.62	428.17		428.17
Saving #1	820.00	860.00		860.00
Savings - Total (Q)	910.62	1,288.17		1,288.17
Savings Percent	21.1%	28.9%		

Current Situation: November

November is looking really good as Eden and I have built up our envelopes. Each envelope has a positive amount, and some have amounts that far exceed the monthly allocation they receive. We have prepared the gas and trip envelopes to handle the traveling we will do to see family over the holidays. Other than that, we are not expecting any large purchases in November. We recently started a "Christmas Presents Envelope" according to what we will have in December. That envelope and its expenses are not reflected in this month's budget but will be shown in December.

We adjusted a few monthly categories so we could allocate more money to date night. We did this as a way to fix lasts month's excessive date night spending. We wanted to bring the envelope back into a $120 balance. We do not expect to spend more than $120 this month on date nights. However, unlike last month, we do expect to service the car and spend more money on car maintenance than the actuals spent last month. That envelope has sufficient for car service expenditures.

Action Plan: November

This month our family did really well on our spending and saving! We really saved a lot of money after paying ourselves. The only expenses that unexpectedly crept up were cell phone and car insurance expenses. Our car insurance was a few pennies higher than it was last month—I'm not totally sure why but I will keep monitoring it to see if it rises again. Secondly, when making the budget I forgot to include tax into our cell phone plan. Next month I will update the budget for that cost.

All other differences between budgeted amounts and actual amounts spent are reconciled using the "envelope method." This means that there are extra amounts saved in those categories beyond what was budgeted for the month; therefore, the excessive amounts spent are not out of line with our budgeting method. The final event to plan for in the future is our life/accident insurance. We recently increased our coverage and need to increase our budgeted amounts slightly to cover the extra expense. Going forward, if we follow our budget like we did this month, we will be on track to meet all of our goals!

Data Sheet: November

Nathan and Eden

Simple Monthly Saving, Income and Expense Plan (LT4C)

For the month of November, 2019

Description	Monthly Budget	Income Statement	Difference (+ is good)	Running Balance
Gross Income (U)	4,325.44	4,421.00	95.56	4,421.00
Taxes	768.00	775.00	(7.00)	3,646.00
Income less Taxes (S)	3,557.44	3,646.00	88.56	
Pay the Lord	462.54	472.10	9.56	3,173.90
Pay Yourself (Saving #1)	850.00	850.00	-	2,323.90
Income for Living Expenses	2,244.90	2,323.90	(79.00)	
Expenses - Fixed				
Fixed Long-term Debt Payments				
Mortgage		-	-	2,323.90
Consumer/Auto Loan pmts		-	-	2,323.90
Student Loan Pmt		-	-	2,323.90
Long-term Debt Payments (T)	-			
Fixed Other Expenses				
Rent	650.00	650.00	-	1,673.90
Utilities	100.00	100.00	-	1,573.90
Insurance: Auto, Renters	52.45	52.58	(0.13)	1,521.32
Weekly Date	145.00	140.78	4.22	1,380.54
Health Insurance	103.00	103.00	-	1,277.54
Life, Accident, Ring Insurance	32.93	33.45	(0.52)	1,244.09
Total Fixed	1,083.38	1,079.81	3.57	
Expenses - Variable				
Groceries and Toiletries	350.00	340.81	9.19	903.28
Gifts	50.00	107.91	(57.91)	795.37
Clothing	160.00	230.34	(70.34)	565.03
Self Care	120.00	55.85	64.15	509.18
Gas	120.00	135.90	(15.90)	373.28
Cell Phones	51.50	59.58	(8.08)	313.70
Car Maintenance, Trip	150.00	24.00	126.00	289.70
Furniture, Crafts, Miscellaneous	95.00	68.37	26.63	221.33
Total Variable	1,096.50	1,022.76	73.74	
Living Expenses - Total (R)	2,179.88	2,102.57	77.31	
Saving #2 - Remaining Income	65.02	221.33		221.33
Saving #1	850.00	850.00		850.00
Savings - Total (Q)	915.02	1,071.33		1,071.33
Savings Percent	21.2%	24.2%		

III. Annual Saving, Income and Expense Plan

Nathan and Eden
12 Month Saving, Income and Expense Plan
For the Year Beginning September, 2019

Description	September Budget	October Budget	November Budget	December Budget	January Budget	February Budget	March Budget	April Budget	May Budget	June Budget	July Budget	August Budget	Yearly Total
Gross Income (U)	4,231.63	4,308.43	4,325.44	4,757.98	4,762.74	4,767.50	4,772.27	4,777.04	4,781.82	4,786.60	4,791.39	4,796.18	55,859.04
Taxes	766.00	774.00	768.00	844.80	845.64	846.49	847.34	848.18	849.03	849.88	850.73	851.58	9,941.68
Income less Taxes (S)	3,465.63	3,534.43	3,557.44	3,913.18	3,917.10	3,921.01	3,924.94	3,928.86	3,932.79	3,936.72	3,940.66	3,944.60	45,917.36
Pay the Lord	453.16	460.84	462.54	508.80	509.31	509.82	510.33	510.84	511.35	511.86	512.37	512.88	5,974.09
Pay Yourself (Saving #1)	824.00	820.00	850.00	935.00	935.94	936.87	937.81	938.75	939.68	940.62	941.56	942.51	10,942.74
Income for Living Expenses	2,188.47	2,253.59	2,244.90	2,469.39	2,471.85	2,474.33	2,476.80	2,479.28	2,481.76	2,484.24	2,486.72	2,489.21	29,000.53
Expenses - Fixed	-	-	-										
Long-term Debt Payments													
Mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-
Consumer/Auto Loan pmts	-	-	-	-	-	-	-	-	-	-	-	-	-
Student Loan Pmt	-	-	-	-	-	-	-	-	-	-	-	-	-
Long-term Debt Payments (T)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Fixed Expenses													
Rent	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	650.00	7,800.00
Utilities	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Insurance: Auto, Renters	50.54	50.54	52.45	52.50	52.55	52.61	52.66	52.71	52.77	52.82	52.87	52.92	
Weekly Date	120.00	120.00	145.00	145.15	145.29	145.44	145.58	145.73	145.87	146.02	146.16	146.31	1,696.54
Health Insurance	103.00	103.00	103.00	103.10	103.21	103.31	103.41	103.52	103.62	103.72	103.83	103.93	1,240.65
Life, Accident, Ring Insurance	32.93	32.93	32.93	32.96	33.00	33.03	33.06	33.09	33.13	33.16	33.19	33.23	396.65
Total Fixed	1,056.47	1,056.47	1,083.38	1,083.71	1,084.05	1,084.38	1,084.72	1,085.05	1,085.39	1,085.72	1,086.06	1,086.39	11,133.84
Expenses - Variable													
Groceries and Toiletries	350.00	340.00	350.00	350.35	350.70	351.05	351.40	351.75	352.11	352.46	352.81	353.16	4,205.79
Gifts	60.00	50.00	50.00	50.05	50.10	50.15	50.20	50.25	50.30	50.35	50.40	50.45	612.26
Clothing	140.00	160.00	160.00	160.16	160.32	160.48	160.64	160.80	160.96	161.12	161.28	161.45	1,907.22
Self Care	140.00	120.00	120.00	120.12	120.24	120.36	120.48	120.60	120.72	120.84	120.96	121.08	1,465.41
Gas	150.00	135.00	120.00	120.12	120.24	120.36	120.48	120.60	120.72	120.84	120.96	121.08	1,490.41
Cell Phones	20.00	51.50	51.50	51.55	51.60	51.65	51.71	51.76	51.81	51.86	51.91	51.97	588.82
Car Maintenance, Trip	280.00	150.00	150.00	150.15	150.30	150.45	150.60	150.75	150.90	151.05	151.20	151.36	1,936.77
Furniture, Crafts, Miscellaneous	68.00	100.00	95.00	95.10	95.19	95.29	95.38	95.48	95.57	95.67	95.76	95.86	1,122.29
Total Variable	1,208.00	1,106.50	1,096.50	1,097.60	1,098.69	1,099.79	1,100.89	1,101.99	1,103.10	1,104.20	1,105.30	1,106.41	13,328.97
Living Expenses - Total (R)	2,264.47	2,162.97	2,179.88	2,181.31	2,182.74	2,184.17	2,185.61	2,187.04	2,188.48	2,189.92	2,191.36	2,192.80	(12,514.49)
Saving #2 - Remaing Income	(76.00)	90.62	65.02	288.08	289.11	290.15	291.19	292.23	293.28	294.32	295.36	296.41	2,709.77
Saving #1	824.00	820.00	850.00	935.00	935.94	936.87	937.81	938.75	939.68	940.62	941.56	942.51	10,942.74
Savings - Total (Q)	748.00	910.62	915.02	1,223.08	1,225.05	1,227.02	1,229.00	1,230.98	1,232.96	1,234.94	1,236.93	1,238.92	13,652.51
Savings Percent	17.7%	21.1%	21.2%	25.7%	25.7%	25.7%	25.8%	25.8%	25.8%	25.8%	25.8%	25.8%	24.4%

Grade:
2/2 2/C

V. Tax Plan

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision

My vision is that I will understand my family's tax state of affairs and will use it to carefully maximize our after-tax benefits. After obtaining my CPA, I will prepare a detailed tax plan each year to accomplish my family goals. Taxes will affect our family for the rest of our life and could constitute a significant portion of income that we have to pay each year. Our vision is to pay every dollar owed and not a penny more. I wanted taxes to affect my family in a predictable way. I want to use my accounting knowledge and CPA certification to target our tax rate each year. This way I can use tax planning strategies to minimize our tax burden each year.

Goals

Our goal is to minimize our tax burden each year. This can be accomplished through careful tax planning and deduction strategies. Last year, my family took advantage of the American Opportunity and Lifetime Learning Credits to reduce our tax burden. I knew that we would be able to obtain a large refund based on the amount of the credits and our current federal withholding amounts. At the beginning of the tax year, I used this knowledge as an opportunity to reduce the amount of withholding that our employers took from our paychecks in order to minimize the amount of refund we would receive upon filing.

In 2018, my wife and I filed our federal taxes using the BYU VITA program. We chose VITA because of their specialized knowledge in the American Opportunity Credit. We filed form 1040 (Federal), PIT-1 (New Mexico), and TC-40 (Utah). In addition, our taxes included the following supplemental forms.

- **Form TC-40A** – This Income tax supplemental schedule indicates taxes paid to another state (New Mexico).
- **Form TC-40S** – This form indicates a credit for income taxes paid to another state (New Mexico).
- **Form TC-40W** – This is a Utah Withholding tax schedule that indicates withholding amounts to Utah and New Mexico.
- **Form PIT-B** – This is a New Mexico Allocation and Apportionment of Income Schedule.
- **Form PIT-8453** – This is a declaration for e-filing for the New Mexico return.

- **Form 8879** – This is the IRS e-file Signature Authorization for our Federal return.
- **Form 8863** – This is the Form/Schedules we used to compute our American Opportunity and Lifetime Learning Credits. I was able to take the AOC while my wife was on her 9th semester at BYU; therefore, she was able to take the LLC.
- **Form 1098E** – This form was used to verify the amount of student loan interest my wife paid for the year. It was used as a For AGI deduction.
- **Form 1098T** – These forms were used by my wife and I to determine the amount of education expenses paid during the year.

We did not pay any taxes for the year, and we received a refund of $2,183 from Federal, $374 from Utah, and $125 from New Mexico. Our Marginal Tax rate on our AGI was 10%, our Average Tax rate was 0%, and our Effective Marginal Tax rate was 0% (No Taxes Paid due to Credits).

Plans and Strategies – Before Retirement

In the future, we will be using the 1040 to file our taxes along with the accompanying state, local, and retirement contributions forms.
Before retirement, our plan is to continue to target our tax rate each year. My wife and I want to put as much of our money (at least 20% every paycheck) into taxable, non-taxable, and tax deferred assets/investment vehicles. We expect that over the course of the next 10-20 years our marginal tax rate will rise (hopefully substantially due to increased income), and we plan on using bunching and investment strategies to lower our AGI. When we have sufficient cash, we plan on bunching our tithes and donations to maximize our itemized deductions. In later years, we also plan on using appreciated investments to pay those tithes. This strategy in combination with heavy contributions to an HSA, 401(k), Roth IRA will help us target our marginal tax rate each year. Finally, we plan on keeping detailed records for tax planning.

Plans and Strategies – After Retirement

Upon retirement we plan to maximize our ability to spend. The goal is to have heavy amounts of funds in Roth IRA's and 401(k)'s to ensure that we are not taxed upon withdrawals of retirement funds. We do not plan on relying on social security funds and other government-aid. Furthermore, we will continue to bunch contributions and use appreciated investments to further lower our Taxable Income. We hope to be able to target our tax rate at a much lower bracket than what we paid previous to retirement. Finally, we plan on keeping detailed records for tax planning.

Constraints

One of the constraints is our ability to earn income. If we earn more income, we will be in a higher marginal tax bracket. This is something I

want to monitor very closely. I want to make sure that we are never close to a "tipping-point" in another tax bracket. I want to make sure we earn enough income to target our bracket by not earning "too much or too little" that would effect our marginal tax rate. Another constraint is cash flow. In order to bunch donations and regularly contribute to appreciating investments, we will need to ensure that we have sufficient cash flow to do so. Without the cash flow, we can't maximize our tax planning strategies. The key aspect that would stop us from attaining our vision and goals would be income. If we are not meeting our income goals, we will not have the cash flow to execute our tax planning strategies. I plan on overcoming this through careful income planning, supplication to the Lord with my family, and career goals to ensure earnings are met.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our tax planning strategy with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Grade: 2/2 RC

VI. Cash Management Plan

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision

We will always have sufficient amounts saved in checking, savings, and other financial instruments so that familial emergencies will not take away from the Lord, myself, or other budgeted categories. We want to have our short-term liquid assets placed in diversified financial instruments. We want to make sure there is enough cash available for all planned purchases; we do not want to use our emergency fund for planned short-term purposes.

Goals

Current Situation

This last year. We have spent time preparing our cash management plan and have started to build our emergency fund. My wife and I recently consolidated and moved our checking and savings accounts to an online institution that pays high interest rates. We felt that keeping our money in separate accounts in two different institutions (neither payed very high interest rates) was not conducive to building our emergency fund. So far, this institution (listed below) has been amazing for us. We are starting to earn 20 times the national average in savings interest.

Ally Bank: Checking
Two months ago, we moved our checking account into Ally Bank. There was no initial deposit and we are able to withdraw from the account without limitations. Ally is FDIC insured, has great customer service, and does not charge maintenance/balance fees. Our checking account comes with checks and debit cards. The joint account pays 0.10% APY and 0.60% APY when the balance exceeds $15,000.

Ally Bank: Savings
Two months ago, we moved our checking account into Ally Bank. There was no initial deposit and we are able to withdraw from the account six times per month. Ally is FDIC insured, has great customer service, and does not charge maintenance/balance fees. Our savings account is a variable rate interest account. Our account payed 2.1% APY when we opened the account. Today, however, the account only pays 1.9% APY (which is still a very high yield).

Framework: Diversified & Liquid Cash Management

My wife and I use the envelope method to budget our income and expenses each month. As such we use our checking and savings to "store" the amounts that each envelope contains. Recently, we have created envelopes to prepare to buy a car and home within the next 5 years. As these envelopes grow, we want to diversify the amount of money contained in our savings account and invest those amounts into short-term financial instruments such as bonds, CDs, or Money Market Mutual Funds.

Plans and Strategies

Within the next six months, we plan on investing the car/home envelopes into high yield CDs that earn 2.35% APY on a 12-month period as well as investing into corporate bonds within the next three years. Our strategy is to diversity our savings into high-yield short term instruments (12 months-3 years) that will be used for "in-the future" enveloped categories. Our return will be maximized as we search for the highest yielded and greatest tax-advantaged financial instruments. Currently, our tax bracket is 0-10%; therefore, taxable-instruments such as high-yield CDs will be one of our best options for the near future.

Our plan is to always have 3-6 months of emergency funds located in our savings account. This strategy will still ensure sufficient liquidity as our savings account currently pays 1.9% APR. In the future (3-5 years), we will be planning on investing enveloped categories in Series I Savings Bonds, Money Market Mutual Funds, or tax-advantaged municipal bonds that will generate higher after-tax returns.

To manage our cash better, Eden and I will be having weekly meetings to go over our cash management and increase our stewardship in this area. We will take this time to research what assets we should be using and when to invest in them. Furthermore, we will meet with a financial retirement planner (at BYU where Eden works) every six months to ensure we are properly diversified in the right instruments. We believe that cash management is important because without it, none of our other long-term financial goals can be accomplished.

Constraints

The biggest constraint is having the actual cash to pursue this plan. We will overcome this obstacle by following our income plan to secure sufficient cash inflow and monitoring expenses to stop excessive cash outflow. We want to ensure that lives tragedies are only "minor inconveniences" to our emergency fund. As such, according to our savings plan, cash must be used every month to grow our emergency fund before diversifying the rest of the cash into various financial instruments.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our cash management strategy with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Grade: 4/4 TDC

VII. Credit Plan
Cards, Reports and Scores

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision
My family and I will not borrow unless we have the ability to pay expenses and commitments. Borrowings/commitments will be paid before they are due. Each month, my wife and I will review our credit reports and ensure our rating stays at a high level (i.e. no accidental fraud charges).

Goals
Our goal is to be 100% convenience credit card users and never pay any interest on our credit. We currently manage our credit cards the same way we budget. Our credit cards are used for budgeted amounts—never for borrowing. We currently have three credit cards (I have two and Eden has one). The details of each card are listed below.

Plans and Strategies

Credit Cards

Discover it Cash Back

Annual Percentage Rate for Purchases (fixed or variable)	**13.74% to 24.74% Variable**
Annual Fee	**None**
Credit Limit	**$4,900**
Date Opened (if available)	08/2017
Purchase Intro APR	0% for first 14 months
Balance Transfer Intro APR	10.99% for first 14 months.
Balance Transfer Fee	3-5%

Discover it Miles

Annual Percentage Rate for Purchases (fixed or variable)	**13.74% to 24.74% Variable**
Annual Fee	**None**
Credit Limit	**$9,500**
Date Opened (if available)	07/2019
Purchase Intro APR	0% for first 14 months
Balance Transfer Intro APR	10.99% for 14 months.
Balance Transfer Fee	3-5%

Wells Fargo Propel

Annual Percentage Rate for Purchases (fixed or variable)	**15.74% to 27.74%Variable**
Annual Fee	**None**
Credit Limit	**$1,500**
Date Opened (if available)	08/2019
Cash Advance APR	25.74% to 27.74%
Balance Transfer APR	15.74% to 27.74%
Late Penalty Fee	Up to 37%

Our strategy is to always use our credit cards for convenience—not for borrowing. In order to be better stewards, we will be monitoring our credit card purchases weekly (ensuring no fraud) and checking our credit score monthly. We will discuss methods of increasing our credit score during our family planning meetings.

After we become more financially self-reliant upon graduation, we will be planning on getting Eden a second credit card. Our strategy is to open up a Visa card at a grocery store or other company that we frequently shop. This will help us diversify from our travel cards and cash back card. We are currently using cards that are great, we are very happy with the ones we have.

Credit Report

The two reports came from Experian and we found no issues with what was stated in the credit reports. I have included the first page of the two reports below. Our strategy to ensure correct reporting is to take a detailed look at the report, hard inquiries, and ensure there is no fraud or mistaken delinquencies. Years ago, my wife's credit union mistakenly did not make automated payments to my wife's student loan (while she was gone on her mission), and thus, two delinquencies occurred on her report. These delinquencies are now over 5 years old—we will be monitoring them to ensure they leave the credit report after 7 years. My wife and I plan on checking our credit reports biannually and keep an up to date copy in our files.

Credit Score

Nathan, here's your FICO® Credit Scorecard as of 09/17/19

Based on TransUnion® data

748	2	2 years	1	4%	0
FICO SCORE	Total Accounts	Length of Credit	Inquiry	Revolving Utilization	Missed Payments

Your FICO® Score 8 based on TransUnion® data:

748
Very Good

746
09/17/19

+2
Change

Key factors affecting your score:

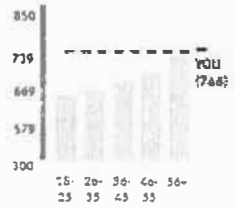
↑ What's helping

- No missed payments
- Revolving utilization is low

↓ What's hurting

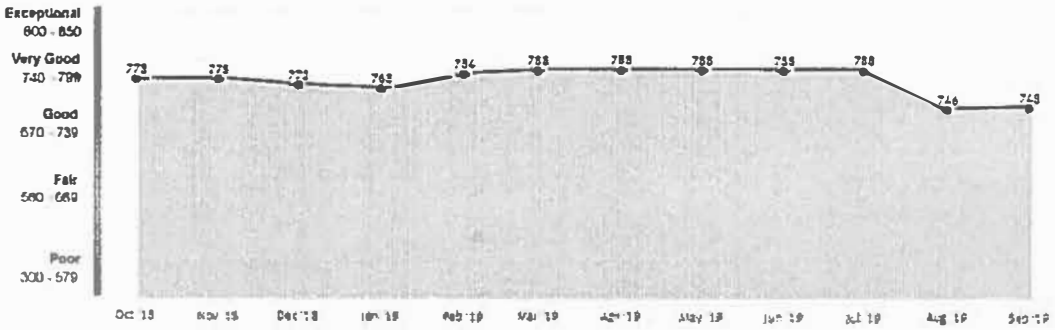
- Age of accounts is low

Your FICO® Score compared to U.S. average by age:



Your FICO® Score History

Graph | Table



Eden, here's your FICO® Credit Scorecard as of 09/10/19

Based on TransUnion® data

654	8	8 years	0	0%	0
FICO SCORE	Total Accounts	Length of Credit	Inquiries	Revolving Utilization	Missed Payments

Your FICO® Score 6 based on TransUnion® data:

654
Fair

680 08/10/19 | +26 Change

Key factors affecting your score:

↑ What's helping
- Revolving utilization is low

↓ What's hurting
- Presence of serious delinquency
- Too few accounts with payments as agreed

Your FICO® Score compared to U.S. average by age:

850
739
669
579
300
YOU (654)
18-25 26-35 36-45 46-55 55+

Your FICO® Score History

Graph | Table

Exceptional 800 - 850
Very Good 740 - 799
Good 670 - 739
Fair 580 - 669
Poor 300 - 579

680
654

Oct 18 Nov 18 Dec 18 Jan 19 Feb 19 Mar 19 Apr 19 May 19 Jun 19 Jul 19 Aug 19 Sep 19

Our strategy is to continue to keep our utilization low and pay off our balance at least three times per month. My credit score dipped from over 780 because of a hard inquiry from Wells Fargo (I opened that credit card on 08/2019). Thus, I am working to build my credit score back up to over 780. The longer I keep the accounts open, the better my credit score will get.

My wife has old delinquencies and age of accounts (she opened up her discover card on 07/2019). Our strategy is for my wife to keep her revolving utilization extremely low, keep her accounts open for a lengthy period of time, and wait for the delinquency charges to expire in two years. Furthermore, we plan on getting Eden another credit card within the next two years.

Our final strategy is a joint strategy, we have placed each other as "authorized users" on our accounts. This will ensure that we can build good credit together. We plan on checking our credit score monthly and review our plans/strategies during our planning meetings.

Constraints

The main constraint we are facing is getting Eden's delinquencies off of her credit report. If they do not disappear within the next two years, we will have issues getting a lower interest rate on a mortgage or auto loan (we don't plan on getting an auto loan however). We plan on overcoming this constraint through our careful monitoring of her credit and doing all that is possible to lower her utilization and stay on top of all purchases.

Accountability

My wife and I are accountable first to the Lord and then to each other. We pray over our plans regularly and adjust accordingly. We are also willing to share our Cards, Reports, and Scores Plan with anyone who is willing to learn from our example—and more importantly the Savior's teachings.

Grade:
2/2 7hc

VIII. Consumer Loans and Debt Plan

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision

- My family and I will not go into debt except for a modest home, reasonable transportation, and graduate education.
- Debt and consumer loans will not be a problem in our married life. My wife and I will be extremely unified in this area of our personal finances.
- Eden and I plan on treating our debt (except for home, reasonable transportation, and education) like our credit cards. "If you can't afford it then don't buy it!"

Goals

We currently do not have any debt! I paid off my car quickly over the last 3 years and we just recently paid off my wife's student debt. She graduated in April of 2018 and we married in December of 2018. Eight months after our marriage, we had paid around $16,000 (her entire student loans). The effective interest rate on all her student loans ended up being around 7.5%. We are extremely grateful to our Heavenly Father that we were able to strictly/quickly pay off the debt. It was such a momentous accomplishment! To date, we have no debt, nor will we incur any more student debt during my last two semesters of graduate school.

Our view is debt MUST be productive. This means we will take out a modest mortgage one day for a home. This also means that we are willing to take NO MORE than a maximum of 40% debt to finance the purchase of a vehicle. Furthermore, the goal is to pay off the vehicle debt in less than 3 years.

Plans and Strategies

Consumer Loans Strategy

We will not be taking out any consumer loans in our life. Our plan is that, "If you can't afford it, don't buy it." All toys such as boats, off-road vehicles, etc. will be purchased at full-price after saving specifically for the item. We are willing to take out a small loan for reasonable transportation. Ideally, we will never take on debt for transportation. However, we are willing to finance up to 40% on one vehicle at a time using debt. However, the plan for the debt is that it must be paid off in under three years. If we can't afford to pay 40% of the purchase price off in under three years, then we can't afford to purchase the vehicle.

Student Loan Strategy

We do not have any student loans! We are not planning on going back to school after I finish my Masters of Accountancy (MAcc) degree. We also will not need to go into debt in order to Finance my CPA exams and study materials. We recently paid off all of Eden's student loans ($16,000) in 8 months. We used an aggressive strategy that severally limited our spending in order to pay off the loans as soon as possible. This was our strategy: 1) we paid off the loans with the highest interest and lowest amounts, 2) we used our tax returns on the loans, and 3) we limited ourselves to one vehicle (we had the option when we married to have two vehicles) and severally limited our monthly fixed and variable expenses.

Debt Reduction Strategy

We do not have any debt; however, our debt reduction strategy moving forward would be a modified version of the "Student Loan Strategy." We would pay off the loans with the highest interest and lowest amounts, 2) we would use our tax returns on the loans, and 3) we would severally limit our monthly fixed and variable expenses. The strategy is that "minimum" payments will never be a part of our financial lives. Our strategy is to always put forth as much as possible to rid ourselves of debt.

Constraints

Our key constraints would be health, sickness, children, and employment. Emergency situations or loss of employment could cause a change in our debt plan. Children will special needs would also limit our plan. Our reaction to these circumstances is, 1) we have an emergency fund that can handle the immediate situation (until a remedy/solution is found), 2) we will immediately change our budget/spending to reflect our new circumstance, and 3) We will not take out any debt that cannot be paid even during times of crisis.

Accountability

My wife and I are accountable first to the Lord and then to each other. We pray over our plans regularly and adjust accordingly. We are also willing to share our plan with anyone who is willing to learn from our example—and more importantly the Savior's teachings.

Grade: 5/5

IX. Insurance Plan

Nathan Personal
Financial Plan MBA
620 Fall 2019

Vision

Our family vision is to have the necessary coverage to protect us from disaster or hardship. As stated by Professor Sudweeks, "Investments do not make good insurance, nor is insurance a good investment." In this sense, our family desires safety and minimal risk when it comes to unexpected life events. We do not want to pay more than is needed for all types of insurance. We hope that we will never have to use accident/death/home-owners insurance; however, we understand that we are subject to same disappointing events in mortality as any other family. Insurance will be our sensible safeguard to replace the income/assets lost in an unexpected event. Insurance will help us manage our lives by giving us peace of mind—knowing that our income/assets are covered through all life events.

Goals

Our overall goal for insurance is to obtain necessary coverage in case of loss of life, assets, or income. Each type of insurance will help us accomplish this goal in various forms—be it life, auto, home, health etc. Our overarching goal is to minimize our costs for these types of insurances while maximizing our coverage.

Life insurance.

Currently, my family has life insurance through DMBA. Eden currently works at BYU and she is covered up to $50,000 for free plus another 6 times her salary ($300,000) for a monthly charge—making $350,000 in total. I am covered up to $2,000 for free and another $200,000 for a monthly charge—making $202,000 in total. After I graduate, I plan on having another life insurance coverage (for myself) through the AICPA or my employer. I want to obtain coverage that will give Eden another $150,000-$200,000 in death benefits in case of a tragedy (this will mean we will both be covered for around $350,000.

Below is a photo of our life insurance needs. Currently, I am a little under-covered and plan on making up that difference when I begin working post-graduation. Right now, our costs and fees for our Group Term Life and Supplemental Group Term Life insurance are around $13 per month, which is extremely affordable. Due to how affordable the premiums are (at our young age), I plan on having more coverage post-graduation.

Life Insurance Needs: 4. Summary Sheet
Personal Finance: Another Perspective

The following are indications of the amount of life insurance that would be required using six different approaches. I strongly recommend that using the principles discussed in class, that you talk with your spouse (if married) and a financial planner to determine your life insurance needs in addition to this spreadsheet.

Summary Results

1. Six to Eight Times Gross Income

Total Required for Life Insurance Needs

2. Five times gross Income plus Mortgage, Debts, Final Expenses, and other Special Needs

Total Required for Life Insurance Needs

3. Spouses Estimate (from your spouse)

Total Required for Life Insurance Needs

4. Earnings Multiple Approach

Total Required for Life Insurance Needs

5. DIME Method (Debt, Income, Mortgage and Final Expenses)

Total Required for Life Insurance Needs

6. Needs Approach

Total Required for Life Insurance Needs

Average of the Above 6 Approaches

Average of the Above Approaches

Annual Salary (From I - Multiples Tab)

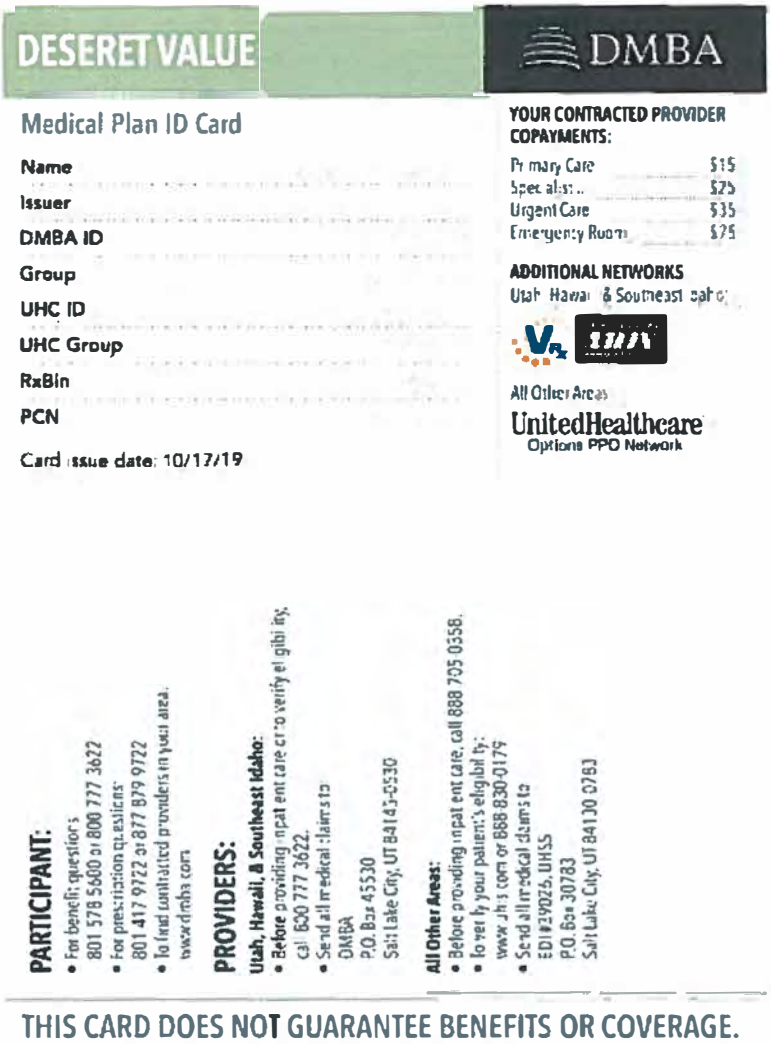
Multiples of Earnings (Average divided by Annual Salary) x

- Page 6 -

Health insurance.

Currently, my wife and I have the Deseret Value plan through DMBA. It basically is a high deductible plan with no deductible within network. It works great for my wife and I as we currently do not have children nor have extensive medical needs. The premium is very low at $98 per month and our co-pays are very low ($15 - $25 depending on the service) and our hospital coverage is at 70%. We feel that this insurance perfectly meets our needs. We do not feel that we need to increase nor decrease our coverage.

Below is a link that takes you to our insurance summary (I did not include it below because it is several pages long). Also, below is a photo of our ID card.



DESERET VALUE

Medical Plan ID Card

Name

Issuer

DMBA ID

Group

UHC ID

UHC Group

RxBin

PCN

Card issue date: 10/17/19

DMBA

YOUR CONTRACTED PROVIDER COPAYMENTS:

Primary Care	$15
Specialist	$25
Urgent Care	$35
Emergency Room	$75

ADDITIONAL NETWORKS

Utah, Hawaii & Southeast Idaho:

All Other Areas

UnitedHealthcare Options PPO Network

PARTICIPANT:

- For benefit questions 801 578 5600 or 800 777 3622
- For prescription questions 801 417 9722 or 877 879 9722
- To find contracted providers in your area: www.dmba.com

PROVIDERS:

Utah, Hawaii, & Southeast Idaho:

- Before providing inpatient care or to verify eligibility, call 800 777 3622.
- Send all medical claims to DMBA P.O. Box 45530 Salt Lake City, UT 84145-0530

All Other Areas:

- Before providing inpatient care, call 888 705 0558.
- To verify your patient's eligibility: www.uhc.com or 888 830-0179
- Send all medical claims to EDI #29025, UHSS P.O. Box 30783 Salt Lake City, UT 84130 0783

THIS CARD DOES NOT GUARANTEE BENEFITS OR COVERAGE.

<u>Disability insurance.</u>

Currently, we have 24 A&D (twenty-four hour accidental & death) insurance through DMBA. Eden is covered for $180,000 and I am covered for $90,000. We feel that is an appropriate amount of coverage for the activates we participate in. Neither of us perform dangerous activities or hobbies. When I begin working post-graduation, the goal is to increase this amount of coverage to around $200,000 per person. As we start bringing children into our family, our goal is to ensure that they are covered as well. Our current cost is $4.68 per month—which we feel is really reasonable.

Auto insurance.
Currently, we have liability insurance on our 2005 Volvo S80 (which is our only vehicle. We pay $52.45 per month for our liability coverage. The policy is a 50/100/50 which means we are covered up to $50,000 per person, $100,000 each accident, and $50,000 of property damage per accident. After hearing Professor Sudweek's lecture on the recommended amount (100/200/100), we made a goal to double our coverage post-graduation. Our premium is rather low—therefore we think that we could double our coverage for less than another $30 per month.

Homeowners/renters insurance.
We do not own a home yet, and therefore do not have any homeowner's insurance. However, our goal is to obtain this insurance immediately after purchasing a home. We plan on purchasing our homeowner's insurance through the same carrier as our auto insurance. State Farm is our Auto Insurer and would give us a discount if we purchased our homeowner's insurance with them.

As renters, we unfortunately do not have renter's insurance right now. As of the last few years, we haven't purchased any because we didn't feel that we had significant assets to be stolen. Our goal is to purchase a renter's insurance policy with State Farm within the next 12 months. We are starting to accumulate enough assets to merit such a policy. Furthermore, we don't know where me might move post-graduation, and we don't want to take on that risk by subjecting our items to possible theft.

Plans and Strategies
Our overall insurance strategy will be to review our plans every 12 months to ensure that we have the correct about of insurance and pay the right amount of premiums. As we age and our lives change, we will need to make periodic adjustments to our current plans/premiums.

Life insurance.
Our plan is to always have a term-life insurance policy on my wife and I. Our strategy is to revaluate our plans every 12 months with a retirement planner. I will always obtain our life insurance through our employer if possible—until retirement. For Eden, we will search for the best policies externally. Our strategy is to always make sure our policies are not all through our employer to avoid the risk of termination and thus, loss of all our policy benefits.

Health insurance.
Our family does not have significant medical needs; therefore, Deseret Value is the perfect plan for our family. If we have to move to a different plan, we will search for a high deductible plan with a combined HSA (with hopefully an employer's match). If we have a period of

unemployment, our strategy is to register for unemployment benefits and COBRA.

Disability insurance.
Our plan is to have sufficient disability insurance to cover income lost due to an accident and medical needs acquired due to an accident/death. We will generally seek this benefit through our employer, else our strategy is to search for a policy externally. It is likely that if we have to purchase our health insurance externally, we will also purchase disability insurance with an external carrier.

Auto insurance.
With vehicles of significant value (>$10,000) we will purchase automotive coverage beyond liability insurance. Our strategy is to have only 100/200/100 liability coverage on those vehicles that have a value of less than $10,000. We will reevaluate our auto insurance every 12 months to make sure we are keeping our coverage high and our premiums low. Our plan is to keep our automotive and liability insurances with State Farm. For our children, we will make sure there is a high amount of coverage. We want to protect ourselves, our vehicles, and our children from accidents.

Homeowners/renters insurance.
Currently, my wife and I should have reasonable renters' insurance according the value of assets we own. Our plan is to purchase a policy within the next 12 months and reevaluate that need each year. When we purchase a home, we will purchase a home insurance policy with State Farm immediately—it is a part of our strategy to purchase our home insurance with the same carrier as our auto insurance. Our strategy is to reevaluate the policy yearly and ensure all our needs are met. We want homeowner's insurance that covers theft, fire, flood, and other types of disasters.

Constraints
The main constrain my wife and I would experience is loss of employment, which would cause us to lose any life/disability insurance that we had from the employer. We hope to overcome this through our emergency fund and policies that we purchase outside of our employer. Ultimately, if we are following all parts of our personal financial plan (savings, income, expenses), we will have the necessary savings to get us through life difficulties. However, we plan on preparing for unexpected circumstances by purchasing some of our life/disability plans through an external carrier.

Accountability
My wife and I are accountable to each other and the Lord. We plan on sharing our insurance plans with anyone who is willing to listen and learn. We are also eager

and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Clue Report

We have no accidents or claims on our auto policy and we have no homeowner's policy (we do not own a home). As such, we have no CLUE report. We will reevaluate this plan every year and search for a CLUE report if one might exist in the future.

Grade: 4/4

X. Family Financial Plan

Nathan
Personal Financial Plan
MBA 620 Fall 2019

I. How You Were Brought Up

Budgeting

1. How was money generally handled in your family growing up? Who handled the checkbook? The savings? How was budgeting handled? What budgeting method did they use? How should it be handled in your family?

My parents divorced when I was seven years old, so growing up my mother was the one who handled our finances. My mother had to be very prudent as a single parent and our family was very blessed to have the help of my grandparents during this time. After my mother remarried, my mother and step-father jointly handled the budget and finances. They kept separate bank accounts; my step-father handled the monthly bills while my mother used her account to pay for groceries, children's needs, and other daily purchases. My parents did not have a particular method of budgeting. They tended to "guestimate" the budget and live according to their own prudent purchasing habits. In my family going forward, we will use a stricter method of envelope budgeting so there is no "guestimating."

2. What kind of lessons regarding money did your parents try to teach you? What methods did they use to teach you? How are you planning to teach your children?

My parents did a good job of teaching me the importance of tithing and saving for emergencies. They didn't teach me any technical lessons such as the time value of money and how to forecast a budget; however, they taught us all the simple truths that exist in properly handling our personal finances. We plan on teaching my children these financial truths early on in their life. As they reach an appropriate age (12 years old), we will be teaching them how to save for an education, mission, and temple marriage. As they mature (16 years old), I will begin to teach them more technical lessons such as time value of money, retirement accounts, credit cards, investment vehicles, home buying, etc.. I plan on teaching my children through prepared lessons that I craft based off of examples and materials located on the BYU Personal Finance website.

3. Did your family have a family theme, motto, or mission statement? Did part of it relate to finances? If you were to put one together, what would it be?

My family did not have a theme, motto, or mission statement. However, after we prayed as a family in the evenings, we would always hug our parents and repeat the phrase, "I love you, I am thankful for you, I appreciate all you do." This theme was not related to finances. If I were to put together a motto for our family, it would be, "Money will be your greatest/perfect servant or will be your harshest taskmaster. Choose wisely."

Cash Management/Savings

4. How was savings/cash management handled with your family? Which savings/cash management vehicles did your parents use? What savings/cash management vehicles will you use?

My step-dad handled the savings as he was the only full-time worker in the family. He would go over the savings growth/loss will my mother. They had cash that they kept for budgeted spending or for discretionary spending. My parents only used traditional low-interest earning savings/checking accounts. My step-father has retirement and pension accounts through his employer. Our family will use high yield online savings accounts, CDs, taxable brokerage accounts, and retirement accounts to hold our savings/cash.

Debt

5. How was debt handled in your family? What was the view on debt? How was repayment of debt handled?

My family did ok when it came to debt. They probably took out more than they needed to for a home and also used some debt to buy vehicles. They understood that debt should be avoided; however, they used more leverage for purchases than I plan on using with my family. They handled the repayment of debt as the number one priority. They paid down all their cars and home successfully. They also refinanced their home successfully. I plan on doing the same except with a more conservative approach for a home and not using any debt for vehicles.

Investments and Attitudes

6. What kinds of financial things cause you to lose sleep at night? How can you alleviate those concerns?

I worry about the ability to retire by the time I am 70 years old. I also worry about my ability to provide for my family. I alleviate these concerns by living under a strict budget and always paying myself 20% of my earnings after paying the Lord.

7. Regarding investments, what do the words "risky" or "conservative" mean to you? Have those words changed over time? Will education and experience change their meanings?

The words risky/conservative mean the amount of money that I am willing to lose. At this point in my life, I am a rather aggressive investor. Those words have changed over time as I've lived under a strict budget—I am more willing to invest my money into long term aggressive strategies. Education and experience have taught me to save my earnings and invest in long-term holding strategies. This education has taken away most of the worry and risk in my aggressive investments.

8. Assuming that your portfolio needs to grow at a 6-8% rate in order to meet your goals, would you be happy with that kind of return?

I would be happy with a 6-8% return. I plan on investing a large portion of our earnings; therefore, our 6-8% compounding return will earn us more than enough to take care of our family and retire successfully.

9. Have you ever done anything strange or excessive with your investments? What were those things? What did you learn from those experiences?

I have not done anything strange of excessive.

10. How have you felt when you've "made a killing", i.e., the investments returned a very high return? How have you felt when you've "taken a bath," i.e., lost money in an investment? What did you learn?

I feel awesome when my investments are doing well! I feel confident when they are low—meaning that I am ready to buy more at a low price. I've learned that not panicking and continuing to hold my diversified investments is the best choice in the long run.

11. Talk with your parents or an older, trusted friend. What do they wish they would have done differently in regard to managing money and investing?

My parents wish they would have saved more in their budgeting and investing. I plan on saving a substantial amount for our family savings and goals for our children.

12. Regarding your current holdings, what are you most pleased about and what are your greatest concerns?

I am most pleased that my wife and I have maximized our returns even though we are in college and strapped for cash. We have over $2,200 in my wife's retirement accounts that are earning a high return (5-7%). We also opened up

a high yield savings account that was yielding 2.1% APY when we opened the account. Since the federal reserve has cut interest rates, we are now making 1.7% APY. To combat the cutting rates, we placed $5,000 in a high yield 2.25% APY 18-month CD. We did this before the rates started going down (including for CDs) in order to offset our savings loss over the next 18 months. I am very proud of this strategy because it has been the best strategy for our current holdings and cash-poor college situation.

Retirement

13. How did your parents save for their retirement? What do they wish they had done differently?

My parents set aside enough savings to get the company match. My father also worked extra hours to increase his yearly earnings, which would result in an increased pension. My parents wished they had saved just a little more of the yearly salary—they are still going to retire but with a bit less than they would want.

14. How are you going to save for your retirement? What is your goal to save each month for retirement? What investment vehicles will you use (i.e., Roth 401k, IRAs, 403b, etc.)?

I am going to set aside enough money to meet our annual contribution goal that is listed in the retirement section of our PFP. Our goal is to save $1,000 per month (including employer's contribution) for retirement. We will be using a Roth 401(k), Tradition 401(k) (for employer contributions), and a Roth IRA for our own budgeted contributions.

Education and Missions

15. How did your parents save for your education and missions? What do they wish they had done differently? How are you going to save for your children's missions and education if you choose so to do?

My parents and grandparents helped pay for my mission as I served. They did not save any money for my education. My parents were able to help me get a car for college and payed for a few miscellaneous items before I started. My parents wished they had saved more for our missions. For my children's missions, we plan on setting aside enough money each month to completely pay for it. We also plan on setting aside enough each month to accumulate $5,000 (in today's dollars) that we can use to match our children's contributions to their education funds while they are 12-18 years old. We do not plan on paying for a substantial amount of our children's education. We only plan on saving enough to match their efforts while they save in their

teenage years. This should give them enough money to start their degrees without the need for debt.

16. If you choose to help, develop an "Education Plan" for your children. How will you save for your children's education? How much will you save each month? How much of that will go to retirement, education, missions, etc.? What are the key education investment vehicles you will use (i.e., Education IRA, 529 Savings Plan, EE/I Bonds, etc.). Include this plan in section LT01-15 as your Education and Mission Plan (use Template 15).

We plan on saving $153 a month per child (in today's dollars) to pay for a piece of their education, their entire mission, and some money when they are getting married. We wanted to have $5,000 (in today's dollars) by the time they are 12 to start matching their education efforts. We also wanted $14,000 (in today's dollars) for a boy's mission and $11,000 for a girl. Finally, we wanted to have $7,000 (in today's dollars) for a girl's wedding and $4,000 for a boy. This totaled to $153 per month (using Time Value of Money) for a boy or girl. We plan on investing this money into broad index funds using our brokerage accounts. We might put some of the funds into an education IRA but we are not entirely sure yet—our contributions are dependent upon our children's contributions.

17. If you choose to help your children with their missions and education, develop a "Mission Plan" for yourself and your children. How will you save for your and your children's missions? How much will you save each month? How much of that will go to retirement, education, missions, etc.? What is your strategy for saving for your family's missions (i.e., use appreciated securities, etc.) Include this plan in section LT01-15 as your Education and Mission Plan (use Template 15).

We plan on saving $153 a month per child (in today's dollars) to pay for a piece of their education, their entire mission, and some money when they are getting married. We wanted to have $5,000 (in today's dollars) by the time they are 12 to start matching their education efforts. We also wanted $14,000 (in today's dollars) for a boy's mission and $11,000 for a girl. Finally, we wanted to have $7,000 (in today's dollars) for a girl's wedding and $4,000 for a boy. This totaled to $153 per month (using Time Value of Money) for a boy or girl. We plan on investing this money into broad index funds using our brokerage accounts. We plan on using the appreciate securities to bunch our charitable contributions and as a result, using the tax savings to pay our children for their missions from other accounts.

Giving

18. How did your parents give to the family, community and others? Be sensitive in asking this question as to not appear judgmental. How will you choose to give back and serve and bless others?

My family was very generous with tithes and offerings. We plan on doing the same with our tithes and offerings. We will also look for other giving opportunities using our giving plan as a guide. We also plan on using any unused saved mission funds to sponsor other family members' missions (for example we could have a girl who chooses not to serve a mission). We want that money to get used for missionaries.

Going Forward

19. How will you treat your spouse? What does it mean to be equal partners? What things will you do each day, week, and year to keep the relationship alive? What will you do each period to make sure they know they are the most important person to you? What are the key principles you will follow? What are the key doctrines you will live to make your relationship eternal?

My wife and I are equal partners in all our family matters—meaning that we work together in loving council and righteousness. My wife and I will go on weekly dates and plan/save for our vacations (without kids) to keep our relationship alive. I plan on serving my wife in all her needs to ensure she is the most important person in my life. Our guiding principles are contained in the Gospel of Jesus Christ. Our relationship is founded upon Christ and His commandments. We will work together to overcome sin, temptation, and other obstacles in order to obtain an eternal marriage.

20. How will you handle finances in your family? What are the key principles you will follow? What is your savings goal?

My wife and I will handle finances together. We will hold weekly council meetings and ensure we are hitting our goals. We plan on saving 20% after we pay the Lord 10%.

21. How will you follow, document, and report on finances (i.e., what type of budgeting methodology will you use)? What is your family goal on budgeting and savings? When will you have your weekly "Stewardship Meeting" when you report on finances to each other?

We will use the envelope method of budgeting along with evaluating each individual account. Our goal is to save 20% for our future and retirement. Our stewardship meeting is held on Sunday mornings.

22. How will you determine whether you are on track to reach your financial goals? What tools will you use?

We will use our envelope method of budgeting as well as the tools located in the BYU Personal Finance website to determine whether we are on track to meet our goals.

23. How will you teach your children fiscal responsibility? Will you give an allowance? What things will you do and what principles will you follow to teach them responsibility?

Our children will first and foremost be taught through their parent's actions. They will not be spoiled but simply have their needs met. They will be taught the scriptures and the law of the tithe. We will give an allowance in exchange for hard work. We will teach them responsibility by putting them in charge of purchasing some of their needs as well as helping them learn how to save for their college, mission, open up a credit card, etc. Our principles will be founded upon hard work, hard play, and hard savings strategies.

II. Creating Your Family Financial Plan

Vision

I want myself and my family to be disciples of Jesus Christ. "Behold, I am a disciple of Jesus Christ, the Son of God. I have been called of him to declare his word among his people, that they might have everlasting life" (3 Nephi 5:13). As a disciple of Christ, my first and most important responsibility is toward my Father in Heaven and Savior Jesus Christ. I show my commitment to them through my commitment to my wife and children. I will provide both temporally and spiritually for them in the hopes that they can be physically healthy as well as carry powerful testimonies. I hope to love my wife above all and do my best to cleave unto her in all things. Our personal finances are a part of our strong relationship with each other and the Lord. I have a great desire to be the priesthood leader in a home that is worthy to command them down from the heavens into the branches of my familial lineage. As they grow in our home, I hope that all my children can one be sealed in the temple to their wonderful spouses for time and all eternity. This is the great vision I have for my family.

Goals

We will plan so that money will not be our taskmaster but rather our servant. Monthly, we will review and update/set goals so that we might serve the Lord, our children, and our neighbors. My spouse and I plan on working together to meet our financial goals. We will accomplish our goals through a daily effort—one day at a time. Personally, I have the goal to spend as much time as I can dating my wife. I want to create real memories together that will make all of our hard work worth the effort. I will do this by focusing on her goals and look for ways to give her a smile on her face. I know that giving her my time above all will allow me to keep my relationship strong with my wife.

My children are the greatest gift God has given me next to my wife I also plan on giving the time needed to raise them, teach them, and create lifelong memories with them. Our goal is to take a day each year to spend one on one with them and bond with them as individuals. Our family's relationship with money will be founded on the Gospel of Jesus Christ and maintained through our consistent effort/consecration to each part of our family financial plan.

Plans and Strategies: Spouse

- My wife and I will go on a weekly date night and use that time to bond/have fun with each other in the spirit of romance and love.
- My wife and I will save each month for a personal "honeymoon" that we take every year (or every few years) depending on how much we can save and where we want to go.
- My wife and I will hold weekly, monthly, and yearly financial planning meetings (depending on the depth of planning). These meetings will be held on Sunday mornings.
- Household labor will be completed by the entire family according to the efforts they can put into the work. My wife and I are equal partners but have separate duties depending on our work situations.
- Support will be provided to all family members regarding their goals, dream, and academic/professional pursuits. We want each other to excel at their given talents.
- Every family member is always ready and willing to sacrifice for the benefit of the family and each individual.

Plans and Strategies: Children

- My children will each have a one on one day every year with their Father and Mother (one day for Dad and one day for Mom). We will use this time to individually bond with them and help them grow as individuals.
- Our children will be taught by their parents using Gospel Lessons, the Scriptures, and practical financial applications.
- My wife and I plan on using our testimonies, experiences, and exposing our children to opportunities to understand that they are divine sons/daughters of God.

Constraints

Loss of employment, debt, and sin/transgressions are the main constraints to our personal money and relationships plan. We will do everything in our power to teach our children the correct principles. We will also teach our children that it is alright to make mistakes—they can turn to the Lord Jesus Christ to heal them of their wounds. Ultimately, we will love and cherish our children no matter what. As their Father, I will do my best to hold the priesthood righteously and live my life as an example to them. I know that they can overcome anything if they will but trust in the Lord, keep His commandments, and rely on His infinite grace and mercy.

Even though our family is preparing for blessings, we are aware that tragedy and misfortune are a part of our mortal experience. Furthermore, we understand that

our path to eternal life it not without its bumps and unexpected turns. In order to overcome these constraints, we plan to live the Gospel of Jesus Christ and following our budget, saving, income, and expense plans. We know that we can all live together in harmony if we can bring our visions together under one roof. My wife and I plan on resolving our conflicts through the use of our Sunday councils. Conflicts exist so that we might grow and learn from experience.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our money and marriage plans/strategies with anyone who is willing to listen and learn. We will teach these things to our children and share our plan with them when they reach an appropriate age. We plan on maintaining different roles in the family but maintaining an equal partnership through mutual respect and helping one another whenever possible. We know that we are all needed in the family—no talent or contribution is more important than another. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Grade: 15/15

XI. Investment Plan

Investment Plan Template (L

T5A) Nathan
Personal Financial Plan
MBA 620 Fall 2019

I. Introduction and Purpose

A. Introduction. This Investment Plan, also called an Investment Policy Statement or IPS, serves as the framework for the Investment Management Team of Nathan and Eden, as constructed by Nathan and Eden on October 21, 2019. Nathan is currently 24 years old and Eden is 26 years old.

B. Purpose. This Plan describes in detail how the assets of the Team are to be managed and invested, consistent with the Team's ***Personal Financial Plan*** section ***II. Vision, Goals and Plans*** and section ***XII. Retirement Planning***. This Investment Plan acknowledges the Risk and Return Objectives of the Team; discusses the Constraints and Guidelines they will follow; describes the specific Investment Policy used; and covers the ongoing Evaluation and Modification that will occur.

C. Principles. This is a principles-based Investment Plan, based on understanding the investment Team, including their vision, goals, plans, budget and tolerance for risk; understanding their savings, investment, retirement, education, mission and giving vision and goals; and using principles-based investing to accomplish those goals. Key principles include:

- Understanding and managing risk
- Being diversified at all times
- Investing low-cost and tax efficiently
- Investing long-term
- Knowing what they invest in
- Monitoring portfolio performance
- Not trying to beat the market, and
- Working only with high-quality individuals and institutions.

II. Investment Goals and Objectives

This section details the Plan's investment vehicles, time frames, and the risk and return objectives.

A. Objectives. The objective of this Investment Plan is to help the Team understand their vision, set goals and plans to accomplish that vision, understand constraints, and share information as necessary with others.

B. Investment vehicles. The Investment Plan proposes the creation and use of multiple sub-accounts to accomplish that vision. These include taxable accounts, including bank, brokerage and mutual funds accounts; retirement accounts, including 401ks/Roth 401ks, IRA/Roth IRAs; education accounts, including Education IRAs or college 529 Savings Plans; and mission accounts, including mutual fund, bank, brokerage, and custodial accounts. Retirement, mission and

education accounts and goals are discussed in the vision and goals, retirement and family sections of the Team's PFP. The Team follows the "free money," "tax-advantaged money," and "tax efficient and wise investing" framework in selecting investment vehicles.

C. Time-frames. This Plan supposes two distinct time frames from which to view the Team's investment objectives. Stage 1 is between now and the Investment Team's 60-65th birthday, is expected to last 35-40 years and is considered the time before retirement. Stage 2 (the period during retirement) is between the Team's 60-65th and 90th birthday and is expected to last 25-30 years.

D. Returns. The Team are not full-time investment professionals. Their return objective is to make a return consistent with the return on a diversified portfolio of acceptable asset classes and assets, which consist mainly of the return on portfolios of mutual funds that follow stocks, bonds, and cash, consistent with the asset allocation targets discussed in Section IV.C.1 and IV.C.2.

1. Stage 1. The Team is seeking a 7.0% return, net of fees for Stage 1. This return is consistent with the historical average of the following portfolio:

> A 15% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 45% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; a 10% international portfolio, as measure by the MSCI EAFE Index; a 5% US REIT portfolio, as measured by the Dow Jones REIT Index; and a 5% Emerging Markets portfolio, as measured by the S&P/IFC Emerging Markets Free.

2. Stage 2. The Team is seeking a 6.0% return, net of fees, for Stage 2. This return is consistent with the historical average of the following portfolio:

> A 45% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 30% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; and a 5% international portfolio, as measure by the MSCI EAFE Index.

E. Risk. From a risk perspective, the Investment Team members are slightly aggressive investors. Consistent with their return objectives, the Team accepts the risk of its weighted benchmarks in both Stage 1 and Stage 2.

1. Stage 1. The Team is comfortable with the risk of the weighted benchmark during Stage 1, which is:

> A 15% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 45% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; a 10% international portfolio, as measure by the MSCI EAFE Index; a 5% US REIT portfolio, as measured by the Dow Jones REIT Index; and a 5% Emerging Markets portfolio, as measured by the S&P/IFC Emerging Markets Free.

2. Stage 2. The Team is also comfortable with the risk of the weighted benchmark during Stage 2, which is:

> A 45% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 30% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; and a 5% international portfolio, as measure by the MSCI EAFE Index.

III. Investment Guidelines and Constraints

Investment guidelines and constraints covers specific items that are unique to this Investment Team and relate to the specific goals and objectives of the Team. These are covered in detail in the "Vision and Goals" section of the PFP.

A. Guidelines. The Team follows a principles-based approach to investing, discussed in I.C. above.

1. Stage 1. During Stage 1, management of accounts during this period will be for capital appreciation and the growth of assets. The majority of the assets invested during this stage should be considered long-term assets and will likely not be needed for many years (up to 40 years). Exceptions to this are the likely purchase of a home in 5 years or when the children leave for college or missions—which is likely to begin in 19-22 years from 2019.

2. Stage 2. During Stage 2, management of accounts during this period will be mainly for income generation and capital preservation with a secondary goal of building assets that will allow the Investment Team to enjoy retirement, serve a mission, prepare for increased health costs, and pass on to their heirs a small portion of assets consistent with the Investment Team's long-term goals and values. Major funding needs during this Stage are likely to be for missions, financial aid for grandchildren's missions and education, funding for travel, and other reasons not specified.

B. Constraints. Key constraints for the Investment Team based on their specific needs are liquidity, time horizon, taxes, and special needs.

1. Liquidity: Liquidity constraints are likely for purchase of a home, education and missions for the children, a mission when we retire, and travel when retired. These goals should be planned for in the Investment account. Constraints will vary depending on the account type. Key liquidity concerns will be for a home purchase in five years (when Nathan is 30 years old) and mission and education spending in 19-22 years. At no point in time will the Team's Emergency Fund be less than 4-6 months' income.

2. Time horizon: Time constraints will vary depending on account type. Assets invested in taxable accounts will have a 40-year time horizon, except for the portion used for the purchase of their first home or for other purposes not specified. Assets invested in retirement accounts, i.e., 401k, IRA, Roth IRA, and retirement plans will have a minimum of a 35-year time horizon or until retirement. Assets invested in education and mission accounts—being an Education IRA or 529 Savings Plans—will have a minimum time horizon of 18-years considering the Team's oldest child is not yet born and will be going

to college at age 20 if they choose to serve a mission (18 otherwise). Assets invested in the Investment account and custodial accounts will have a shorter time horizon, as these will be used to purchase a home, send the children on missions, educate children, etc.

3. Taxes: Taxes should be considered when considering the most attractive assets to purchase. The Team is in the 10% marginal federal tax bracket and in the 5% marginal Utah state tax bracket (excluding local taxes). The Team's average tax rate on (taxable income, AGI is 0%. We expect the federal marginal tax rate to rise to 12%, then 22% within the next five years and the average tax rate to rise as well. The average tax rate has historically been 0% due to the American Opportunity/Lifetime Learning Credits.

4. Unique needs: The team does not currently have any unique needs.

IV. Investment Policies, Plans and Strategies

Investment policy covers how the portfolios will be managed, and include acceptable and unacceptable asset classes, investment benchmarks, asset allocation strategy, investment strategy, funding strategy, and new investment strategy.

A. Acceptable investments. Initially, the Investment Team will invest in mutual funds, index funds, and ETFs, which invest in bonds and cash, stocks, and other asset classes. The Investment Team will invest in no-load mutual funds with an emphasis on funds that have no-loads, low management fees, low turnover, and cost minimization.

1. Acceptable Asset Classes. Acceptable asset classes and assets include the following

a. Bonds and Cash. The portfolios will contain bond mutual funds, bond index funds and bonds including Corporate bonds, Treasury bonds, and Municipal bonds, particularly as the Team's tax bracket rises. The Team will also likely invest in cash funds as well. Cash will usually mean Money Market accounts, High Yield Savings, Certificates of Deposit, Short-term Commercial Paper, and other short-term debt instruments. Initially, the bonds and bond mutual funds and cash allocation will be considered the Team's Emergency Fund.

b. Stocks. The portfolios will include stock mutual funds, stock index funds, and stocks including US stocks, ADRs, international stocks, and emerging market stocks. These stock funds will be managed in a diversified manner, spread across countries, industries and companies.

c. Other Assets. Portfolios may also include other assets, which would typically mean Real Estate Investment Trusts (REITS), gold mutual funds, which, in an asset class sense, are not viewed as "stocks" because of their unique nature.

2. Unacceptable Asset Classes. The Team will not invest in asset classes or assets where the Team has no discernable specific advantage, i.e. derivatives, collectibles, foreign currencies, options, futures, etc.

3. Debt. The Team will not invest in activities that require debt, i.e., the borrowing of cash or securities, such as buying on margin or short selling, as these add significant risk to the portfolio. Leverage will not be used in the portfolio.

B. Investment Benchmarks. The Investment Team's investment benchmarks are:

1. Stage 1. The weighted investment benchmark for Stage 1 is:

A 15% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 45% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; a 10% international portfolio, as measure by the MSCI EAFE Index; a 5% US REIT portfolio, as measured by the Dow Jones REIT Index; and a 5% Emerging Markets portfolio, as measured by the S&P/IFC Emerging Markets Free.

2. Stage 2. The weighted investment benchmark for Stage 2 is:

A 45% US bond portfolio, as measured by the Barclays Aggregate Bond Index; a 30% US large cap portfolio, as measured by the S&P 500 index; a 20% US small cap portfolio, as measure by the Russell 2000; and a 5% international portfolio, as measure by the MSCI EAFE Index.

C. Asset Allocation Strategy. Asset allocation is the key determinant of returns. As such, the following are target, minimum, and maximum allocations for each of the asset classes by stage. We include minimum and maximum allocations to limit turnover in the portfolios.

1. Stage 1. Until retirement, assets are invested mainly for appreciation. They will be managed for moderately aggressive growth, with a goal of maximizing after-tax returns. The portfolios will have the following targets:

	Target	Minimum	Maximum
Equities/US & Intl:	**80%**	**60%**	**90%**
Bonds and Cash:	**15%**	**5%**	**35%**
Other (REITs):	**5%**	**0%**	**10%**

2. Stage 2. After retirement, the asset allocation will be as follows:

	Target	Minimum	Maximum
Equities/ US & Intl:	**55%**	**35%**	**65%**
Bonds and Cash:	**45%**	**35%**	**65%**
Other (REITs):	**0%**	**0%**	**5%**

D. Investment Strategy. The Investment Team are not full-time investment professionals. As such, they have the following investment strategy.

1. Active versus passive. The Team's investment strategy is a blend of active and passive management. Approximately 70% of the Account assets will be managed in a passive strategy, with an emphasis on very low-cost indexing. The remaining 30% will be invested

in assets that have a proven record of adding value over and above the stated benchmarks. Assets will be invested to minimize current taxes, realize long-term capital gains, and to defer, as much as possible, long-term capital gains until retirement.

*2. **Individual Assets.*** While trading in individual assets is not recommended, after the total portfolio exceeds a threshold amount of $750,000, the Team may invest in individual assets. Should the Team want to be more active in its trading strategy, this will be done through tax-deferred or retirement, rather than taxable accounts. In this manner, the overall portfolio will not be impacted by taxes resulting from increased turnover.

*3. **New Investments**.* Key for the Investment Team is to maintain a diversified portfolio that will aid in the achievement of the Team's personal vision and goals. These will include:

> *a. **New Investments.*** The Team will invest not more than 7% of the total portfolio amount in any new or individual asset or investment. Index funds, mutual funds and ETFs do not fall under this category unless they have portfolios with less than 50 assets.
>
> *b. **Investments in Company Stock**.* The Team will ensure that at no time will the investments in company stock in the Team's 401k retirement plan account for more than 8% of the Team's total retirement assets.
>
> *c. **Unlisted Investments**.* If the Team decides to invest in assets not listed on recognized stock exchanges, this allocation will be limited to 2% of the total portfolio amount.

*4. **Current Investment Strategy.*** Currently the Investment Team is in Stage 1 of the investment process. The investments and allocations for this Stage are listed in Exhibit 2: Investment Process Worksheet (LT13). These include for each asset, the asset class, benchmarks, and financial asset that will give exposure to the asset class.

The Team has reviewed the specific assets that have been invested in and have ensured they are acceptable by reviewing each assets category, size, diversification, costs, tax efficiency, turnover, un-invested cash, style drift, tracking error, performance, and other factors from the Mutual Fund Selection Worksheet (LT7B).

*5. **Tax Strategy**.* The Team will utilize retirement vehicles that diversify taxes, i.e., they will not all be taxed the same time. A rough goal will be to have 40% in tax-deferred vehicles, 30% in taxable assets, and 30% in tax eliminated accounts. With these targets, the Team has targeted a Federal tax rate of 12% in retirement.

E. Funding Strategy. Funding of accounts will be consistent with the "priority of money" discussed in the Personal Finance class, namely, first, free money; second, tax advantaged money; and third, tax efficient and wise investing.

The Investment Team will fund the above strategy through monthly direct deposits to their retirement plans and monthly direct deposits to their investment accounts. The Team has a goal to pay the Lord first 10% plus other offerings, 10-20% to the Team second, and then to budget and

live on the remainder. This account should grow, consistent with a 20% gross allocation of the Team's salary each month.

V. Investment Monitoring, Rebalancing and Accountability

Investment monitoring and evaluation covers how the portfolios will be monitored and evaluated, including portfolio monitoring and reporting, portfolio rebalancing, and portfolio communication.

A. Monitoring. The portfolio will be monitored weekly, or more often as the need requires.

> ***1. Portfolio monitoring method.*** The Portfolio will be reviewed weekly in a meeting held with the Investment Team on Sunday at 9a.m. to discuss financial matters including budgets, cost reduction, other topics, and the portfolio. This is the most critical financial meeting of the Investment Management Team.

B. Rebalancing. The portfolio will be rebalanced on an annual or as needed basis. Rebalancing will attempt to minimize transactions costs and turnover through using new money to rebalance portfolios and by using charitable donations of appreciated assets to reallocate assets between asset classes. Cost and tax minimization remain key areas during rebalancing during stages 1 and 2.

> ***1. Portfolio rebalancing method.*** The portfolio will be rebalanced using periodic-based rebalancing.

C. Accountability. Nathan Downey will ensure good communication in several ways: The Investment Team will receive trade confirmations as they happen; a monthly statement from the custodian; and a written annual report. Success will be measured by the achievement of the Goals and Objectives, as stated above.

> ***1. Portfolio accountability method.*** In addition to the weekly monitoring, the Investment Team will review performance annually to ensure investment performance is consistent with plans. Investments are evaluated on a rolling 12-month basis.

D. Plan Revisions. This Investment Plan may be modified at any time by mutual consent of the Investment Team based on changes in Team's objectives or circumstances. The amount of the monthly deposit to the 401k, retirement, and investment account(s) will also be evaluated from time to time, but at no point will fall below the 10-20% recommended goal.

E. Team Signatures:

Signed: _____ Date: 11/6/19

Signed: _____ Date: 11/6/19

VI. Exhibits

Exhibit 1

Exhibit 1. Return Objective Simulation (LT 27)
using Historical Asset Class Returns and Benchmarks to 2018
Personal Finance: Another Perspective

Items in the blue are changed only by using Excel drop-down boxes. Items in green are typed in manually. Light blue items are the different asset classes. Dark blue items are the time frames chosen. Make sure allocations add to 100%. The period is the historical return for the asset class over that specific number of years. For example, if the return was for 90 years, the returns and standard deviation are for the period ending above and beginning 90 years earlier. US returns are calculated using Ibbotsen data, and International, Emerging Market, and REIT data are from MSCI through Bloomberg.

Asset Class 1:	US T-bond
Asset Class:	US T-bond
Period:	50
Weight:	15%
Mean	8.0%
Stdev	11.3%
Suggested Benchmarks:	Barclays Aggregate US Aggregate (BofA) US Investment Grade (Citigroup)

Asset Class 2:	US Large Cap
Asset Class:	US Large Cap
Period:	50
Weight:	45%
Mean	9.7%
Stdev	15.0%
Suggested Benchmarks:	S&P 500 Russell 200 Russell 1000

Asset Class 3:	US Small Cap
Asset Class:	US Small Cap
Period:	50
Weight:	20%
Mean	11.0%
Stdev	21.2%
Suggested Benchmarks:	Russell 2000 S&P 600 Russell Sm.Cap Completeness

Asset Class 4:	International
Asset Class:	International
Period:	25
Weight:	10%
Mean	6.9%
Stdev	16.0%
Suggested Benchmarks:	MSCI EAFE S&P1500 MSCI World Free Ex-US

Optional	
Asset Class 5:	US REIT
Asset Class:	US REIT
Period:	10
Weight:	5%
Mean	7.4%
Stdev	39.1%
Suggested Benchmarks:	Dow Jones REIT MSCI US REIT S&P REIT

Optional	
Asset Class 6:	Emerging Markets
Asset Class:	Emerging Markets
Period:	25
Weight:	5%
Mean	8.0%
Stdev	22.4%
Suggested Benchmarks:	S&P/IFC Emerging Markets Free MSCI Emerging Markets Free S&P/IFC Emerging Markets Global

Total Portfolio Weight	**100%**
Weighted Return using Historical Data	**9.2%**
Recommended Expected Return: This return or less	**7.0%**

Caution:
Your Expected Return is > than 7.5%. I recommend you use a Return Objective of 7.0% (maximum) or less for your Investment Plan.

Notes:

1. Your Expected Return on your Investment Plan should be less than 7.5% (section LA.1), regardless of the return in cell F51.
2. This spreadsheet is for information purposes only, and is to give you an idea of historic returns over specific periods.
3. For the purpose of your Investment Plan, you need to have a minimum of 4 asset classes for diversification.
4. Emerging Markets and International have only 25 years of data, while REITS have only 10 years. Using longer periods than these will result in the returns not being calculated.

Exhibit 2

Exhibit 2

Exhibit 2. The Investment Process Worksheet (LT 13)
Panels I & II: Asset Allocation Targets and Current Holdings

Directions: Fill in the light green cells with your data. This includes your annual salary (H11), Emergency Fund goal (H14), Portfolio Choice (L11), and your asset classes that you select (D23:D38). Fill in the darker green areas with your proposed/existing holdings in the 1. Target Allocations section (E24:E40) consistent with asset classes, as well as your Fund tickers (D24:D40). Type in your proposed allocation targets in the Taxable and Retirement columns. Finally, add your actual holdings to the green part of Panel 2. Actual Holdings (K52:L68). Panel 3 will be where you should be investing based on your asset allocation targets (K84:L100).

Annual Salary			62,000	Portfolio Choice:	Initial Portfolio Target
	3 months	6 months		Initial Target Portfolio $ Goal	[illegible]
Emergency Fund (3-6 months of annual salary)	15,500	31,000		Next Target Portfolio $ Goal	250,000
Emergency Fund Goal			21,000	Current Portfolio Value	7,036

Following are your Target Allocations. These should come from your Investment Plan

Panel I. Asset Allocation Targets

These are from Section IV.C. of your Investment Plan

Phase	Asset Class/ Ticker	Investment Benchmark/ Fund Name	1. Target Allocations From your PFP (Note 1) In Percent: Taxable	Retirement	Total	In Dollars: Taxable	Retirement	Total
I. Emergency Fund:	Bonds/Cash	Barclay's Aggregate						
	VBISX	Vanguard Short-Term Bond Index Fund	15%		15%	21,000		21,000
					0%			
II. Core:	Large Cap	S&P 500 Index						
	SWPPX	Schwab S&P 500 Index Fund	20%	25%		28,000	35,000	63,000
III. Diversify 1:	Small Cap	Russell 2000 Index						
	NAESX	Vanguard Small Capitalization Index Fund	10%	10%		14,000	14,000	28,000
Diversify 2:	International	MSCI EAFE Index						
	SWISX	Schwab International Index Fund	0%	10%			14,000	14,000
Diversify 3:	REIT	Dow Jones REIT Index						
	VGSIX	Vanguard Real Estate Index Fund	0%	5%			7,000	7,000
Diversify 4:	Emerging Markets	S&P/IFC Emerging Markets Free						
	VEIEX	Vanguard Emerging Markets Stock Index Fund	0%	5%			7,000	7,000
	Total Target Allocations		45%	55%	100%	63,000	77,000	140,000

Note: The Total box must add up to 100%.

Following are your Current Holdings. These should come from your brokerage/mutual fund report

Panel II. Current Holdings from your Financial Reports

These are from your brokerage reports

Phase	Asset Class	Investment Benchmark / Financial Assets	2. Actual Holdings from your bank/broker Reports (Note 2) In Percent: Taxable	Retirement	Total	In Dollars: Taxable	Retirement	Total
I. Emergency Fund:	Bonds/Cash	Barclay's Aggregate						
	VBISX	Vanguard Short-Term Bond Index Fund	72%	4%	76%	5,100	270	5,370
			0%	0%	0%			
II. Core:	Large Cap	S&P 500 Index						
	SWPPX	Schwab S&P 500 Index Fund	0%	15%	15%		1,035	1,035
			0%	0%	0%			
III. Diversify 1:	Small Cap	Russell 2000 Index						
	NAESX	Vanguard Small Cap Index Investors	0%	2%	2%		129	129
			0%	0%	0%			
Diversify 2:	International	MSCI EAFE Index						
	SWISX	Schwab International Index Fund	0%	7%	7%		502	502
			0%	0%	0%			
Diversify 3:	REIT	Dow Jones REIT Index						
	VGSIX	Vanguard Real Estate Index Fund	0%	0%	0%			
			0%	0%	0%			
Diversify 4:		S&P/IFC Emerging Markets Free						
	VEIEX	Vanguard Emerging Markets Stock Index Investors	0%	0%	0%			
			0%	0%	0%			
	Total Actual Holdings		72%	28%	100%	5,100	1,936	7,036

Teaching Tool 13 - The Investment Process
Panel III: Target Less Actual Differences

Panel III. Target Holdings Differences from Plan

These are what you still need to buy or (sell) to reach your targets

Phase	Asset Class	Financial Asset	3. PFP Targets less Actual (Differences) (Note 3) In Percent: Taxable	Retirement	Total	In Dollars: Taxable	Retirement	Total
I. Emergency Fund:	Bonds/Cash	Barclay's Aggregate						
	VBISX	Vanguard Short-Term Bond Index Fund	12%	0%	12%	15,900	(270)	15,630
			0%	0%	0%	-	-	-
II. Core:	Large Cap	S&P 500 Index						
	SWPPX	Schwab S&P 500 Index Fund	21%	26%	47%	28,000	33,965	61,965
			0%	0%	0%	-	-	-
III. Diversify 1:	Small Cap	Russell 2000 Index						
	NAESX	Vanguard Small Capitalization Index Fund	11%	10%	21%	14,000	13,871	27,871
			0%	0%	0%	-	-	-
Diversify 2:	International	MSCI EAFE Index						
	SWISX	Schwab International Index Fund	0%	10%	10%	-	13,498	13,498
			0%	0%	0%	-	-	-
Diversify 3:	REIT	Dow Jones REIT Index						
	VGSIX	Vanguard Real Estate Index Fund	0%	5%	5%	-	7,000	7,000
			0%	0%	0%	-	-	-
Diversify 4:		S&P/IFC Emerging Markets Free						
	VEIEX	Vanguard Emerging Markets Stock Index Fund	0%	5%	5%	-	7,000	7,000
			0%	0%	0%	-	-	-
		Total Left to Buy (Sell) to Reach Targets	44%	56%	100%	57,900	75,064	132,964

Notes:

1. Target Allocation percentages come from your Investment Plan section III.C.1. and are your allocations for until retirement. Once you multiply these allocations times your Initial Target Portfolio $ Goal, it will give you your initial goal for your portfolio. If done correctly, your target allocation for your Emergency Fund times your initial target portfolio $ goal should give your Emergency Fund goal.
2. These are your actual holdings from your bank statements, brokerage reports, or other software. These are your current holdings you have in your investment or savings accounts. If you have nothing invested yet, these areas should be blank. This program will automatically calculate your current allocation percentages.
3. This is your Personal Financial Fund targets less your Actual Holdings, or your differences between your goals of what you want and what you have. Notice that this is calculated automatically. These are the amounts you need to buy or sell.

Exhibit 3

Mutual Fund Selection Worksheet (LT07B)
What Makes a Good Mutual Fund?
2019

	Asset Classes:	Large Capitalization	Small Capitalization	Emergency Funds	International	Emerging Markets	REITs
Fund Ticker:	**Morningstar Tab**	SWPPX	NAESX	VBISX	SWISX	VEIEX	VGSIX
Fund Family:	Quote:	Schwab	Vanguard	Vanguard	Schwab	Vanguard	Vanguard
Category:	Quote:	Large B	Small B	ST Bond	Foreign LB	Div. EMs	Real Estate
Asset Size:	Quote:	$37.0bn	$81 bn	$50.3bn	$4.1bn	$95.8bn	$54.6bn
Index Fund:	Quote:	Y	Y	Y	Y	Y	Y
Minimum Purchase	Quote:	0	3,000	3,000	0	3,000	3,000
1. Low Un-Invested Cash							
Cash Percentage:	Quote:	0.35%	2.28%	0.79%	0.67%	1.48%	0.31%
2. No Manager Style Drift (N = No)							
Style Drift:	Portfolio: Summary	N	N	N	N	N	N
3. Broad Diversification							
Total Holdings:	Portfolio: Holdings	508	1,420	2,511	908	4,086	185
Assets in top 10:	Portfolio: Holdings	21.45%	2.78%	14.41%	11.47%	17.99%	0.38%
4. Low Turnover							
Turnover:	Portfolio: Holdings	2%	14%	50%	4%	6%	7%
Category Average:	Portfolio: Holdings	57%	63%	94%	56%	63%	80%
5. Low Cost							
No-load Fund:	Expense	Y	Y	Y	Y	Y	Y
Initial (front) Load:	Expense	0	0	0	0	0	0
Deferred Load:	Expense	0	0	0	0	0	0
Redemption (back):	Expense	0	0	0	0	0	0
Management Fee:	Expense	0.03%	0.18%	0.15%	0.19%	0.32%	0.26%
MF Category Avg.:	Expense	0.96%	1.22%	0.75%	1.19%	1.52%	1.30%
12-b1 Fee:	Expense	0	0	0	0	0	0
6. Tax Efficient							
Tax-adj Return:	Tax						
Avg. rank in Category:	Tax	15	25	57	39	57	39
7. Small (or positive) Tracking Error							
Avg. Tracking Error:	Perf.: +/- Cat.	-0.08%	1.07%	-0.19%	0.62%	-0.66%	0.54%
8. Good Performance							
Rank in Cat.:	Perf.: Rank in Cat.	25	39	52	42	51	43
9. Other Factors							
Closed to New Inv.	Purchase	N	N	N	N	N	N
Starting Year:	Management	1997	1960	1994	1997	1994	1996
Manager Tenure:	Management	NA	NA	NA	NA	NA	NA
Date Added:		3/27/19	10/1/17	3/28/18	10/1/17	3/26/18	3/26/18

EH

Vanguard Short-Term Bond Index Inv

Ticker	Yield	SEC Yield	Total Assets	Morningstar Category
VBISX	2.1%	1.71%	$26,463 mil	Short-Term Bond

Benchmark 1: BBgBarc US Govt/Credit 1-3 Yr TR USD
Benchmark 2: BBgBarc US Agg Bond TR USD

Morningstar Analyst Rating 08-19-19

Silver

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Positive
Parent	Positive
Price	Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

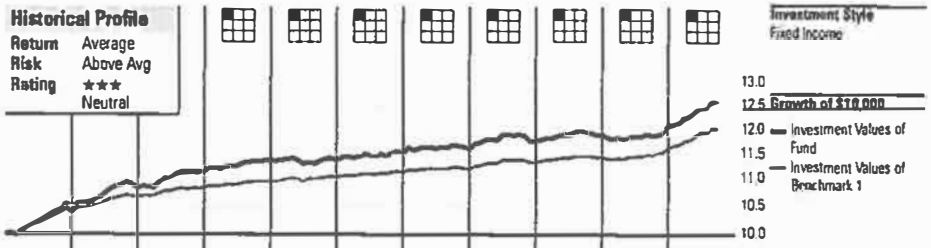
Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile

Return: Average
Risk: Above Avg
Rating: ★★★ Neutral

Investment Style: Fixed Income



Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
10.42	10.55	10.61	10.63	10.49	10.48	10.43	10.43	10.38	10.31	10.59	NAV
4.28	3.92	2.96	1.95	0.07	1.16	0.85	1.41	1.10	1.27	4.41	Total Return %
0.45	1.12	1.37	0.69	-0.58	0.39	0.20	0.13	0.25	-0.33	0.99	+/- Bmark 1
-1.65	-2.63	-4.88	-2.27	2.09	-4.81	0.30	-1.24	-2.45	1.26	-4.11	+/- Bmark 2
2.89	2.22	1.85	1.46	1.10	1.11	1.24	1.41	1.58	1.93	1.68	Income Return %
1.39	1.70	1.12	0.49	-1.03	0.04	-0.39	0.00	-0.49	-0.66	2.73	Capital Return %
65	47	13	81	64	36	12	67	80	34	34	Total Rtn % Rank Cat
0.29	0.23	0.19	0.15	0.12	0.12	0.13	0.15	0.16	0.20	0.17	Income $
0.00	0.05	0.06	0.03	0.03	0.02	0.01	0.00	0.00	0.00	0.00	Capital Gains $
0.22	0.22	0.22	0.20	0.20	0.20	0.16	0.15	0.15	0.15	—	Expense Ratio %
2.78	2.15	1.81	1.44	1.09	1.10	1.23	1.38	1.57	1.94	2.21	Income Ratio %
77	60	67	51	50	45	52	51	50	48	—	Turnover Rate %
5,283	4,226	3,802	3,185	3,003	2,667	2,307	1,865	1,545	1,143	88	Net Assets $mil

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	0.99	-0.07	0.61	-0.66	0.85
2016	1.58	0.91	0.07	-1.14	1.41
2017	0.47	0.58	0.40	-0.35	1.10
2018	-0.53	0.17	0.21	1.42	1.27
2019	1.62	1.81	0.93	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	0.93	0.24	-1.34	31	10,093
6 Mo	2.75	0.56	-2.67	19	10,275
1 Yr	5.90	1.26	-4.40	15	10,590
3 Yr Avg	1.86	0.04	-1.07	66	10,568
5 Yr Avg	1.86	0.27	-1.51	46	10,968
10 Yr Avg	1.93	0.41	-1.82	63	12,101
15 Yr Avg	2.75	0.32	-1.46	43	15,021

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	1.10	58	0.74	28
5 Yr (estimated)	1.17	34	0.68	32
10 Yr (estimated)	1.25	55	0.66	27

Potential Capital Gain Exposure: -2% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	5.90			
3 Yr	1.86	Avg	+Avg	★★★
5 Yr	1.86	Avg	+Avg	★★★
10 Yr	1.93	Avg	Avg	★★★
Incept	4.02			

Other Measures	Standard Index	Best Fit Index
Alpha	-0.3	-0.2
Beta	0.42	1.20
R-Squared	91	99

Standard Deviation	1.51
Mean	1.86
Sharpe Ratio	0.17

Portfolio Analysis 08-31-19

Total Fixed Income: 2388	Date of Maturity	Amount 000	Value $000	% Assets
United States Treasury	03-31-21	1,084,136	1,078,043	2.19
United States Treasury	10-31-21	870,336	865,576	1.76
United States Treasury	08-31-21	644,158	639,127	1.30
United States Treasury	05-15-24	588,899	617,885	1.26
United States Treasury	08-15-24	579,658	606,195	1.23
United States Treasury	11-30-20	577,760	577,217	1.17
United States Treasury	09-30-21	548,868	544,411	1.11
United States Treasury	03-31-24	518,754	535,048	1.09
United States Treasury	08-31-22	525,501	528,376	1.07
United States Treasury	05-31-21	514,165	512,396	1.04
United States Treasury	10-31-20	498,906	496,801	1.01
United States Treasury	02-28-23	478,013	497,430	1.01
United States Treasury	11-15-23	465,537	490,704	1.00
United States Treasury	01-31-22	479,320	483,663	0.98
United States Treasury	05-31-24	468,278	481,081	0.98
United States Treasury	01-31-23	454,278	468,474	0.95
United States Treasury	01-15-21	454,286	456,344	0.93
United States Treasury	11-30-22	435,660	443,419	0.90
United States Treasury	12-31-22	423,977	433,584	0.88
United States Treasury	09-30-23	411,764	435,440	0.88

Morningstar's Take by Neal Kosciulek 08-19-19

Vanguard Short-Term Bond Index Fund is an excellent low-risk bond fund. It accurately captures its conservative target investment universe and is one of the cheapest funds in its Morningstar Category, earning a Morningstar Analyst Rating of Silver.

The strategy tracks the Bloomberg Barclays U.S. 1–5 Year Government/Credit Float Adjusted Index, which includes investment-grade corporate and government bonds with one to five years until maturity. The index is weighted by market-value, tilting the portfolio toward the largest, most-liquid issues, which are easy to get and cheap to trade. This approach also harnesses the market's collective wisdom about each security's relative value. That said, bond-issuing activity influences the portfolio's composition. The portfolio keeps a larger position in Treasuries than most other funds in its category, which limits its return potential and risk. It has 65% of its assets in Treasuries and 25% in corporate debt, compared with the short-term bond category average of 15% in Treasuries and 45% in corporate debt. The short-term Treasury market is highly liquid, reflecting the market's inflation and interest-rate expectations, and it is tough for active managers to gain an edge. While their default risk is low, corporate bonds carry credit risk and consequently they offer higher expected returns than Treasury bonds of similar maturities.

This is a conservative portfolio. It has minimal credit risk, as Treasuries are backed by the full faith and credit of U.S. government. And its investment-grade corporate debt has low default risk. The portfolio courts more interest-rate risk than most of its peers, but its interest-rate risk is still low in absolute terms and it provides strong downside protection. It outperformed its category average by 98 basis points during the high-yield sell-off in 2018's fourth quarter.

The performance of the strategy during the trailing 10 years through July 2019 has been solid, but not spectacular. Its returns have lagged its category average by approximately 21 basis points, ranking in the middle third of the short-term bond category.

Current Investment Style

Duration	Ltd	Mod	Ext
Quality: High	■		
Avg			
Low			

† figure provided by fund

Avg Eff Duration†	2.7
Avg Eff Maturity	2.9 Yrs
Avg Credit Quality	AA
Avg Wtd Coupon	2.40%
Avg Wtd Price	102.11% of par

Coupon Range	% of Bonds
0% PIK	0.0
0% to 4%	94.1
4% to 6%	5.3
6% to 8%	0.3
8% to 10%	0.3
More than 10%	0.0

Credit Analysis	% bonds 08-31-19		
AAA	71	BB	0
AA	4	B	0
A	11	Below B	0
BBB	13	Not Rated	0

Sector Breakdown	% Assets
Government	65
Government Related	8
Corporate	26
Agency MBS	0
Non-Agency Residential MBS	0
Commercial MBS	0
Covered Bond	0
Asset Backed	0
Municipal	0
Cash & Equivalents	1
Other	0

Composition - Net			
Cash	0.8	Bonds	98.6
Stocks	0.0	Other	0.6

Special Securities	
Restricted/Illiquid Secs	0
Emerging-Markets Secs	1
Options/Futures/Warrants	0

Address:	Vanguard Bond Index Funds Valley Forge PA 19482 800-662-7447	Minimum Purchase:	$3000	Add: $1 IRA: —
		Min Auto Inv Plan:	—	Add: —
		Sales Fees:	No-load	
Web Address:	www.vanguard.com	Management Fee:	0.13%	
Inception:	03-01-94	Actual Fees:	Mgt:0.13%	Dist:—
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$48	5Yr:$85 10Yr:$192
Subadvisor:	None	Income Distribution:	Monthly	

Schwab® S&P 500 Index

Ticker	Yield	Total Assets	Mstar Category
SWPPX	1.8%	$39,400 mil	Large Blend

Benchmark 1: Russell 1000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 03-08-19

Gold

Morningstar Pillars

Process	Positive
Performance	Positive
People	Neutral
Parent	Positive
Price	Positive

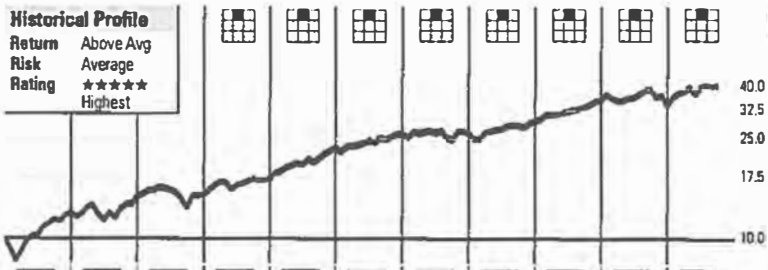
Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile

Return: Above Avg
Risk: Average
Rating: ★★★★★ Highest



Investment Style: Equity

Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
17.34	19.57	19.57	22.19	28.85	32.16	31.56	34.42	41.19	38.31	46.17	NAV
26.25	14.97	2.07	15.91	32.27	13.57	1.29	11.82	21.79	-4.42	20.52	Total Return %
-2.18	-1.13	0.57	-0.51	-0.84	0.33	0.37	-0.24	0.11	0.36	-0.01	+/- Bmark 1
-0.21	-0.09	-0.05	-0.09	-0.11	-0.12	-0.10	-0.14	-0.04	-0.04	-0.04	+/- Bmark 2
1.75	2.07	2.03	2.51	2.17	2.01	2.11	2.17	2.09	2.05	0.00	Income Return %
24.50	12.90	0.04	13.40	30.10	11.56	-0.82	9.64	19.71	-6.47	20.52	Capital Return %
56	30	17	37	43	19	21	29	29	26	32	Total Rtn % Rank Cat
0.24	0.36	0.40	0.49	0.48	0.58	0.68	0.69	0.72	0.84	0.00	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.32	0.19	0.02	0.18	0.00	Capital Gains $
0.16	0.10	0.10	0.10	0.09	0.09	0.09	0.09	0.05	0.03	0.02	Expense Ratio %
2.09	1.97	1.96	2.09	2.10	1.89	2.07	2.12	2.01	1.88	2.34	Income Ratio %
3	2	3	2	1	2	2	2	2	2	—	Turnover Rate %
9,382	10,683	10,994	12,827	18,101	20,969	21,367	24,018	31,658	32,125	39,400	Net Assets $mil

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	0.90	0.28	-6.45	7.01	1.29
2016	1.30	2.44	3.82	3.79	11.82
2017	6.04	3.10	4.46	6.64	21.79
2018	-0.78	3.43	7.71	-13.53	-4.42
2019	13.63	4.30	1.70	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	1.70	0.28	0.00	41	10,170
6 Mo	6.06	0.33	-0.01	35	10,606
1 Yr	4.21	0.34	-0.04	34	10,421
3 Yr Avg	13.34	0.15	-0.05	20	14,561
5 Yr Avg	10.76	0.14	-0.08	16	16,670
10 Yr Avg	13.16	-0.07	-0.08	12	34,416
15 Yr Avg	8.96	-0.21	-0.05	22	36,209

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	12.71	12	0.56	19
5 Yr (estimated)	10.12	8	0.58	17
10 Yr (estimated)	12.65	3	0.45	10

Potential Capital Gain Exposure: 48% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	4.21			
3 Yr	13.34	+Avg	Avg	★★★★
5 Yr	10.76	+Avg	Avg	★★★★
10 Yr	13.16	+Avg	-Avg	★★★★★
Incept	7.78			

Other Measures	Standard Index	Best Fit Index
Alpha	0.0	0.0
Beta	1.00	1.00
R-Squared	100	100
Standard Deviation	12.18	
Mean	13.34	
Sharpe Ratio	0.96	

Portfolio Analysis 08-31-19

Total Stocks: 505
Share change since 07-31-19

	Sector	YTD Ret %	% Assets
⊕ Microsoft Corp	Technology	38.24	4.32
⊕ Apple Inc	Technology	43.43	3.73
⊕ Amazon.com Inc	Cnsmr Cyc	15.58	3.00
⊕ Facebook Inc A	Technology	35.85	1.82
⊕ Berkshire Hathaway Inc B	Finan Svcs	1.88	1.61
⊕ Alphabet Inc Class C	Technology	17.71	1.49
⊕ Alphabet Inc A	Technology	16.86	1.46
⊕ JPMorgan Chase & Co	Finan Svcs	23.02	1.46
⊕ Johnson & Johnson	Hlth Care	2.43	1.39
⊕ Visa Inc Class A	Finan Svcs	30.94	1.29
⊕ Procter & Gamble Co	Cnsmr Def	37.72	1.23
⊕ Exxon Mobil Corp	Energy	7.30	1.18
⊕ AT&T Inc	Comm Svcs	37.95	1.05
⊕ Mastercard Inc A	Finan Svcs	44.48	1.03
⊕ The Home Depot Inc	Cnsmr Cyc	37.41	1.02
⊕ Bank of America Corporati	Finan Svcs	20.33	0.99
⊕ The Walt Disney Co	Cnsmr Cyc	19.65	0.98
⊕ Verizon Communications In	Comm Svcs	10.58	0.98
⊕ Chevron Corp	Energy	12.30	0.92
⊕ Merck & Co Inc	Hlth Care	12.33	0.91

Current Investment Style

Value Blend Growth	Market Cap	%
Large	Giant	55.5
Mid	Large	34.3
Small	Mid	10.2
	Small	0.0
	Micro	0.0

Avg $mil: 110,286

Value Measures		Rel Category
Price/Earnings	17.92	1.03
Price/Book	3.07	1.03
Price/Sales	2.10	1.07
Price/Cash Flow	9.23	1.01
Dividend Yield %	2.04	1.01

Growth Measures	%	Rel Category
Long-Term Erngs	9.80	0.98
Book Value	4.44	1.13
Sales	7.09	0.98
Cash Flow	13.24	1.03
Historical Erngs	13.64	0.95

Profitability	%
Return on Equity	26.41
Return on Assets	9.11
Net Margin	17.44

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	32.81	0.95
BasicMat	2.37	0.92
CnsmrCyc	11.91	0.99
FinanSvcs	15.69	1.01
Real Est	2.84	0.67
Sensitive	41.82	1.01
CommSrvs	3.75	1.16
Energy	4.42	1.03
Industrl	10.17	0.98
Technlgy	23.48	0.99
Defensive	25.37	1.05
CnsmrDef	8.10	1.07
Hlthcare	13.80	1.05
Utilities	3.47	1.02

Composition - Net

Cash	0.1
Stocks	99.9
Bonds	0.0
Other	0.0
Foreign (% of Stock)	1.0

Morningstar's Take by Adam McCullough 03-08-19

Schwab S&P 500 Stock Index is an excellent pick for market-cap-weighted exposure to U.S. large-cap stocks. The strategy's powerful combination of broad diversification and rock-bottom fee support its Morningstar Analyst Rating of Gold.

The fund tracks the S&P 500, a market-cap-weighted index that includes large-cap stocks representing about 80% of the U.S. stock market. A committee selects the index's holdings which offers more flexibility than indexes that adhere to rigid rules, but also reduces transparency. However, the S&P 500's performance has been, and should continue to be, highly correlated with large cap indexes that follow mechanical rules.

By using market cap to weight its holdings, the fund relies on the cumulative knowledge aggregated in stock prices to size its positions. While the market has done a good job valuing stocks over the long haul, it has gone through episodes of mania and panic. But this risk is worth the cost advantage gained from market-cap weighting, and the fund's broad reach helps to diversify firm-specific risk. Market cap-weighted index funds are cheaper to run than most actively managed funds because they require fewer investment personnel.

Low turnover is a key advantage of the fund's broad market-cap-weighted approach. Lower turnover equates to lower transaction costs and a smaller likelihood of taxable capital gains distributions. The fund's average turnover over the past decade measured a small fraction of its average category peer. Despite its low turnover, the fund has distributed very small capital gains in 2015–18.

The fund's durable cost advantage has translated into strong category-relative performance. During the past decade through February 2019, the fund outpaced the large-blend Morningstar Category by 1.3% annually. Because this index fund remains fully invested, it suffered a larger drawdown than the category average during the financial crisis. But its smaller cash drag pays off during bull markets. The fund's performance during the market recovery more than made up for its larger drawdown.

Address:	Schwab Capital Trust San Francisco, CA 94105 877-824-5615	Minimum Purchase:	$0	Add: —	IRA: —
		Min Auto Inv Plan:	—	Add: —	
		Sales Fees:	No-load		
Web Address:	www.schwab.com	Management Fee:	0.02%		
Inception:	05-19-97	Actual Fees:	Mgt 0.02%	Dist: —	
Advisor:	Charles Schwab Investment Management Inc	Expense Projections:	3Yr $6	5Yr $11	10Yr $26
Subadvisor:	None	Income Distribution:	Annually		

Vanguard Small Cap Index Inv

Ticker	Yield	Total Assets	Mstar Category
NAESX	1.3%	$65,211 mil	Small Blend

Benchmark 1: Russell 2000 TR USD
Benchmark 2: S&P 500 TR USD

Morningstar Analyst Rating 07-10-19

Gold

Morningstar Pillars

Process	Positive
Performance	Positive
People	Positive
Parent	Positive
Price	Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	4.75	-0.60	-10.34	3.07	-3.78
2016	0.97	3.95	6.14	6.08	18.17
2017	3.70	1.92	4.54	5.07	16.10
2018	-0.24	6.18	4.74	-18.36	-9.43
2019	16.15	2.85	-1.49	—	—

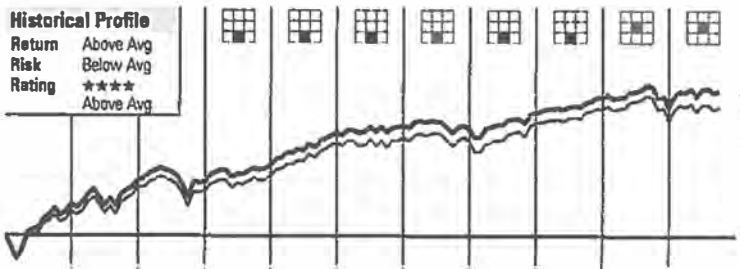
Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	-1.49	0.91	-3.19	60	9,851
6 Mo	1.31	1.67	-4.76	48	10,131
1 Yr	-3.93	4.96	-8.19	20	9,607
3 Yr Avg	9.49	1.26	-3.90	15	13,126
5 Yr Avg	8.49	0.30	-2.35	24	15,029
10 Yr Avg	12.23	1.04	-1.01	11	31,706
15 Yr Avg	9.30	1.11	0.29	8	37,943

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	9.02	7	0.43	11
5 Yr (estimated)	7.93	6	0.51	12
10 Yr (estimated)	11.78	5	0.41	9

Potential Capital Gain Exposure: 24% of assets

Historical Profile

Return: Above Avg
Risk: Below Avg
Rating: ★★★★ Above Avg



Investment Style: Equity

Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
27.49	34.75	33.38	38.74	52.69	55.86	53.03	61.75	70.76	63.21	73.77	NAV
36.12	27.72	-2.80	18.04	37.62	7.37	-3.78	18.17	16.10	-9.43	17.68	Total Return %
8.95	0.87	1.37	1.69	-1.20	2.47	0.63	-3.13	1.45	1.59	3.50	+/- Bmark 1
9.65	12.66	-4.92	2.04	5.23	-6.32	-5.16	6.21	-5.73	-5.04	-2.88	+/- Bmark 2
1.35	1.31	1.14	1.98	1.59	1.34	1.29	1.63	1.43	1.37	0.97	Income Return %
34.76	26.41	-3.95	16.06	36.03	6.02	-5.07	16.55	14.67	-10.80	16.71	Capital Return %
26	25	44	22	49	14	37	72	15	21	21	Total Rtn % Rank Cat
0.28	0.36	0.40	0.66	0.62	0.71	0.72	0.86	0.88	0.96	0.61	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.28	0.26	0.24	0.24	0.24	0.23	0.20	0.18	0.17	0.17	0.17	Expense Ratio %
1.30	1.24	1.15	1.82	1.39	1.40	1.33	1.55	1.36	1.34	1.24	Income Ratio %
14	12	17	14	29	10	11	14	15	15	—	Turnover Rate %
5,913	5,270	3,925	3,813	5,041	4,606	4,058	4,401	4,345	3,332	219	Net Assets $mil

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-3.93			
3 Yr	9.49	+Avg	-Avg	★★★★
5 Yr	8.49	+Avg	-Avg	★★★★
10 Yr	12.23	+Avg	-Avg	★★★★
Incept	10.53			

Other Measures	Standard Index	Best Fit Index
Alpha	-5.2	1.8
Beta	1.18	0.94
R-Squared	83	100

Standard Deviation	15.75
Mean	9.49
Sharpe Ratio	0.55

Portfolio Analysis 08-31-19

Total Stocks: 1397
Share change since 07-31-19

	Sector	YTD Ret %	% Assets
Cmt Market Liquidity Rate	—	—	2.31
MarketAxess Holdings Inc	Finan Svcs	55.71	0.40
Burlington Stores Inc	Cnsmr Def	22.84	0.38
Stens PLC	Hlth Care	36.21	0.37
Atmos Energy Corp	Utilities	24.53	0.36
Sun Communities Inc	Real Est	48.17	0.36
IDEX Corp	Industrl	30.93	0.35
Leidos Holdings Inc	Technology	64.76	0.35
Equity Lifestyle Properti	Real Est	39.44	0.31
Roku Inc Class A	Comm Svcs	232.11	0.31
Teledyne Technologies Inc	Technology	55.50	0.31
Zebra Technologies Corp	Technology	29.60	0.31
West Pharmaceutical Servi	Hlth Care	45.13	0.30
Booz Allen Hamilton Holdi	Industrl	59.11	0.28
EPAM Systems Inc	Technology	57.16	0.28
Aqua America Inc	Utilities	33.09	0.27
Bright Horizons Family So	Cnsmr Cyc	36.83	0.27
Fair Isaac Corp	Technology	62.31	0.27
Lennox International Inc	Industrl	12.01	0.27
RingCentral Inc Class A	Technology	52.43	0.27

Current Investment Style

Value Blend Growth	Market Cap	%
Large	Giant	0.0
Mid	Large	0.5
Small	Mid	58.3
	Small	39.8
	Micro	1.4
	Avg $mil: 4,078	

Value Measures		Rel Category
Price/Earnings	17.23	1.12
Price/Book	1.93	1.06
Price/Sales	1.24	1.20
Price/Cash Flow	7.20	0.98
Dividend Yield %	1.78	1.15

Growth Measures	%	Rel Category
Long-Term Erngs	10.56	0.95
Book Value	5.40	2.23
Sales	5.45	0.97
Cash Flow	6.01	0.86
Historical Erngs	11.29	0.65

Profitability	%
Return on Equity	11.68
Return on Assets	3.26
Net Margin	10.75

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	43.91	1.01
BasicMat	5.40	1.01
CnsmrCyc	12.31	1.05
FinanSvcs	13.86	0.82
Real Est	12.34	1.29
Sensitive	37.47	1.11
CommSrvs	1.19	1.20
Energy	2.56	0.93
Industrl	15.71	1.03
Technlgy	18.01	1.21
Defensive	18.63	0.82
CnsmrDef	3.88	1.04
Hlthcare	11.41	0.76
Utilities	3.34	0.81

Composition - Net

Cash	2.3
Stocks	97.7
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.8

Morningstar's Take by Daniel Sotiroff 07-10-19

Vanguard Small-Cap Index Fund is one of the best U.S. small-cap funds available. Its well-diversified portfolio features a rock-bottom expense ratio that should provide a sustainable edge over its Morningstar Category peers. It earns a Morningstar Analyst Rating of Gold.

The fund tracks the CRSP U.S. Small Cap Index, a market-cap-weighted index that targets stocks landing in the smallest 85% to 98% of the market as ranked by market capitalization. Most of these small-cap names haven't established durable competitive advantages and tend to be riskier than their large-cap counterparts. But this fund's broad reach helps it effectively diversify firm-specific risk while accurately representing the small-cap segment of the market. Market-cap weighting relies on the information aggregated in stock prices to weight its holdings. Most of the time, the risks of portfolio concentration that may sully index funds are more than offset by the cost advantage and efficiency gained from market-cap weighting.

The fund layers two more advantages on top of this cost-efficient approach to further reduce its transaction costs. It invests in larger stocks than many of its category peers. These stocks tend to be more liquid and less expensive to trade than their smaller counterparts. And its index employs generous buffering rules, waiting until stocks are solidly in an adjacent size segment before trading them. It moves only half of the position at a time and spreads the trade across five days to further reduce market impact costs. The fund's average 10-year turnover of 15% is less than one fourth of the turnover for the average fund in the small-cap blend category.

Keeping costs low has translated into exceptional category-relative performance. The fund beat the category average by 2.5 percentage points per year with similar risk over the trailing 10 years through May 2019. Its low fee and cost-effective approach were the biggest contributors to its outperformance. This fund stays near fully invested, so it suffered a larger drawdown than the category average during the financial crisis. But its smaller cash drag can pay off during bull markets.

Address:	Vanguard Index Funds Valley Forge, PA 19482 800-662-7447	Minimum Purchase:	$3000	Add: $1 IRA: —
		Min Auto Inv Plan:	—	Add: —
		Sales Fees:	No-load	
Web Address:	www.vanguard.com	Management Fee:	0.15%	
Inception:	10-03-60	Actual Fees:	Mgt:0.15%	Dist:—
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$55	5Yr:$96 10Yr:$217
Subadvisor:	None	Income Distribution:	Quarterly	

Schwab International Index

Ticker	Yield	Total Assets	Mstar Category
SWISX	2.8%	$5,235 mil	Foreign Large Blend

Benchmark 1: MSCI ACWI Ex USA NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 12-13-18

Silver

Morningstar Pillars

Process	Positive
Performance	Neutral
People	Neutral
Parent	Positive
Price	Positive

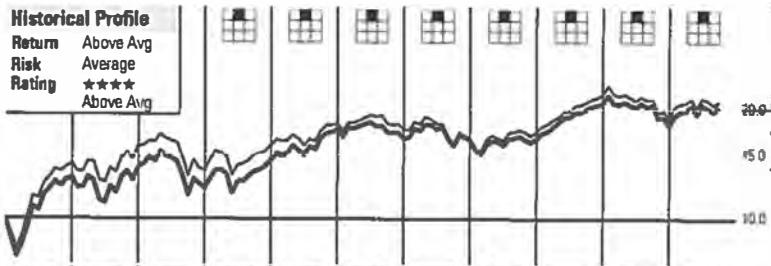
Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile

Return: Above Avg
Risk: Average
Rating: ★★★★ Above Avg



Investment Style: Equity

Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
16.62	17.23	14.61	16.78	19.88	18.12	17.48	17.12	20.88	17.53	19.80	NAV
29.18	6.61	-11.71	18.93	21.64	-5.74	-0.88	1.08	25.28	-13.33	12.95	Total Return %
-12.27	-4.55	1.99	2.10	6.35	-1.87	4.78	-3.42	-1.91	0.86	1.39	+/- Bmark 1
-12.27	-4.55	1.99	2.10	6.35	-1.87	4.78	-3.42	-1.91	0.86	1.39	+/- Bmark 2
3.34	2.89	3.51	3.98	3.01	3.07	2.61	3.13	3.30	2.65	0.00	Income Return %
25.84	3.72	-15.22	14.95	18.63	-8.81	-3.49	-2.05	21.98	-15.98	12.95	Capital Return %
57	82	23	35	28	57	45	45	50	27	31	Total Rtn % Rank Cat
0.44	0.48	0.60	0.58	0.51	0.61	0.47	0.55	0.57	0.55	0.00	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.41	0.22	0.21	0.23	0.23	0.23	0.23	0.23	0.11	0.06	0.06	Expense Ratio %
2.92	2.88	3.26	3.66	2.86	3.42	2.82	3.06	2.88	2.99	3.34	Income Ratio %
21	13	10	31	5	2	7	4	3	5	—	Turnover Rate %
1,451	1,498	1,312	1,517	2,309	2,633	2,922	3,011	4,305	4,353	5,235	Net Assets $mil

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	5.30	0.89	-9.97	3.64	-0.88
2016	-2.75	-0.53	6.09	-1.51	1.08
2017	7.77	6.50	5.19	3.76	25.28
2018	-0.77	-1.74	1.42	-12.37	-13.33
2019	9.98	3.73	-1.00	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	-1.00	0.80	0.80	38	9,900
6 Mo	2.70	1.57	1.57	24	10,270
1 Yr	-1.02	0.21	0.21	33	9,898
3 Yr Avg	6.50	0.17	0.16	20	12,078
5 Yr Avg	3.34	0.44	0.44	30	11,784
10 Yr Avg	4.90	0.44	0.45	35	16,134
15 Yr Avg	5.30	-0.36	-0.36	43	21,686

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	5.66	17	0.79	38
5 Yr (estimated)	2.54	20	0.78	35
10 Yr (estimated)	4.03	29	0.83	58

Potential Capital Gain Exposure: 20% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	-1.02			
3 Yr	6.50	+ Avg	Avg	★★★★
5 Yr	3.34	+ Avg	Avg	★★★★
10 Yr	4.90	Avg	Avg	★★★
Incept	4.24			

Other Measures	Standard Index	Best Fit Index
Alpha	0.3	0.0
Beta	0.96	1.00
R-Squared	97	98
Standard Deviation	11.20	
Mean	6.50	
Sharpe Ratio	0.47	

Portfolio Analysis 08-31-19

Total Stocks: 923
Share change since 07-31-19

	Sector	Country	% Assets
⊕ Nestle SA	Cnsmr Def	Switzerland	2.55
⊕ Novartis AG	Hlth Care	Switzerland	1.43
⊕ Roche Holding AG Dividend	Hlth Care	Switzerland	1.42
⊕ Toyota Motor Corp	Cnsmr Cyc	Japan	1.11
⊕ HSBC Holdings PLC	Finan Svcs	United Kingdom	1.08
⊕ BP PLC	Energy	United Kingdom	0.92
⊖ Royal Dutch Shell PLC Cla	Energy	United Kingdom	0.90
⊕ Total SA	Energy	France	0.88
⊕ AIA Group Ltd	Finan Svcs	Hong Kong	0.87
⊕ AstraZeneca PLC	Hlth Care	United Kingdom	0.87
⊕ SAP SE	Technology	Germany	0.87
⊕ LVMH Moet Hennussy Louis	Cnsmr Cyc	France	0.82
⊕ GlaxoSmithKline PLC	Hlth Care	United Kingdom	0.77
⊕ Royal Dutch Shell PLC B	Energy	United Kingdom	0.77
⊖ Diageo PLC	Cnsmr Def	United Kingdom	0.75
⊕ Sanofi SA	Hlth Care	France	0.72
⊕ ASML Holding NV	Technology	Netherlands	0.70
⊕ Commonwealth Bank of Aust	Finan Svcs	Australia	0.70
⊕ Allianz SE	Finan Svcs	Germany	0.69
⊕ Novo Nordisk A/S B	Hlth Care	Denmark	0.68

Current Investment Style

Value Blend Growth	Market Cap	%
Large	Giant	49.5
Mid	Large	36.7
Small	Mid	13.8
	Small	0.0
	Micro	0.0
	Avg $mil: 35,175	

Value Measures		Rel Category
Price/Earnings	13.76	0.98
Price/Book	1.41	0.88
Price/Sales	1.09	0.91
Price/Cash Flow	6.79	0.98
Dividend Yield %	3.72	1.08

Growth Measures	%	Rel Category
Long-Term Emgs	7.47	0.88
Book Value	4.76	0.92
Sales	2.57	1.09
Cash Flow	3.17	0.64
Historical Emgs	5.28	0.72

Composition - Net

Cash	0.2	Bonds	0.0
Stocks	99.8	Other	0.0
Foreign (% of Stock)			98.4

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	40.67	0.93
BasicMat	7.25	0.94
CnsmrCyc	11.50	1.05
FinanSvcs	18.20	0.84
Real Est	3.72	1.14
Sensitive	31.21	0.92
CommSrvs	4.14	1.01
Energy	5.30	0.77
Industrl	13.91	1.25
Technlgy	7.86	0.65
Defensive	28.11	1.26
CnsmrDef	12.34	1.20
Hlthcare	12.07	1.40
Utilities	3.70	1.10

Regional Exposure			% Stock
UK/W. Europe	61	N. America	2
Japan	25	Latn America	0
Asia X Japan	13	Other	0

Country Exposure			% Stock
Japan	25	Switzerland	10
UK	16	Germany	9
France	11		

Morningstar's Take by Daniel Sotiroff 12-13-18

Schwab International Index is an appealing foreign stock fund. It combines a well-diversified portfolio with a low-fee advantage, earning a Morningstar Analyst Rating of Silver.

The fund tracks the MSCI EAFE Index, which includes large- and mid-cap stocks listed in 21 overseas developed markets. Its market-cap-weighted approach benefits investors by capturing the market's collective opinion of each stock's value while mitigating turnover and trading costs. Markets usually get long-term prices correct, but occasionally they make mistakes. Investors can drive valuations up if they get overly excited about a particular area of the market, and market-cap-weighting will increase the fund's exposure to it.

The portfolio's broad diversification mitigates the impact of holding the worst performing names. It includes more than 900 stocks with only 13% of assets in its 10 largest names. Its regional composition looks modestly different from a typical fund in the category because it excludes stocks from Canada and emerging markets. But companies listed in these regions account for about 10% of a typical peer's portfolio, so ignoring them shouldn't have a big impact on the fund's category relative performance.

The fund's greatest advantage is its ultra-low expense ratio. Schwab charges just six basis points annually, making this one of the cheapest funds in its category. But low fees have not translated into superior category-relative performance. The fund's total and risk-adjusted returns landed near the middle of the category between December 2011 and November 2018 because overseas markets have not performed well by historical standards. Its better performing active peers were more defensive, giving them an advantage during periods of slow market growth. The fund's low cash drag should pay off during bull markets.

Address:	Schwab Capital Trust San Francisco, CA 94105 877-824-5615	Minimum Purchase:	$0	Add: — IRA: —
		Min Auto Inv Plan:	—	Add: —
		Sales Fees:	No-load	
Web Address:	www.schwab.com	Management Fee:	0.06%	
Inception:	05-19-97	Actual Fees:	Mgt:0.06%	Dist: —
Advisor:	Charles Schwab Investment Management Inc	Expense Projections:	3Yr:$19	5Yr:$34 10Yr:$77
Subadvisor:	None	Income Distribution:	Annually	

Vanguard Real Estate Index Investor

Ticker	Yield	Total Assets	Mstar Category
VGSIX	3.2%	$32,707 mil	Real Estate

Benchmark 1: S&P United States REIT TR USD
Benchmark 2: MSCI ACWI NR USD

Morningstar Analyst Rating 02-14-19

Silver

Morningstar Pillars

Process	⊕ Positive
Performance	⊕ Positive
People	⊕ Positive
Parent	⊕ Positive
Price	⊕ Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
⊕ Positive ⊖ Negative ⊙ Neutral

Historical Profile

Return Average
Risk Above Avg
Rating ★★★ Neutral

Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
14.84	18.38	19.25	21.85	21.47	26.92	26.48	27.39	27.56	24.78	30.99	NAV
29.58	28.30	8.47	17.53	2.31	30.13	2.22	8.34	4.83	-6.11	28.03	Total Return %
0.98	-0.17	-0.01	-0.46	-0.09	-0.13	-0.32	-0.15	0.50	-2.32	2.59	+/-Bmark 1
-5.05	15.64	15.81	1.40	-20.50	25.97	4.58	0.47	-19.15	3.31	11.84	+/- Bmark 2
4.07	4.12	2.42	2.71	2.91	3.85	2.62	2.89	2.92	4.19	2.81	Income Return %
25.51	24.19	6.05	14.82	-0.60	26.28	-0.40	5.45	1.91	-10.30	25.22	Capital Return %
50	32	43	31	30	38	68	20	58	61	38	Total Rtn % Rank Cat
0.48	0.60	0.44	0.51	0.63	0.82	0.69	0.75	0.79	1.14	0.69	Income $
0.16	0.00	0.22	0.23	0.27	0.12	0.31	0.53	0.34	0.00	0.00	Capital Gains $
0.21	0.26	0.26	0.24	0.24	0.24	0.26	0.26	0.26	0.26	0.26	Expense Ratio %
3.36	3.94	2.22	2.30	2.39	2.51	2.56	2.66	2.60	2.87	2.66	Income Ratio %
10	16	12	10	9	11	8	11	7	6	24	Turnover Rate %
3,763	2,585	2,444	2,654	2,403	2,978	2,716	2,628	2,283	1,707	246	Net Assets $mil

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	4.67	-10.49	1.98	6.98	2.22
2016	6.24	6.77	-1.49	-3.04	8.34
2017	0.95	1.58	0.84	1.37	4.83
2018	-8.15	8.78	0.50	-6.49	-6.11
2019	17.25	1.69	7.39	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	7.39	-0.07	7.41	44	10,739
6 Mo	9.20	0.84	5.61	50	10,920
1 Yr	19.72	1.91	18.34	31	11,972
3 Yr Avg	6.91	0.00	-2.80	56	12,219
5 Yr Avg	9.78	-0.10	3.13	41	15,947
10 Yr Avg	12.73	-0.13	4.38	37	33,138
15 Yr Avg	8.92	0.06	1.85	34	36,008

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	5.33	44	1.47	33
5 Yr (estimated)	8.31	27	1.35	22
10 Yr (estimated)	11.36	19	1.22	33

Potential Capital Gain Exposure: 7% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	19.72			
3 Yr	6.91	Avg	+Avg	★★★
5 Yr	9.78	Avg	+Avg	★★★
10 Yr	12.73	Avg	+Avg	★★★
Incept	10.42			

Other Measures	Standard Index	Best Fit Index
Alpha	1.4	-1.2
Beta	0.54	1.03
R-Squared	23	99

Standard Deviation	12.88
Mean	6.91
Sharpe Ratio	0.46

Portfolio Analysis 08-31-19

Total Stocks: 185
Share change since 07-31-19

	Sector	YTD Ret %	% Assets
Vanguard Real Estate II I	—	—	11.11
⊖ American Tower Corp	Comm Svcs	41.54	7.21
⊖ Crown Castle Internationa	Real Est	31.07	4.27
⊖ Prologis Inc	Real Est	47.84	3.74
⊕ Equinix Inc	Real Est	65.70	3.31
⊖ Simon Property Group Inc	Real Est	-3.65	3.26
⊖ Public Storage	Real Est	24.14	2.94
⊕ Welltower Inc	Real Est	34.36	2.56
⊖ Equity Residential	Real Est	33.26	2.22
⊕ SBA Communications Corp	Real Est	49.19	2.11
⊖ AvalonBay Communities Inc	Real Est	26.34	2.10
⊖ Ventas Inc	Real Est	28.70	1.86
⊖ Digital Realty Trust Inc	Real Est	24.87	1.78
⊕ Realty Income Corp	Real Est	24.87	1.65
⊖ Essex Property Trust Inc	Real Est	35.60	1.50
⊖ Boston Properties Inc	Real Est	17.73	1.41
⊖ Weyerhaeuser Co	Real Est	31.38	1.39
⊖ Alexandria Real Estate Eq	Real Est	36.25	1.20
⊖ CBRE Group Inc Class A	Real Est	32.39	1.18
⊖ HCP Inc	Real Est	31.54	1.18

Current Investment Style

Value Blend Growth	Market Cap	%
Large	Giant	8.1
Mid	Large	40.9
Small	Mid	38.7
	Small	11.5
	Micro	0.8
	Avg $mil: 16,210	

Value Measures		Rel Category
Price/Earnings	38.42	0.94
Price/Book	2.60	1.12
Price/Sales	5.20	0.91
Price/Cash Flow	9.62	0.88
Dividend Yield %	3.64	0.98

Growth Measures	%	Rel Category
Long-Term Erngs	5.88	1.02
Book Value	2.02	0.66
Sales	4.11	1.21
Cash Flow	13.71	1.28
Historical Erngs	10.93	1.02

Profitability	%
Return on Equity	13.15
Return on Assets	3.81
Net Margin	23.91

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	91.82	-0.03
BasicMat	0.78	—
CnsmrCyc	0.00	—
FinanSvcs	0.00	—
Real Est	91.54	0.92
Sensitive	8.17	—
CommSrvs	8.13	—
Energy	0.00	—
Industrl	0.04	—
Technlgy	0.00	—
Defensive	0.00	—
CnsmrDef	0.00	—
Hlthcare	0.00	—
Utilities	0.00	—

Composition - Net

Cash	0.9
Stocks	99.1
Bonds	0.0
Other	0.0
Foreign (% of Stock)	0.0

Morningstar's Take by Ben Johnson 02-14-19

Vanguard Real Estate Index is by far the largest real estate fund, with just over $59 billion in assets, including $32 billion-plus in its exchange-traded fund share class, Vanguard Real Estate ETF VNQ. It's also one of the cheapest real estate funds, with an expense ratio of 0.10% for the Institutional share class, 0.12% for the Admiral shares, and 0.26% for the Investor shares. It features experienced management and an excellent record of tracking its index. It is a fine option in its niche, earning a Morningstar Analyst Rating of Silver.

Until recently, the strategy had tracked the market-cap-weighted MSCI U.S. REIT Index, which holds domestic-equity REITs, or firms that manage properties and collect rent. That index doesn't include mortgage REITs, which invest in mortgages and mortgage-backed securities rather than actual properties, nor does it include non-real estate specialty REITs such as timber or cell-tower REITs. Beginning in February 2018, it began to migrate from the MSCI U.S. REIT Index to its new benchmark, the MSCI U.S. Investable Market Real Estate 25/50 Index. The new index is a broader representation of the real estate sector and thus the opportunity set available to category peers. Most notably, it includes the aforementioned non-real estate specialty REITs that were absent from its prior benchmark.

Lead skipper Gerard O'Reilly has managed the mutual fund version of this strategy since its 1996 inception, and he also runs the $730 billion Vanguard Total Stock Market Index, as well as numerous other big index funds. That experience has helped O'Reilly do an excellent job of tracking the fund's benchmark and has helped the fund outpace most other real estate ETFs and mutual funds over time. Its 10-year returns rank in the top third of real estate mutual funds, largely thanks to its low expense ratio, which gives it a durable edge. The only funds in the real estate Morningstar Category with lower costs are Schwab U.S. REIT ETF SCHH, Fidelity MSCI Real Estate ETF FREL, and iShares Core U.S. REIT USRT. All in all, there's plenty to like here.

Address:	Vanguard Specialized Funds Valley Forge PA 19482 800-662-7447	Minimum Purchase:	$3000	Add: $1	IRA: —
		Min Auto Inv Plan:	—	Add: —	
		Sales Fees:	No-load		
Web Address:	www.vanguard.com	Management Fee:	0.23%		
Inception:	05-13-96	Actual Fees:	Mgt:0.23%	Dist: —	
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$84	5Yr:$146	10Yr:$331
Subadvisor:	None	Income Distribution:	Quarterly		

Vanguard Emerging Mkts Stock Idx Inv

Ticker	Yield	Total Assets	Mstar Category
VEIEX	2.6%	$22,814 mil	Diversified Emerging Mkts

Benchmark 1: MSCI EM NR USD
Benchmark 2: MSCI ACWI Ex USA NR USD

Morningstar Analyst Rating 04-03-19

Bronze

Morningstar Pillars

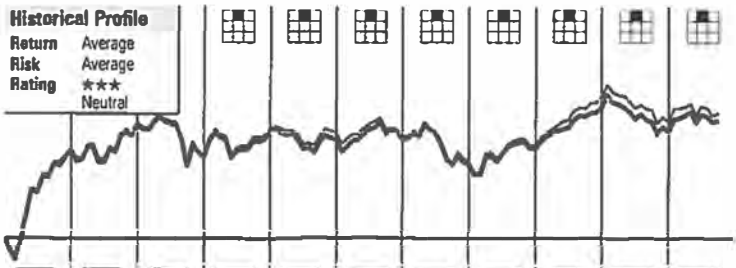
Process	Neutral
Performance	Neutral
People	Positive
Parent	Positive
Price	Positive

Morningstar Analyst Rating
Morningstar evaluates mutual funds based on five key pillars, which its analysts believe lead to funds that are more likely to outperform over the long term on a risk-adjusted basis.

Analyst Rating Spectrum
Gold | Silver | Bronze | Neutral | Negative

Pillar Spectrum
Positive | Negative | Neutral

Historical Profile
Return Average
Risk Average
Rating ★★★ Neutral



Investment Style
Equity

Performance Quartile (within Category)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	09-19	History
25.90	30.34	24.11	28.01	25.86	25.32	20.82	22.68	29.08	24.19	25.60	NAV
75.98	18.86	-18.78	18.64	-5.19	0.42	-15.47	11.50	31.15	-14.71	7.97	Total Return %
-2.53	-0.02	-0.35	0.42	-2.59	2.61	-0.55	0.31	-6.13	-0.14	2.08	+/- Bmark 1
34.53	7.71	-5.07	1.81	-20.48	4.29	-9.81	7.00	3.96	-0.52	-3.59	+/- Bmark 2
2.11	1.68	1.74	2.38	2.39	2.63	2.52	2.56	2.76	2.24	2.17	Income Return %
73.87	17.18	-20.52	16.26	-7.58	-2.21	-17.99	8.94	28.39	-16.95	5.80	Capital Return %
36	44	41	52	79	18	62	28	68	37	47	Total Rtn % Rank Cat
0.31	0.43	0.53	0.57	0.66	0.68	0.63	0.53	0.62	0.65	0.52	Income $
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Capital Gains $
0.40	0.35	0.33	0.33	0.33	0.33	0.33	0.32	0.32	0.29	0.29	Expense Ratio %
2.16	1.97	2.25	2.38	2.45	2.56	2.53	2.50	2.38	2.36	1.18	Income Ratio %
12	12	10	8	26	9	7	13	6	11	—	Turnover Rate %
7,765	3,218	2,279	2,464	2,060	1,916	1,465	1,481	1,762	1,248	231	Net Assets $mil

Performance 09-30-19

	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total
2015	2.06	1.66	-18.24	-0.36	-15.47
2016	5.28	2.26	7.78	-3.91	11.50
2017	10.82	3.43	7.71	6.23	31.15
2018	2.00	-9.12	-1.79	-6.33	-14.71
2019	11.30	0.68	-3.65	—	—

Trailing	Total Return%	+/- Bmark 1	+/- Bmark 2	%Rank Cat	Growth of $10,000
3 Mo	-3.65	0.60	-1.85	51	9,635
6 Mo	-2.99	0.67	-4.12	65	9,701
1 Yr	1.13	3.15	2.36	36	10,113
3 Yr Avg	5.09	-0.88	-1.24	51	11,605
5 Yr Avg	1.84	-0.49	-1.06	49	10,956
10 Yr Avg	3.00	-0.37	-1.46	55	13,433
15 Yr Avg	7.37	-0.45	1.71	58	29,038

Tax Analysis	Tax Adj Rtn%	%Rank Cat	Tax-Cost Rat	%Rank Cat
3 Yr (estimated)	4.29	49	0.76	58
5 Yr (estimated)	1.01	52	0.82	65
10 Yr (estimated)	2.21	58	0.76	63

Potential Capital Gain Exposure: 6% of assets

Rating and Risk

Time Period	Load-Adj Return %	Morningstar Rtn vs Cat	Morningstar Risk vs Cat	Morningstar Risk-Adj Rating
1 Yr	1.13			
3 Yr	5.09	Avg	Avg	★★★
5 Yr	1.84	Avg	Avg	★★★
10 Yr	3.00	Avg	Avg	★★★
Incept	6.06			

Other Measures	Standard Index	Best Fit Index
Alpha	-1.2	-0.6
Beta	1.04	0.94
R-Squared	81	97

Standard Deviation	13.33
Mean	5.09
Sharpe Ratio	0.32

Portfolio Analysis 08-31-19
Total Stocks: 4112

Share change since 07-31-19	Sector	Country	% Assets
⊖ Tencent Holdings Ltd	Technology	China	4.35
⊖ Alibaba Group Holding Ltd	Cnsmr Cyc	China	3.78
⊕ Cmt Market Liquidity Rate	—	—	2.86
Taiwan Semiconductor Manu	Technology	Taiwan	2.28
⊖ Naspers Ltd Class N	Technology	South Africa	1.79
⊖ Taiwan Semiconductor Manu	Technology	Taiwan	1.38
⊖ China Construction Bank C	Finan Svcs	China	1.27
⊖ Ping An Insurance (Group)	Finan Svcs	China	1.13
Reliance Industries Ltd	Energy	India	1.00
Housing Development Finan	Finan Svcs	India	0.97
⊖ Industrial And Commercial	Finan Svcs	China	0.92
⊖ China Mobile Ltd	Comm Svcs	China	0.81
Infosys Ltd	Technology	India	0.79
Sberbank of Russia PJSC	Finan Svcs	Russia	0.64
⊖ Meituan Dianping	Technology	China	0.59
⊖ Bank Of China Ltd Class H	Finan Svcs	China	0.55
⊖ Baidu Inc ADR	Technology	China	0.53
Tata Consultancy Services	Technology	India	0.53
Hon Hai Precision Industr	Technology	Taiwan	0.52
Vale SA	Basic Mat	Brazil	0.50

Morningstar's Take by Daniel Sotiroff 04-03-19

Vanguard Emerging Markets Stock Index Fund has a broad portfolio and rock-bottom expense ratio that should help it perform well over the long haul. It earns a Morningstar Analyst Rating of Bronze.

The fund tracks the FTSE Emerging Markets All Cap China A Inclusion Index, which includes large-, mid-, and small-cap stocks from 23 developing nations. Its market-cap-weighted approach benefits investors by capturing the market's collective opinion of each stock's value while mitigating turnover and trading costs. Markets usually get long-term prices correct, but they occasionally make mistakes. Investors can drive valuations up if they get excited about a particular area of the market, and market-cap weighting will increase the fund's exposure to it.

The portfolio's broad reach helps mitigate the impact of the worst performing stocks. It holds more than 4,000 names while its 10 largest positions account for only 19% of its assets. It also provides greater exposure to a narrow segment of the emerging markets universe. Up until several years ago, locally traded Chinese stocks, or A-shares, were difficult for retail investors to hold due to restrictions imposed by the Chinese government. But these restrictions have loosened over time, and the fund had 4% of its assets parked in A-shares as of February 2019. This is about 3% more than many of its index-tracking peers.

Differences in country composition can cause the fund's performance to deviate from its peers. Stocks listed in China make up more than one third of the portfolio; the category average is 26%. It excludes Korean stocks because FTSE classifies Korea as a developed market while a typical competitor has a 12% stake. Omitting Korean stocks has hurt its category-relative performance--Korean stocks have been one of the better-performing markets among emerging economies over the past several years. Consequently, the fund's total and risk-adjusted returns landed near the category midpoint from its launch in June 2006 through February 2019. Its ultralow 0.12% expense ratio should provide a long-term durable edge over more expensive competitors.

Current Investment Style

Market Cap	%
Giant	49.8
Large	27.8
Mid	17.6
Small	4.1
Micro	0.7
Avg $mil: 20,191	

Value Measures		Rel Category
Price/Earnings	12.09	0.85
Price/Book	1.48	0.76
Price/Sales	1.18	0.73
Price/Cash Flow	4.41	0.66
Dividend Yield %	3.77	1.14

Growth Measures	%	Rel Category
Long-Term Erngs	8.94	0.74
Book Value	4.30	0.53
Sales	6.18	0.76
Cash Flow	4.62	0.42
Historical Erngs	10.36	0.84

Composition - Net

Cash	3.0	Bonds	0.0
Stocks	96.4	Other	0.7
Foreign (% of Stock)			99.8

Sector Weightings	% of Stocks	Rel Bmark 1
Cyclical	48.27	1.03
BasicMat	7.73	1.01
CnsmrCyc	11.60	1.00
FinanSvcs	24.71	1.00
Real Est	4.23	1.43
Sensitive	38.25	0.94
CommSrvs	4.61	0.97
Energy	7.53	1.01
Industrl	5.67	1.14
Technlgy	20.44	0.87
Defensive	13.50	1.09
CnsmrDef	7.11	0.98
Hlthcare	3.23	1.30
Utilities	3.16	1.19

Regional Exposure			% Stock
UK/W. Europe	1	N. America	0
Japan	0	Latn America	13
Asia X Japan	70	Other	16

Country Exposure			% Stock
China	34	Brazil	8
Taiwan	14	South Africa	6
India	11		

Address:	Vanguard International Equity Index Fund Valley Forge PA 19482 800-662-7447	Minimum Purchase:	$3000	Add: $1 IRA: —
		Min Auto Inv Plan:	—	Add: —
		Sales Fees:	No-load	
Web Address:	www.vanguard.com	Management Fee:	0.24%	
Inception:	05-04-94	Actual Fees:	Mgt:0.24%	Dist:—
Advisor:	Vanguard Group Inc	Expense Projections:	3Yr:$93	5Yr:$163 10Yr:$369
Subadvisor:	None	Income Distribution:	Quarterly	

Grade:
9/14

XII. Retirement Plan

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision

I will have sufficient accumulated resources by the time I am 70 years old to retire from my work. I envision that I will have enough to serve the Lord in a greater capacity upon retirement. My retirement will not be a drastic change in livable income, expenses, and savings; I will plan for retirement so that my family and I can continue to live the same comfortable lifestyle that we became accustomed to before retirement. As the patriarch of the household, I will take great care and stewardship over the assets in our household and plan to spend the appropriate amount of time planning for comfortable retirement. The longevity game indicates that I will live until I am around 85 years old, and my wife 91 years old; therefore, it is crucial that we follow this plan to ensure I can live for the next 15 years (and my wife 21 years) after retirement. Our retirement will be centered around our service to the Lord in His church; spending time with children, grandchildren, and possibly great-grandchildren; and enjoying activities/vacations as husband and wife. My wife and I plan on living in the same home—which should be fully paid off well before retirement. We plan on using a portion of our retirement funds (since we no longer have a house payment) to visit our children in their respective homes. Our retirement is focused on building strong relationships with others, enjoying the beauty of the Lord's creations, and serving our fellow men.

Goals

So far, my wife and I have put 5% of my wife's salary towards a traditional 401(k) account (I do not have a full-time position yet). On top of the 5% we have put towards retirement, BYU has generously matched 7.5% of Eden's salary towards traditional retirement accounts as well (4% matching with 3.5% Retirement Plus Plan). We are currently saving the last 7.5% (20% - 12.5%) in our bank account as we have not yet fully built our emergency fund.

In order to retire, my wife and I will need $3,254,304 by the time I am 70 years old. The longevity game indicates that I will live until I am around 85 years old, and my wife 91 years old; therefore, it is crucial that we follow this plan to ensure I can live for the next 15 years (and my wife 21 years) after retirement. We have begun saving now (I am 24 and Eden is 26 years old) and invested our overall savings portfolio into aggressive asset classes (15% bonds/85% equities).

Our goal is to save 20% of our gross income each month towards savings & retirement. As outlined by LT06 below, we can reasonably hit our retirement goals if we diligently save 20% of our gross income in taxable & retirement

accounts. We will achieve this goal in the same way we methodically pay our tithing; we will build our entire budget using the smarter method of budgeting—first paying the Lord and then ourselves.

Plans and Strategies

Accumulation

My wife and I plan on accumulating assets in both taxable and tax-deferred retirement accounts. We will utilize both Traditional and Roth 401(k) plans that will be rolled into Traditional and Roth IRA's upon retirement. We plan on saving 20% of our gross income towards our investment accounts—with 15% going strictly towards retirement accounts and 5% going towards personal savings. The twenty percent will be a mix between employer contribution plans (managed 401(k) plans) and personally selected mutual funds retirement accounts. We will accumulate our money by first earning all possible "free-money" through our employer, and then setting aside said portion of our gross income.

Retirement

In retirement, we will take a percentage of our income that meets the Required Minimum Distribution (RMD) and efficiently targets our tax rate. Since we plan on using a combination of taxable, tax-deferred, and non-taxable (using charitable contributions) accounts, we will have great flexibility in determining which accounts to distribute income from. We do not *plan* on using social security at all—we will be planning our retirement with the expectation that the government will not be giving us any retirement funding. As of today, Social Security is a broken system that needs reform if it is to continue. However, if social security does exist during our retirement, we plan on taking it when I turn 75-80 years old. We want to push off our retirement distributions for as long as we can to replace income that could disappear in our 90s. We plan on annuitizing around 5-15% of our total retirement per year. As of my current social security statement, I am expected to receive $747 per month; hopefully this number will climb to being over $3,000-$4,000 per month by the time I retire.

Distribution

We will take the distributions from a combination of our taxable, and tax-deferred retirement accounts that meets our RMD and targets our tax rate. We plan on using our retirement accounts to first make charitable contributions that will turn tax-deferred money into non-taxable money. Starting at age 70½, we can withdraw up to $100,000 per year from our Tradition IRA as tithes. The withdrawal will not be recognized as income and will count towards the yearly RMD (required minimum distribution).

Retirement Needs

Determining Your Retirement Needs Worksheet (LT06.2) - Detailed

More Detailed After Tax Analysis

Personal Finance: Another Perspective

Directions: Fill the green cells with your data. Be careful not to modify the blue cells. Percentages must be must be converted to decimal form. Be careful with before- and after-tax amounts.

Key Data:

Amount Needed and Expected Annually

1. Desired before-tax Amount of Money Needed at Retirement	$90,000
2. Before-tax Money expected at retirement (SS, DBP, earnings)	$30,000

Pre-retirement Information

3. Number of Years till retirement	45
4. Estimated Average Growth Rate of Investments Until Retirement	7.00%
5. Estimated Average Annual Rate of Inflation Until Retirement	2.50%

Retirement Information

6. Number of Years In Retirement	22
7. Estimate Growth Rate of Investments During Retirement	6.00%
8. Estimated Annual Rate of Inflation During Retirement	2.50%
9. Estimated Tax rate in Retirement	12%

Step 1: Estimate Your Annual Needs at Retirement Annually

A.	After-tax present level of your living expenditures in today's dollars	90,000
B.	Percentage of income you want to replace (e.g., 80% in decimal form)	90%
C.	After-tax base replacement level retirement expenditures in today's dollars	81,000
D.	Anticipated annual change in living expenditures after retirement	5,000
E.	After-tax annual living expenditures at retirement in today's dollars	86,000
F.	Your current tax rate (from above)	12.0%
G.	Before-tax income necessary for retirement in today's dollars	97,727
H.	Before-tax income necessary at retirement in future dollars after inflation	$296,886

The calculation is PV = $97,727, N = 45, I = 2.50% inflation, Solve for FV

Step 2: Estimate Income Annually from Social Security and Pensions at Retirement

A.	Projected annual Social Security benefits (in today's dollars)	$30,000
B.	Projected annual defined-benefit pension (in today's dollars)	-
C.	Projected total pension benefits in today's dollars for all vehicles	30,000
D.	Estimated average growth factor in percent	2.5%
E.	Estimated number of years until you retire (from above)	
F.	Anticipated Social Security and Pension income in future dollars	

Step 3: Estimate your total Retirement Needs After Inflation at Retirement

A.	Target Annual retirement income in future dollars (from line 1.H)	$ 296,886
B.	Combined Social Security and Pensions in future dollars (from line 2.F)	91,137
C.	Target Annual Income Needed from Investments, in future dollars (A+B)	205,749
D.	Number of Years in retirement (from above)	22
E.	Expected interest rate in retirement (from above)	6.00%
F.	Expected inflation rate in retirement (from above)	2.50%
G.	Inflation adjusted return. It is (1+nom. ret.)/(1+inflation)-1, or (1+0.06)/(1+0.025)-1	3.41%
H.	Total inflation adjusted Annuity required to give annual income (beginning of period) (PV)	3,254,304

The calculation is PMT = $296,886, N = 22, I = 3.41%, Type = 1 (begin mode), Solve for Present Value

Step 4. Determine how much have you Accumulated so far in Today's and Future Dollars

A.	Current value of taxable investment and savings account assets	20,000
B.	Current value of Retirement account assets (401K, IRAs, SEPs, etc.) in today's dollars	2,000
C.	Total Value of Taxable and Retirement Accounts	$22,000
D.	Number of years till retirement (from above)	45
E.	Estimated growth rate in investments until retirement (from above)	7.00%
F.	Estimate annual rate of inflation until retirement (from above)	2.50%
G.	Inflation adjusted return (1+nominal return)/(1+inflation)-1	4.39%
H.	Projected value of current savings at retirement in future dollars	$152,080

Step 5. How much will you draw from home equity?

A.	Current value of your home in today's dollars	$0
B.	Estimated growth in your home's market value (may be different from inflation)	1.00%
C.	Number of years to retirement (from above)	45
D.	Estimated value of your home at retirement in future dollars	-
E.	Mortgage remaining at retirement (should be negative)	-
F.	Price of new home at retirement (should be negative)	-
G.	Home's estimated contribution to total investment needed in future dollars	-

Step 6. How much more do you need to save?

A.	Preliminary Total Investment needed in future dollars for annual income (from 3.J)	3,254,304
B.	Current savings in future dollars (from 4.H)	152,080
C.	Contribution from home equity in future dollars (from 5.G)	-
D.	Total Investment Shortfall in future dollars for annual income	3,102,223
E.	Number of years until retirement (from above)	45
F.	Estimated growth rate in investments until retirement (from above)	7.00%
G.	Total Investment Amount needed monthly to reach your monthly goal in today's dollars The calculation is FV = $3,102,223, N = 45*12, I = 7.00%/12, Solve for Payment	$858
H.	Total Investment Amount needed annually to reach your annual goal in today's dollars The calculation is FV = $3,102,223, N = 45, I = 7.00%, Solve for Payment	$10,8[illegible]

Step 7. Start saving now!!!!!!!!!

This spreadsheet was adapted from the article in Kiplinger's, dated March 2001, by Mary Beth Franklin.

My wife and I feel that this amount of monthly saving is very reasonable and achievable. We think that if we start now, follow our budget, and stick to paying ourselves 20% (after paying the Lord 10%) we can definitely meet all our retirement goals.

Social Security Statement

Estimated benefit if you become disabled
$747 a month

Nathan November 14, 2019

Your Social Security Statement

Your *Social Security Statement* shows how much you have paid in Social Security and Medicare taxes. It explains about **how much you would get** in Social Security benefits when you reach full retirement age. If you become disabled and unable to work, you may be eligible for disability benefits. In addition, if the family members who depend on you outlive you, they may be eligible for survivor benefits.

Take a look at your earnings. Your earnings determine how much you get in benefits. **If you find an error, please let us know right away.**

Social Security benefits are **not intended to be your only income source when you retire**. On average, Social Security will replace about 40 percent of your annual pre-retirement earnings. You will need other savings, investments, pensions, or retirement accounts to live comfortably. Use this *Statement* as a tool for planning your financial future.

Social Security Administration

Follow the Social Security Administration at these social media sites.

our employer. Another constraint we could experience is a loss in our accounts by the market crashing. We plan on overcoming this through diversifying our retirement investments according to our investments plan. Ultimately, if we are following all parts of our personal financial plan (savings, income, expenses), we will have the necessary savings to get us through life difficulties.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our retirement plans and strategies with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Grade: 3_/3

XIII. Advance Planning

Nathan
Personal Financial Plan
MBA 620 Fall 2019

Vision

Our family will plan so that money will not be our taskmaster but rather our servant. Our vision is to have a planned estate, wills in place, and other legal documents prepared for death and tragedy. The longevity game suggests that I will live until I am 85 years old and my wife will live until 91 years old. It is important that we are prepared to distribute our assets upon death. This plan will include our will, estate, and advance planning documents once created. We plan on creating said documents after we have our first child. Yearly, we will review and update our wills and other legal documents to ensure they are accomplishing our vision and goals.

Goals

Our goal is to distribute a reasonable amount of our assets to our children through the use of Trusts or other applicable vehicle depending on how much net value my wife and I have upon death. If my wife and I pass away prematurely, we want our assets to be sold and used to fund the rearing our children—with the proceeds given to whomever is the guardian of our children. We want said assets to be used to raise them through their high school education and reasonably assist them through college if applicable.

If my wife and I die at an appropriate age (after 75 years old), our goal is to place the remainder of our assets (if there are any) into a trust that can be distributed to our children/grandchildren for their missions/educations only. My wife and I plan on obtaining an estate plan to minimize our taxes and procedural costs (probate).

Plans and Strategies

Holographic Wills
See the following pages for our holographic wills.

Advance Medical Directives
See the following pages for our advanced medical directives.

Estate Taxes
Our current estate is far less than the roughly $22.8mn MFJ limits for 2019. We will continue to monitor gifts to ensure they are not over the annual limits.

Constraints

Loss of employment, debt, and premature debt are the main constraints to our advanced plan. Even though our family is preparing for death, we are hopeful that we do not have to leave our family prematurely in this life. Furthermore, we hope that there is not debt that we pass on to our heirs. In order to overcome these constraints, we plan on following our budget, saving, income, and expense plans. We also plan on reevaluating our estate and advance plan yearly to ensure we have a net positive estate. During this yearly meeting, we will also update our wills and legal documents.

Accountability

My wife and I are accountable to each other and the Lord. We plan on sharing our advance/estate plans and strategies with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

11/25/2019

I, Nathan, being over 18 years of Age, of sound mind and not acting under duress, declare this my last will and testament, revoking all prior wills and codicils.

I am married. My wife's name is Eden Alyse D. As of November 25th 2019, we have no children.

I

Utah
Advance Health Care Directive

Instructions and Forms

UTAH
COMMISSION
ON AGING

12/18/07

Utah Advance Health Care Directive

Pursuant to Utah Code Sections 75-2a-100 et seq.

Part I:	***Allows you to name another person to make health care decisions for you when you cannot make decisions or speak for yourself.***
Part II:	***Allows you to record your wishes about health care in writing.***
Part III:	***Tells you how to revoke or change this directive.***
Part IV:	***Makes your directive legal.***

My Personal Information

Name: _____

Address: _____

Address: _____

Telephone: (_____) _____ Cell Phone: (_____) _____

Birth Date: _____

Part I: My Agent (*Health Care Power of Attorney*)

A: No Agent

If you do not want to name an agent, initial the box, below, then go to Part II; do not name an agent in B. or C. below. You are not required to name an agent, and no one can force you to name an agent.

☐ **I do not want to choose an agent.**

B: My Agent

Agent's Name: _____

Street Address: _____

City, State, Zip: _____

Home Phone: (____) _____ Cell Phone: (____) _____ Work Phone: (____) _____

C: My Alternate Agent

This person will serve as your agent if your agent is unable or unwilling to serve

Agent's Name: _____

Street Address: _____

City, State, Zip: _____

Home Phone: (____) _____ Cell Phone: (____) _____ Work Phone: (____) _____

Part I: My Agent (*continued*)

D: Agent's Authority

If I cannot make decisions or speak for myself, my agent has the power to make any health care decision I could have made, such as, but not limited to:

- Consent to, refuse, or withdraw any health care. This may include care to prolong my life, such as food and fluids by tube, antibiotics, CPR (cardiopulmonary resuscitation), and dialysis, and mental health care, such as convulsive therapy and psychoactive medications. This authority is subject to any limits in paragraph F of this section and in Part II of this directive.
- Hire and fire health care providers.
- Ask questions and get answers from health care providers.
- Consent to admission or transfer to a health care provider or facility, including a mental health facility, subject to the limits in paragraphs E or F of this section.
- Get copies of my medical records.
- Ask for consultations or second opinions.

My agent cannot force health care against my will, even if a physician has found that I lack health care decision making capacity.

E: Other Authority

My agent has the powers below ONLY IF I initial above "YES" next to the statement. I authorize my agent to:

_____ YES _____ NO Get copies of my medical records at any time, even when I can speak for myself.

_____ YES _____ NO Admit me to a licensed health care facility, such as a hospital, nursing home, assisted living, or other facility for long-term placement other than convalescent or recuperative care.

F: Limits/Expansion of Authority

I wish to limit or expand the powers of my health care agent:

_____

G: Nomination of Guardian

Even though appointing an agent should help you to avoid a guardianship, a guardianship may still be necessary. Initial above "YES" if you want the court to appoint your agent to serve as your guardian, if a guardianship is ever necessary.

_____ YES _____ NO I, being of sound mind and not acting under duress, fraud, or other undue influence, do hereby nominate my agent, or, if my agent is unable or unwilling to serve, I nominate my alternate agent to serve as my guardian in the event that, after the date of this instrument, I become incapacitated.

H: Consent to Participate in Medical Research

_____ YES _____ NO I authorize my agent to consent to my participation in medical research or clinical trials, even if I will not benefit from the results.

Box I: Organ Donation

_____ YES _____ NO If I have not otherwise agreed to organ donation, my agent may consent to the donation of my organs for the purpose of organ transplantation.

Part II: My Health Care Wishes (*Living Will*)

I want my health care providers to follow the instructions I give them when I am being treated, even if my instructions conflict with these or other advance directives. My health care providers should always provide health care to keep me as comfortable and functional as possible.

Choose only one *of the following options by placing your initials before the numbered statement.* ***Do not initial more than one option****. If you do not wish to document end-of-life wishes, initial Option 4. You may draw a line through the options that you are not choosing.*

Option 1	
_____ Initial	**I choose to let my agent decide.** I have chosen my agent carefully. I have talked with my agent about my health care wishes. I trust my agent to make the health care decisions for me that I would make under the circumstances. **Other:** _____ _____

Option 2	
_____ Initial	**I choose to prolong life.** Regardless of my condition or prognosis, I want my health care team to try to prolong my life as long as possible within the limits of generally accepted health care standards. **Other:** _____ _____

Option 3

_____ Initial	**I choose not to receive care for the purpose of prolonging life,** including food and fluids by tube, antibiotics, CPR, or dialysis being used to prolong my life. I always want comfort care and routine medical care that will keep me as comfortable and functional as possible, even if that care may prolong my life.

If you choose this option, you must also choose either (a) or (b), below.

_____ Initial	(a) I put no limit on the ability of my health care provider or agent to withdraw life-sustaining care. ***Go to next page. Do not choose options below.***
_____ Initial	(b) My health care provider should decline to provide life-sustaining care if at least one of the initialed conditions is met: ***You must initial at least one of the options below. You may choose more than one condition.***

Option 3 Part (b)		
		I have a progressive illness that will cause death
		I am close to death and I am unlikely to recover
		I cannot communicate and it is unlikely that my condition will improve
		I do not recognize my friends or family and it is unlikely that my condition will improve
		I am in a persistent vegetative state

Other: _____
_____

Option 4	
_____ Initial	**I do not wish to express preferences about health care wishes in this directive.** **Other:** _____ _____

 Name: _____

Additional instructions about your health care wishes:

_____

_____

Part III: Revoking or Changing a Directive

I may revoke or change this directive by:

1. Writing "void" across the form, burning, tearing, or otherwise destroying or defacing this document or directing another person to do the same on my behalf;
2. Signing a written revocation of the directive, or directing another person to sign a revocation on my behalf;
3. Stating that I wish to revoke in the presence of a witness age 18 years of age or older, who will not be appointed agent in a substitute directive and who will not become a default surrogate if the directive is revoked, and who signs and dates a written document confirming my statement; or
4. Drafting a new directive. (***If you sign a new directive, the most recent directive applies.)***

Part IV: Making the Document Legal

I sign this directive voluntarily. I understand the choices I have made, and declare that I am emotionally and mentally competent to make this directive. My signature on this form revokes any living will or power of attorney form naming a health care agent that I have completed in the past.

_____
Date

_____
Signature

_____
City, County, and State of Residence

I have witnessed the signing of this directive, I am 18 years of age or older, and:

1. I am not related to the declarant by blood or marriage;
2. I am not entitled to any portion of the declarant's estate according to the laws of intestate succession of this state or under any will or codicil of the declarant;
3. I am not the beneficiary of a life insurance policy, trust, qualified plan, property or accounts held in POD, TOD, or co-ownership registration with the right of survivorship;
4. I am not financially responsible for the declarant's support or medical care;
5. I am not a health care provider who is providing care to the declarant or an administrator at a health care facility in which the declarant is receiving care; and
6. I am not the appointed agent or alternate agent.

_____ _____
Signature of Witness Printed Name of Witness

_____ _____ _____ _____
Street Address City State Zip

If the witness is signing to confirm a spoken directive, describe below the circumstances under which the directive was made.

_____

_____

XIV. Giving Plan

Your Name
Personal Financial Plan
Class and Date

Giving is a very individual area, and as such, I have you fill out this section after you have turned in your Personal Financial Plan. I like to think about giving in two areas: institutional and personal/family giving. Both types of giving are important as we strive to become more like our Savior Jesus Christ.

Vision

- Start with your vision for your Giving Plan. This can be a single sentence and does not have to be long. Do not be so narrow in your thinking to think only of financial giving
  - What is your vision for your Giving Plan?
  - Who will you be giving to?
  - How will you choose to give?
  - What type of help will you give, time, talents resources?

Goals

- Your goals are those things to keep you focused on your vision
  - How much will you provide?
  - What is the purpose for these funds, time or talents?
  - Plan: How will you save that amount? How much will you need? How much must you save?
  - Constraints: Who is this help available for? What must they do to obtain the help you are planning to give?
  - Accountability: How will you let those you want to help know what you will and will not do?

Plans and Strategies

- These are your plans to help you accomplish your goals to take you to your vision
  - What goals have you set to help you remember that the things you have are on loan from a loving Father in Heaven?
  - How will you manage that stewardship?
  - How will you give back to help others?
  - How will you teach your children to learn to give?
  - What are your goals that you have set to help you in each of the areas of giving, both personal and institutional?

Constraints

- What are the constraints to your Giving Plan?
  - How will you overcome them?
  - What are the key things that will keep you from attaining your vision and goals?

Accountability

- Who will you be accountable to?
  - Who will you share your Giving Plan with?

Grade: 4/4

XV. Education, Mission, Home and Auto/Toy Plans

Nathan
Personal Financial Plan
MBA 620 Fall 2019

1. Education Plans

Vision

My wife and I will strive to teach our children the importance of education and will help each child save for their education beginning when they are starting at the ages of 8-12 years old. We will plan to use a recommended education plan where we will match each child's contributions. We are doing this because we believe that a reasonable education will prove to help our children obtain financial stability over the course of their lives. We envision each child obtaining a minimum of a useful bachelor's degree that will help them become productive citizens.

Goals

Our goal is to have $5,000 (in today's dollars) saved for each of our children's educations by the time they turn 12 years old. Our goal is to use these funds to match our children's education contributions until they turn 18 years old. Once they turn 18, they become fully responsible for all their educational expenses. We also have a goal to help them start their college education by buying them a computer, paying their first month's rent, helping them move, etc. Lastly, we want to help our children purchase a car for college. We will help them initially buy the vehicle and we plan on being their creditors. Over their college years, they will fully pay us back the borrowed amount interest free.

Plans and Strategies

In order to obtain $5,000 (in today's dollars) for each child by the time they turn 12 years old, we plan on saving $42 per month per child. In addition, in order to have an additional $5,000 (in today's dollars) to help each child purchase a vehicle by the time they turn 18 years old, we plan on saving an additional $30 per month per child.

Our strategy for saving this amount of money will depend on the state we live in. We will deeply research our state's 529 plan and decide if that is the best plan to save for our children's educational expenses. If we do not choose a 529 plan, we plan on using an Education IRA to save for each child's college expenses. For the money used to buy a vehicle, we plan on using taxable brokerage accounts to save for each child. It will likely be invested into a total market index fund.

Constraints

The only constraint we have is cash flow. We will plan carefully to ensure the cash is available for saving each month. My wife and I are willing to sacrifice

comfort for the ability to save more for our children. In this sense, it must be an absolute emergency for my wife and I to not save for our children's futures. As such, we have an emergency fund and we plan on saving enough to turn emergencies into inconveniences. We plan on executing this plan for each of our children. It will be available to them if they choose to pursue the minimum of a bachelor's degree. They must repay us all we contribute if they do not choose to pursue an education or they decide to quit halfway through school. Our children will be under "parental contract" to obtain the saved funds we provide.

Accountability
My wife and I are accountable first to the Lord and then to each other. We pray over our plans regularly and adjust accordingly. We are also willing to share our education plan with anyone who is willing to learn from our example—and more importantly the Savior's teachings. We also plan on sharing this plan with our children when they turn 12 years old.

2. Mission Plans

Vision
My wife and I will serve a mission after we are retired unless the Lord commands us to serve earlier. We will teach our sons the commandment that they have to serve a full-time mission and will support our daughters and grandchildren should they desire to serve. Our vision to have a family that is zealous to serve the Lord and fulfill full time mission service.

Goals
Our goal is to have $14,000 (in today's dollars) saved for each of our boy's missions by the time they turn 18 years old. For our girl's, our goal is to have $11,000 (in today's dollars) saved for each of their missions by the time they turn 18 years old. Our goal is to use these funds to fully pay for their mission expenses—including clothes, bikes, and other needs. If we have a daughter (or a son) who chooses not to serve a mission, we will retain the money in case they change their mind. After they have passed the reasonable age limit to serve a mission, we will use the excess funds (if any) to pay for our grandchildren's or other family member's (cousins) missions.

Plans and Strategies
In order to obtain $14,000 (in today's dollars) for each child by the time our young men turn 18 years old, we plan on saving $84 per month per male child. In addition, in order to have $11,000 (in today's dollars) to help each young woman by the time they turn 18 years old, we plan on saving a $66 per month per female child. Our strategy is to use taxable brokerage accounts to save this money. It will likely be invested into a total market index fund.

Constraints

The only constraint we have is cash flow. We will plan carefully to ensure the cash is available for saving each month. My wife and I are willing to sacrifice comfort for the ability to save more for our children. In this sense, it must be an absolute emergency for my wife and I to not save for our children's futures. As such, we have an emergency fund and we plan on saving enough to turn emergencies into inconveniences. We plan on executing this plan for each of our children. It will be available to them if they choose to pursue a mission for the Church of Jesus Christ of Latter-day Saints. They will not receive a single penny of this fund if they do not serve a mission. Our young women will not receive a penny of this fund if they do not serve a mission—however we understand that young women are not mandated to serve. As such, we support our young women's decisions and are happy to use the funds for other family member's missions. Our children will be under "parental contract" to obtain the saved funds we provide.

Accountability
My wife and I are accountable first to the Lord and then to each other. We pray over our plans regularly and adjust accordingly. We are also willing to share our mission plan with anyone who is willing to learn from our example—and more importantly the Savior's teachings. We also plan on sharing this plan with our children when they turn 12 years old.

3. Housing Plan

Vision
My wife and I will accomplish all tasks necessary to have exemplary family. Our home will be a place where the Lord, His servants, and the Spirit are invited daily. It will be clean, tidy, and dedicated to the raising of an obedient and loving posterity. My wife and I want a modest mid-sized to large-sized home that can accommodate our children and future grandchildren. Our home will help us find peace in the Gospel of Jesus Christ and will foster a location for us to teach our children in a comfortable environment. Our home will be paid off by the time I am 50-55 years old.

Goals
My wife and I do not believe that interest rates or home prices will drastically decline in the near future; therefore, it is essential that our family sacrifices to save for our home. Using 2019 costs, we believe that the home we want will cost somewhere between $300,000-$350,000. Our plan is to save at least 20% of the home cost for a down payment. We will save through setting aside an allotted amount each month (see plans and strategies section) into our savings account and other short-term investments that can keep up with/exceed inflation. Over the course of the next 4-5 years, our goal is to save around $75,000 for our home. While we are saving for our home, our current housing strategy is to rent from Eden's cousins. They have been extremely generous to us and allowed us to rent

the 1,200 (approximate) square-foot upstairs-unit of their duplex for $750 a month after utilities.

Plans and Strategies
Our plan is to save around $1,500 per month for 4-5 years in order to have the down payment prepared for the home described in the goals section. After purchasing the home, we will need to save about 1% of the value of the home per year for maintenance and repairs. Using this methodology, the amount will be between $3,000-$3,500 per year. As stated in the previous goals section, we will need to have saved between $70,000-$80,000 for the down payment, fees, and other closing costs related to the purchase of the home. We plan on having the home paid off in 20-25 years (when I am around 50-55 years old). We do not plan on selling the home and moving until after it is paid off (if desired). We might stay in the home for the rest of our lives; however, if the economy is in our favor, we might sell after 20 years and move into a different property based on location, price, size, or other factors.

Our buying strategy will heavily rely on the spirit and our own personal research when it comes to negotiations and costs. We will be tactful and wise in our home purchase. Our plan is to heavily inspect the home, previous owners' history, and other factors before buying. Ultimately, we will use the spirit and our intuition in determining if the sellers are trustworthy in their home listing. The result of the buying/negotiations strategy will determine how we warranty the home.

Our children will be an integral part of our home purchase. They will assist Eden and I in keeping the home tidy, performing the yardwork, and caring for the furnishings in the home. The most important duty of our children regarding our home is how they behave inside it. Their conduct and invitation of the spirit will be our greatest blessing/appreciating influence on our home value.

Constraints
The condition of the economy will play a large part in our ability to buy a home. The issue is that—even if we do save the $80,000 down payment—if home prices continue to rise by over 6% per year, we might not be able to buy a home within the 5-year timeframe. This is a very difficult constraint because my wife will be working full-time until we own a home. My wife and I want her to eventually stay at home full-time with our children. The state of the economy could cause us to lose our ability to achieve this desired family dynamic. The economy will determine our ability to earn money to buy a home. The only things we can do to alleviate this concern is to seek the Lord's guidance, follow the promptings of the spirit, work hard for our employers, and seek to increase our earnings/follow our income plan.

Accountability
My wife and I are accountable first to the Lord and then to each other. We pray over our plans regularly and adjust accordingly. We are also willing to share our

home plan with anyone who is willing to learn from our example—and more importantly the Savior's teachings.

4. Auto/Toy Plan

Auto Plan

Vision

We will have enough reliable transportation to take me (and/or my wife) to work and my children to school/other commitments. Transportation will serve a simple purpose in our family—to get us where we need to go. My wife and I want to have reasonable cars that are gently used. My wife will receive the "new" used vehicle and I will drive the vehicle once it reaches 140,000 miles. We plan on driving the vehicles until they are at 200,000 miles, at which time we will sell them or keep them until they "die" upon our discretion. We plan to buy vehicles with less than 60,000 miles on them and not more than 6 years old. My wife and I want a SUV-type vehicle for the family, an economical car, and one day a truck to use outdoors, for service, and to haul our future toys. Our vehicles will not have a serious impact on our family. In other words, our vehicles will match our budget and not the other way around.

Goals

We will regularly maintain our vehicles every 3-5,000 miles according to our "Car Maintenance" envelope. We also will regularly put aside savings in an "envelope" for a new car and will plan the contributions based on when we expect to buy another vehicle. We will not be buying a brand-new vehicle until our net worth is over $500,000. We will be buying our cars with cash and no more than 40% financing. The financing portion should only exist upon serious need (i.e. our cars unexpectedly die/total). Otherwise, they will be financed with 100% cash. Our vehicles will not have a serious impact on our family. In other words, our vehicles will match our budget and not the other way around.

Plans and Strategies

Currently, my wife and I share one vehicle that is fully paid off. The vehicle is a 2005 Volvo s80 with 125,000 miles (as of today). The vehicle is regularly maintained and is in amazing working condition (because we take great care of it). On the vehicle, we budget for liability insurance, maintenance, possible future repairs, and an amount for a new vehicle upon sale/extinction of the Volvo. We expect our car to be in great working condition for more than 250,000 miles. We plan on holding this vehicle until it has 200,000 miles upon which we will decide if we want to sell it or keep it until it "dies."

Before buying a new vehicle, we plan to check it out thoroughly. As stated in our vision, we plan to buy vehicles with less than 60,000 miles on them and not more than 6 years old. We will look up a Car Fax, history of owners, damage taken, and other vehicle and engine metrics to ensure a good buy. We will also use the spirit

and intuition when talking to the salesman to ensure we are dealing with a trustworthy and honest person. After having the car checked by our mechanic, we will attempt to negotiate the best "out-the-door" price. As stated in the goals section, we will be buying our cars with cash and no more than 40% financing. The financing portion should only exist upon serious need (i.e. our cars unexpected total). Otherwise, they will be financed with 100% cash. We will never lease a vehicle. Leasing vehicles will only happen upon business purpose (i.e. if I own a business one day and can expense the lease payments).

Constraints

The only constraint we have is cash flow. We will plan carefully to ensure the cash is available for vehicle purchase upon preparing our "car envelope." My wife and I are willing to sacrifice comfort for the ability to save more for our vehicles. In this sense, it must be an absolute emergency for my wife and I to finance any portion of our vehicle purchase. We plan on saving enough to turn emergencies into inconveniences. Our order for purchasing a new vehicle is 1) fulfill our needs (e.g. SUV to haul children must come before truck/toys), 2) be practical—find the very best deal and be willing to buy an older model to save money, and 3) heavily consider selling the vehicle upon 200,000 miles. We will only keep our vehicle until it "dies" if we are absolutely attached to the vehicle (i.e. it still is a tremendous/reliable mode of transportation).

Accountability

My wife and I are accountable to each other and the Lord. We plan on using our auto plan as a regular family discussion/planning tool to include our children. We want our children to understand what the true cost is of an automobile—we plan on being very transparent with them concerning our budget and what we have for buying vehicles. We want our children to help us choose our vehicles and participate in planning for the future "teenager car." Our children will complete lease vs. buy, auto reporting, and negotiating activities with my wife and I to prepare. We also plan on sharing our Automotive plan with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

Toy Plan

Vision

My wife and I will utilize toys, vacations, and other non-essential purchases to build memories with each other and our children. Our family enjoys cooking, reading, talking, playing games, and vacationing. My wife and I want to buy outdoor and indoor toys such as camping gear, kitchen upgrades, a truck, gaming systems, and anything else to enhance our family experience. Our vision is that our toys are blessings and gifts from God to our family. As such they do not lie at the core of our family values/needs.

Goals

My wife and I plan on gaining the ability to buy our toys through our income plan. Toys are not a priority nor a necessity, as such, we will need to make excess income above our needs/primary goals in order to buy them. Toys will not be expensive relative to our income. As time goes on, our goal is that our income increases and our ability to buy more expensive toys increases as well. We will save 20% first, take care of regular expenses, and then set aside amounts into our "Family" envelope which can be used for toys. We will never use debt under any circumstance to buy toys. Toys—like vacations—will be purchased with 100% cash.

Plans and Strategies

When we buy a toy, we will plan on holding it for over 12 years to ensure we get our full use out of it. We will not lend our toys to others unless they take proper care of it. We will set aside funds to ensure that our toys are kept nice and repaired/maintained regularly. We will stay within our annual budgeted amounts for toy fuel, maintenance, and insurance, As stated in the goals paragraph, under no circumstance will toys be paid for with anything other than 100% cash.

Constraints

The only constraint we have is cash flow. We will plan carefully to ensure the cash is available for toy purchase, repair, fuel, and maintenance from our "family envelope." We will keep close to the Lord, to ensure we are not spending money on toys that we could use to serve His purposes. As stated in the visions paragraph, my wife and I plan on obtaining the ability to buy our toys through our income plan. Toys are not a priority nor a necessity, as such, we will need to make excess income above our needs/primary goals in order to buy them. We want to first obtain toys for our children (Christmas gifts, games, bikes, camping, etc.). Later in life we plan on saving for larger toys such as four-wheelers, kitchen remodels, and possibly a boat.

Accountability

My wife and I are accountable to each other and the Lord. We plan on using our toy plan as a regular family discussion/planning tool to include our children. We want our children to understand that toys are not necessary—we plan on being very transparent with them concerning our budget and what we have for buying toys. We want our children to help us choose family toys and participate in planning for future family activities involving toys. Our children will participate in Family Home Evening activities and planning sessions where we will discuss family needs and opportunities to serve the Lord before buying toys. We also plan on sharing our Toy plan with anyone who is willing to listen and learn. We are also eager and excited to learn from anyone who has helpful tips or strategies to improve our plan.

XVI. Service Teaching Experience

Meeting with Eden
Nathan
September 8, 2019

I. Who

My wife, Eden D., has recently been asking me about how compounding interest works. After speaking with her about how compounding interest is a part of the concept of the Time Value of Money, I asked her if she would be willing to allow me to teach her for an hour about this topic. After she accepted my invitation, I prepared my lesson using the first Time Value of Money slides located on the Personal Finance website.

II. Results

On the morning of September 8, 2019 my wife and I sat down to discuss the broad topic of the time value of money before delving into compounding interest. I used the first few slides of the presentation and talked about Albert Einstein's quote that said, "Compounding Interest is the eighth wonder of the world."

We spoke about how a dollar today is worth more than a dollar tomorrow. We didn't spend too much time on the exact details of why that is true (being inflation, supply/demand for assets, etc..), but my wife began to quickly understand how the value of money changes over time. I began to introduce to her the topic of present value and how money can be measured in terms of what the value is "at this moment in time."

Using the foundation of the Time Value of Money and Present Value, we worked through the rest of the slides—which consisted of practice problems of real-life scenarios that teach compounding interest and the consequences of real life choices (concerning compounding interest).

III. What Worked Well

The PowerPoint presentation that I prepared from the Personal Finance website worked great. I had previously gone through the presentation and ensured that the content was on topic with what I wanted to teach, the problems used in the presentation were succinct, and that the questions were applicable to the topic of compounding interest. I emailed my wife the slides after the meeting to ensure that she could reference them in the future.

During the slide presentation, I also used information posted on our current 401(k) and retirement plus accounts to demonstrate how interest is compounded on the payments made regularly to the retirement accounts. This personalized example really helped my wife see how interest compounds in our marriage life.

IV. What I Would Change

One issue I experienced while teaching was the time constraint of my PowerPoint. It took longer for my wife (with my assistance) to work through the problems on the slides that I had previously anticipated when I made the teaching plan. This caused us to not finish all of the problems in the lesson—we had to skip over two. Also, If I could go back and make the teaching plan over again, I would try to not focus on covering all the problems/information. Instead, I would focus more on her questions as they come up during the lesson.

With that said, I know that she really appreciated the time we spent together, and she is excited to learn more deeply about other topics. It was a great experience to be able to share the principles I have learned inside and outside this class and see them benefit a member of my family. The PowerPoint Slides I taught with follow this page. I have excluded the portion of the lesson I used to relate compounding interest to our marriage life. As stated in paragraph III "What Worked Well," I used information from our retirement accounts. I have excluded that information from the presentation in the attachments because it contains personal information.

V. Lessons Learned

The key lesson learned is that I actually really enjoy teaching financial principles! It was so fun to see the light in my wife's face brighten as she began to understand the principles that I was teaching.

Another lesson learned is that preparation is essential in delivering a good lesson. Had I not prepared the presentation and personal examples from our retirement accounts, I don't think the lesson would have been as impactful or meaningful to my wife.

VI. Attachments

Time Value of Money Self-Test
Personal Finance: Another Perspective

Personal Finance: Another Perspective

Time Value of Money: A Self-test

2019

Note: We have created an (LT12) that can be used for all TVM calculations. Instructions for other calculators are in (LT3A)

Objectives

A. Understand the importance compound interest and time

B. Pass an un-graded assessment test with 9 problems

How Important is Interest?

Albert Einstein stated: "Compound interest is the eighth wonder of the world."

- Following are seven "Time Value of Money" problems to test your knowledge. You should already know how to do these types of problems
- **Useful Learning Tools**
  - (LT12) is an Excel based financial calculator and may be helpful in #1-7
  - (LT34) may be helpful

Assessment #1: Pay or Earn Interest

- It is estimated that most individuals pay $1,200 per year in interest costs. Assuming you are 25 years old and instead of paying interest, you "decide to decide" to earn it. You do not go into debt, but instead invest that $1,200 per year that you would have paid in interest in an equity mutual fund that earns an 8% return annually. How much money would you have in that fund at age 50 (25 years) assuming payments are at the end of each year and it is in a Roth account in which you pay no additional taxes? At age 75 (50 years)?

Answer #1: Interest

- Clear your registers (memory) first
  - Payment = $1,200 Payment = $1,200
  - Years (n) = 25 or 50
    Interest rate (I) = 8% Payments/Yr = 1
  - Future Value at age 50 (25 years)?
    - $87,727
  - Future Value at age 75 (50 years)?
    - $688,524

"Not a bad payoff for just going into debt!"

Assessment #2: The Savings Model

- Suppose you have $2,000 per year to invest in a Roth IRA at the beginning of each year in which you will pay no taxes when you take it out after age 59½. What will be your future value after 40 years if you assume:
  - A. 0% interest?
  - B. 8% interest (but only on your invested amount)?, and
  - C. 8% interest on both principal and interest?
- What was the difference between
  - D. B – A? C – A? C – B?

Answer #2: Savings

- A. Earnings at 0% interest
  - 2,000 * 40 years = $80,000
- B. Earnings with 8% only on Principal
  - Total Number of periods of interest (note that the first $2,000 has 40 years of interest, the next $2,000 has 39 years, etc., (40+39+38 +1) = 820 periods times interest earned of $160 (or 8% * 2,000) + $80,000 principal (40 years * $2,000) = $211,200
- C. Total earnings with principal and interest
  - Beginning of Year mode 40=N I=8 –2,000 = PMT FV=$559,562
- Difference
  - B-A = $131,200 C-A = $479,562 C-B = $348,362

Answer #2

Answer #2 (continued)

Time Value of Money Self-Test
Personal Finance: Another Perspective

Assessment #3: The Expensive Car

- You graduate from BYU and you really want that new $45,000 BMW 320i that your buddy has. You estimate that you can borrow the money for the car at 7%, paying $10,975 per year for 5 years.
  - (a) You buy the car now and begin investing in year 6 the $10,975 per year for 25 years at 7%
  - (b) You keep your old Honda Civic with 150,000 miles and invest the $ 10,975 per year for the full 30 years at 7%
- What is the difference in future value between thought (a) and thought (b)? What was the cost of the car in retirement terms?

Answer #3: The Car

- Payment = $10,975, N = 25, I = 7%
  - Future value = $694,158
- Payment = $10,975, N = 30, I = 7%
  - Future value = $1,036,307
- The cost of the car in retirement terms is $342,549

That is one expensive beamer!

Assessment #4: The Costly Mistake

- Bob and Bill are both currently 45 years old. Both are concerned for retirement; however, Bob begins investing now with $4,000 per year at the end of each year for 10 years, but then doesn't invest for 10 years. Bill, on the other hand, doesn't invest for 10 years, but then invests the same $4,000 per year for 10 years. Assuming a 7% return, who will have the highest amount saved when they both turn 65?

Answer #4: The Costly Mist

Solve for Bill

N = 10 PMT = -4,000

I = 7%, solve for FV

FV = $55,266

Solve for Bob

1. N = 10 PMT = -4,000
2. I = 7%, solve for FV

FV = $55,266

2. N = 10 PV = 55,266 I = 7%, solve for FV

FV = $108,716

Assessment #5: Credit Cards

- Your friend just got married and had to have a new living room set from the Furniture Barn down the street. It was a nice set that cost him $3,000. They said he only had to pay $60 per month—only $2 per day
  - ✓a. At the stated interest rate of 24.99%, how long will it take your friend to pay off the living room set?
  - ✓b. How much will your friend pay each month to pay it off in 30 years?
  - ✓c. Why do companies have such a low minimum payoff amount each month?

Answer #5: Credit Cards

a. At of 24.99% and a $3,000 loan, your friend will be paying for this furniture set for the rest of his life. He will never pay it off.

- Clear memory, set payments to end mode, set payments to 12 (monthly) I = 24.99 PV = -$3,000, and solve for N.
- Your answer should be no solution.

Answer #5: Credit Cards

b. How much would your friend have to pay each month to pay off the loan in 30 years? First, do you think your living room set will last that long?

- Clear memory, set payments to end mode, set payments to 12 (monthly) I = 24.99 PV = -$3,000, N = 360 and solve for PMT
- His payment would be $62.51

Answer #5: Credit Cards (continued)

c. Why do companies have such a low minimum payoff amount each month?

- So they can earn lots of your money from fees and interest!
- This is money you shouldn't be paying them—Earn interest, don't pay interest!

Assessment #6: Adjusting for Inflation

- Assuming you have an investment making a 30% return, and inflation of 20%, what is your real return on this investment?

Time Value of Money Self-Test
Personal Finance: Another Perspective

Answer #6: Inflation

- The traditional (and incorrect) method for calculating real returns is:

Nominal return - inflation = real return

- This would give: 30% - 20% = 10%

The correct method is:

(1+nominal return)/(1+inflation) - 1 = real return

(1.30/1.20)-1 = 8.33%

The traditional method overstates return in this example by 20% (10%/8.33%)

Answer #6: Inflation (continued)

- While some have argued that it is OK to subtract inflation (π) from your nominal return (r_{nom}), this overstates your real return (r_{real})

The linking formula is:

$$(1+r_{real}) * (1+\pi) = (1 + r_{nom})$$

Multiplied out and simplified:

$$r_{real} + \pi + [r_{real}\,\pi] = r_{nom}$$

Assuming the cross term $[r_{real}\,\pi]$ is small, the formula condenses to:

$r_{real} + \pi = r_{nom}$ as the Fisher Equation

- The correct method is to divide both sides by $(1+\pi)$ and subtract 1 to give:

$$r_{real} = [(1 + r_{nom})/ (1+\pi)] - 1$$

Assessment #7: Effective Interest Rates

Which investment would you rather own and why?

Investment	Return	Compounding
Investment A	12.0%	annually
Investment B	11.9%	semi-annually
Investment C	11.8%	quarterly
Investment D	11.7%	daily

Answer #7: Effective Interest Rates

The formula is $(1 + \text{return/period})^{\text{periods}} - 1$

- 12.0% compounded annually
  - $(1+ 12/1)^1 - 1 = 12.00\%$
- 11.9% compounded biannually
  - $(1+ 11.9/2)^2 - 1 = 12.25\%$
- 11.8% compounded quarterly:
  - $(1+ 11.8/4)^4 - 1 = 12.33\%$
- 11.7% compounded daily (assume a 365 day year):
  - $(1+ 11.7/365)^{365} - 1 = 12.41\%$
- Even though D has a lower annual return, due to the compounding, it has a higher effective interest rate.

Assessment #8: Earning $1 to Spend

- Emilee has been thinking about how much she has to earn to spend $1 once she leaves school. Assume she will be in the 22% Federal marginal tax bracket after school, living in New York (10% state marginal tax rate) and New York City (5% city marginal tax rate), and she pays 12% gross of her income to charity.

Calculations

- A. How much must she earn in New York City to spend $1.00?
- B. How much does this increase if she has a goal to pay herself 20%?

Assessment #8 Answer

Calculations

- A. To earn $1.00 to spend living in New York City requires:
  - Federal tax rate: 22%
  - State tax rate: 10%
  - City tax rate: 5%
  - Charitable contributions: 12%
  - The formula is:
    - $x - .22x - .10x - .05x - .12x = 1$. Solve for X?
    - $X = (1/(1 - (.22 + .10 + .05 + .12)))$ or 1.96
- B. If she pays herself 20% in NYC, she must earn $3.23

Assessment #9: Total to Pay Back

- Emilee is in her second to last year in school (24 months till graduation) and is considering a $5,000 alternative loan at 12% and plans to pay it back in 60 months after she graduates. Her Federal tax rate is 22%, state tax rate is 10%, her city tax rate is 5%, and charitable contributions is 12%.

Calculations

- A. How much must she earn to pay back that alternative loan of $5,000 (which is not subsidized and accrues interest while she is in school) at 12% interest over 60 months including taxes charitable contributions?

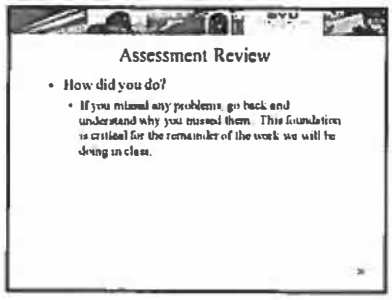
Assessment #9 Answer

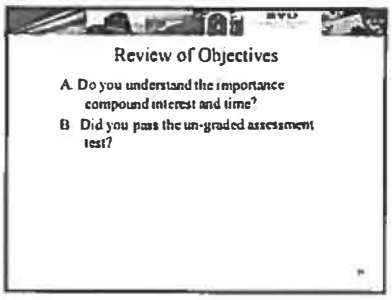
- To pay back $5,000 loan requires:
  - At 12% interest and her second to last year of school, she will add 24 months of interest or $1,349
    - PV= $5,000, rate = 12%, periods = 24, FV = ?
  - Future value = $6,349
- To pay off $6,349 for 60 months will require:
  - PV=5,000, Rate = 12%/12, Periods = 60, PMT = ?
  - Payment = $141.22
- Her total payments will be $141.22 * 60 months

Assessment #9 Answer

Calculations

- To determine how much she needs to earn to pay back this $8,474, we determine
  - Taxes:
    - Federal tax rate: 22%
    - State tax rate: 10%
    - City tax rate: 5%
    - Charitable contributions: 12%
  - The formula is $x - 22x - 10x - 05x - 12x = 1$ or $X = 1.96$
  - To pay back this $8,474, Emilee must earn 1.96 * $8,474 or $16,614


Assessment Review
• How did you do?
• If you missed any problems, go back and understand why you missed them. This foundation is critical for the remainder of the work we will be doing in class.


Review of Objectives
A. Do you understand the importance compound interest and time?
B. Did you pass the un-graded assessment test?

VHC

XIV. Individual Experience

Researching and Opening a Joint High-Interest Savings Account

Nathan

September 13, 2019

I. What did you want to accomplish?

To further the Savings Plan my wife and documented in our PFP, I wanted to open a high-interest savings account that would earn at least 10x the national average in monthly interest. I spend a few hours researching the various options based on interest rates, withdrawal allowances, customer service, complimentary checking accounts, and ATM reimbursements for withdrawals. I ultimately chose Ally Bank and opened a joint high-interest savings account.

II. What was the result of that experience?

I was able to fill out the application for Ally Bank and go through their easy but thorough process to open a high interest savings account. When I opened up the account my interest rate on savings was 1.9%. Previous to this experience, I had always done my banking with a brick-and-mortar institution. I had never taken the time to calculate/understand that I was *not* earning as much interest as I could because brick-and-mortar banks have to pay for their locations (i.e. employees, buildings, the jar of dum-dum lollipops at the front counter, etc.). Due to these factors, my previous savings account was only earning 0.01% APR. With Ally, I would be making an average of $32 more per month (based on a variable rate that is 1.9% APR today). This was not ultimately the *absolute* highest rate I could have gotten, but I chose Ally Bank based off of the research that I will explain below.

First, it was important to me that an online bank had *amazing* customer service ratings. I wanted to make sure that I could *completely trust* an online institution with my funds. Ally had the highest customer satisfaction rates and so far, I've called them several times to test those ratings. Ally has always picked up the phone quickly and the customer service representatives have gone above and beyond to help me set up my accounts.

Secondly, I wanted to make sure that I had a reasonable number of savings account transactions allowed per month (i.e. withdrawals). Wealthfront, CitiBank, and Marcus all had slightly higher savings rates than Ally; however, Ally allowed for six transactions per month on the account versus lower amounts for competitors. Furthermore, there was no required deposit amount to open an Ally account. Due to my liquidity needs as a college student, I found that Ally was the right choice.

Finally, Ally allowed for a $10 reimbursement charge at non-qualified ATMs and offered a checking account with 0.1% APR (0.6% if my checking balance was over $15,000). These factors furthered my decision to choose Ally.

III. What worked well and what didn't?

It was all relatively painless. I just needed to set up the time to do the research and ask other people who they were banking with and why. The account opening process took a few days because my wife and I had to provide secondary verification for our address—

ultimately, I was glad that Ally was taking the time to verify their customers. The most difficult part of the process was trying to find our old checkbooks (from our previous bank accounts) so we could write a check for our first Ally deposit! Almost everything can be done online, so needless to say, our checkbooks were in a corner collecting dust.

IV. What would you change?

Nothing! The only thing I wish I could change is time—so I could have switched to Ally years ago. Everything is going extremely well with our Ally accounts and we are looking forward to our first month's interest!

V. What were your 2-3 most important things you learned?

The following are three key things I learned:

1. Its much better to receive a higher saving's interest rate than pay for the jar of dum-dums in the brick-and-mortar banks.
2. In class we always discuss key points when it comes to saving, but there is actually a lot more to learn. It was easy for me to get lost in the vast amount of information there is to study.
3. Opening a high-interest savings account is not as hard as it seems. I'm really grateful that I took the time to open with Ally. My family's future savings plan is better off because of it.

XVI. Service Teaching Experience

Meeting with Amy O.
Nathan
September 21, 2019

I. Who

My mother, Amy O., has recently been asking me about some tax planning strategies that she could use to lower her tax liability. After speaking with her about the basics of the individual income tax formula (Gross Income, AGI, Standard or Itemized, and Credits), I asked her if she would be willing to allow me to teach her for an hour about this topic. After she accepted my invitation, I prepared my lesson using the Tax Planning slides located on the Personal Finance website.

II. Results

On the evening of September 21, 2019 my mother and I sat down to discuss the topic of taxes and how a person can plan to target their tax rate for the year. After quickly going through the introductory slides, I explained that we are to be obedient to the laws of the land (pay taxes); however, we are not required to pay a penny more than we owe. I used the slide, "Why Tax Planning?" to explain that taxes are an average American's single largest expense—most American's work for over four months just to pay their taxes.

We spent some time explaining the principles of tax management and moved into a quick overview of the federal tax process. My mother explained how difficult it has been since the 2018 TCJA adjustments—she lost her ability to itemize (due to the larger standard deduction) and claim personal and dependent exemptions. Effectively, these changes have doubled her tax liability over the last few years.

My mother and I then spent some time talking about the different credits available to students and non-students. My mother was rather familiar with a few of the credits as she has claimed them on past tax returns. I also highlighted that some credits (like the American Opportunity Credit) are either partially, fully, or non-refundable. Then, we quickly overviewed the different types of taxes—my mother was very familiar with them. At this point in the lesson, my mother didn't feel that she had found ways to lower to tax liability.

Once we began to talk about the tax planning strategies (especially #1 Maximize Deductions), my mother began to see methods she could use to lower her tax liability. We specifically spent a lot of time on bunching. Next year, my mother should be receiving about $50,000 from the sale of a lot that she has developed for home-building. My mother's plan was to use that money to settle her home mortgage. I spoke to her about her marginal tax rate (which hovered over the 22/24% bracket), and how she could use the $50,000 cash flow to bunch her charitable contributions, itemize her deductions, and ultimately gain a greater return than if she settled the mortgage early.

III. What Worked Well

The PowerPoint presentation that I prepared from the Personal Finance website worked great. I had previously gone through the presentation and ensured that the content was on topic with what I wanted to teach, the problems used in the presentation were succinct, and that the principles were applicable with my mother's tax planning situation. I emailed my mother the slides after the meeting to ensure that she could reference them in the future.

IV. What I Would Change

My mother and I didn't have enough time to go through the example at the end of the presentation. If I could change my lesson planning, I would have cut out the introduction slides and I would have jumped right into the case example. Another change I would make is the time I took to explain the different types of taxes. My mother was already very familiar with them—we didn't need to spend our lesson time talking about Capital Gains vs. Social Security.

With that said, I know that she really appreciated the time we spent together, and she is excited to learn more deeply about how she can donate appreciated investments as her tithing. It was a great experience to be able to share the principles I have learned inside and outside this class and see them benefit a member of my family. The PowerPoint Slides I taught with follow this page.

V. Lessons Learned

The key lesson learned is that I actually have a good foundational understanding of taxes! It surprised me how well I was able to teach my own mother about tax. It was so fun to see the light in my mother's face brighten as she began to understand the tax planning strategies that could reduce her future tax liability.

Another lesson learned is that preparation is essential in delivering a good lesson. I think that the visual PowerPoints were super helpful and allowed my mother to better visualize the different tax planning strategies we focused on.

VI. Attachments

Tax Planning: Paying All You Owe and Not a Penny More
Personal Finance: Another Perspective

Personal Finance: Another Perspective

Tax Planning: Paying All You Owe and Not a Penny More

Updated 2018-01-23

Objectives

A. Understand how tax planning and can help you attain your personal goals and the principles of tax planning

B. Understand the Federal tax process

C. Understand the major tax features of our tax system and tax strategies to help lower your taxes (legally and honestly)

D. Understand and create your Tax Plan

Your Personal Financial Plan

- Section V: Taxes
  - What is your vision and goals for your taxes? (use [illegible] T01-05)
    - What Tax Form and Tax Strategies did you use last year? What was your marginal and average tax rates?
  - What are your Plans and Strategies for the future?
    - What else can and should you do to reduce your tax bill to Uncle Sam?
  - What are your constraints and accountability?
- Note: [illegible] (LT39) may be helpful

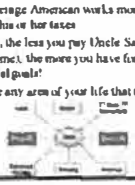
Case Study

Data: Matt and Jemma, age: 42 and 40, are married and filing out their taxes. They have 4 children, 3 under 17 and one a dependent in college. They contributed $3,000 to a traditional 401k in 2019, $2,500 to a flexible spending plan, and earn and level income earn $[illegible]. They can only deduct medical bills above 10% of AGI and state taxes — $10,000. The standard deduction for married filing jointly is $24,400, and the child tax credit is $2,000 per child under 18. Tax rates for 2019 for married filing jointly are:

- $0 to $19,400 — 10%
- $19,400 to $78,950 — $1,940 plus 12% of the amount over $19,400
- $78,950 to $168,400 — $9,086 plus 22% of the amount over $78,950
- Income: Earned income — $80,000
  - Interest income — 10,000
- Expenses: Home mortgage interest — 6,500
  - Unreimbursed medical bills — 9,063
  - Taxes and offerings — 9,600
- Calculate: Using the married filing jointly data and the information above, calculate their 2019 taxes first using the standard deduction and then using itemized deductions. Calculate their marginal tax rate and average tax rate on gross income.
- Recommendation: Which way should they calculate their taxes? What could they do to reduce their taxes?

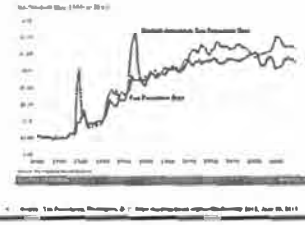
A. Understand How Tax Planning can help Attain your Goals and Principles of Tax Planning

- Why tax planning?
  - Taxes are your largest single annual expense
  - The average American works more than 4 months just to pay his or her taxes
  - In sum, the less you pay Uncle Sam (for a given level of income), the more you have for your personal and financial goals!
  - Is there any area of your life that taxes do not impact?



Tax Freedom Day 1900-2018

How Has Tax Freedom Day* Changed over Time?



Tax Planning (continued)

- The Lord has said
  - Let no man break the laws of the land, for he that keepeth the laws of God hath no need to break the laws of the land. Wherefore, be subject to the powers that be, until he reigns whose right it is to reign, and subdues all enemies under his feet (D&C 58:21-22).
- Harold B. Lee said
  - There seem to be those among us who are as wolves among the flock, trying to lead some who are weak and unwary, ... who are taking the law into their own hands by refusing to pay their income tax. (*Ensign*, January 1973, p. 106.)

Tax Planning (continued)

- What are the principles of tax management
  - 1. Know yourself, your goals, vision, and values
  - 2. Seek, receive and act on the Spirit's guidance
  - 3. Keep good records for tax and other purposes
  - 4. Understand the tax system so you can make wise decisions regarding your finances
  - 5. Get good help if needed to make better decisions
  - 6. Pay everything you owe for taxes, and not a penny more

---

Tax Planning (continued)

Principles	Doctrines
Know yourself, your vision and goals	Identity
Seek, receive and act on guidance	Obedience
Keep good records	Stewardship
Understand the tax system	Accountability
Get good help if needed	Stewardship
Pay everything you owe	Agency

Tax Planning: Paying All You Owe and Not a Penny More
Personal Finance: Another Perspective

Tax Planning (continued)

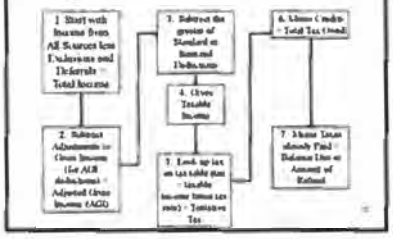
From Obedience to Consecration

I am a child of Heavenly parents (identity), trying to live worthy of the Spirit (obedience), who is learning important information about the tax system (accountability), wisely keeping records of my income and expenses (stewardship), and getting good help when needed (stewardship). I act with integrity to minimize my tax payments to the government (honesty), so that I can have sufficient assets to accomplish my personal mission and to accomplish the things that Heavenly Father and I and my family would have me accomplish.

Tax Planning (continued)

- Any questions on the importance and principles and doctrines of tax planning?

B. Understand the Federal Tax Process



Definitions

- 1. Total Income
  - Total or gross income for tax purposes is all income, unless specifically excluded or deferred
  - Exclusions include certain employer provided fringe benefits and contributions, *contributions to qualified retirement accounts (401k, 403b, 457 plans, etc.)* that are not Roths, gifts and inheritances, life insurance proceeds, grants not in excess of college expenses, municipal bond interest, and interest for education savings vehicles used for education
  - Deferrals include like-kind exchanges

Definitions (continued)

- 2. Adjustments
  - Adjustments are deductions from total income allowed by the IRS to get your Adjusted Gross Income (AGI).
    - Qualified medical (flexible) savings contributions
    - Contributions to non-Roth Individual Retirement Accounts and Health Savings Accounts (IRAs HSAs)
    - Student loan interest tuition fees deduction (IRS 970)
    - One-half self employment tax, and losses including net capital losses (up to $3,000), sole proprietorship losses, and active participation real estate losses

Definitions (continued)

- 3. Standard Deductions
  - Deductions are IRS allowed amounts (standard deduction) or taxpayer determined amounts (itemized deductions) to get taxable income from your AGI

Year	Standard Deduction $ (MFJ)
2015-2016	12,600
2017	12,700
2018	24,000
2019	24,400

Definitions (continued)

- 3. Itemized Deductions
  - Allowable deductions (if you itemize) include:
    - Charitable contributions (cash, in kind, mileage)
    - Home mortgage interest
    - Medical expenses (> 10% of AGI), casualty expenses (> 10% of AGI for a federally declared disaster only),
    - Either state and local taxes or state and local general sales taxes, property taxes on principle residence, etc. up to $10,000

Definitions (continued)

- Mileage deduction vary depending on usage
  - Charitable mileage deductions
    - 2017 140 per mile
    - 2018 140 per mile
    - 2019 140 per mile
  - Business mileage deductions
    - 2017 535 per mile
    - 2018 545 per mile
    - 2019 580 per mile
  - Medical mileage expense deductions
    - 2017 170 per mile
    - 2018 180 per mile
    - 2019 200 per mile

Definitions (continued)

- 4. Personal Exemptions (Eliminated)
  - An exemption is an amount of money set by the government that you can deduct for each qualifying person in your household. If you are married with 4 young children still at home, you have 6 exemptions. These were eliminated in 2018

Year	Exemption Amount ($)
2014	3,950
2015	4,000
2016	4,050
2017	4,050
2018-2019	0

Tax Planning: Paying All You Owe and Not a Penny More
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Definitions (continued)

- 5. Tax Tables (married filing jointly [Schedule Y-1])

Year	If Taxable income is over	But not over	Tax is	Plus the percentage	Of the income
2017	$0	$18,650	$0	10%	$0
	18,650	75,900	1,865	15%	18,650
	75,900	151,200	10,415	25%	75,900
	151,100	230,350	29,753	28%	151,100
2018	$0	$19,050	0	10%	0
	19,050	77,400	1,905	12%	19,050
	77,400	165,000	10,313	22%	77,400
	165,000	315,000	29,318	24%	165,000
2019	$0	$19,400	0	10%	0
	19,400	78,950	1,940	12%	19,400
	78,950	168,400	9,086	22%	78,950
	$168,400	$321,450	28,765	24%	168,400

Definitions (continued)

- 6. Credits
  - Credits are dollar for dollar reductions in your taxable liability. Credits are worth significantly more than deductions
  - Credits are either refundable (paid to the taxpayer even if the amount of the credits exceeds the tax liability) or non-refundable
    - Refundable credits include reductions for earned income, taxes withheld on wages, estimated income tax payments
    - Non-refundable credits include child tax ($2,000 per child), child and dependent care, elderly and disabled, adoption, home and lifetime learning

Definitions (continued)

- Tax Credits for Students (income limits apply)
  - *American Opportunity Tax Credit (AO)*. Temporary credit, which provides up to $2,500, 100% of the first $2,000 and 25% of the next $2,000 (40% refundable)
  - *Lifetime Learning Credit*. You can get up to $2,000, 20% of the first $10,000 of expenses, even if you are part-time
  - *Earned Income Tax Credit*. This is available to low-income individuals (age 24 and over)
  - *Child Tax Credit*. You can get $2,000 per child under age 18, with $1,400 refundable
  - *Child and Dependent Care Expense Credit*. You can get a credit of 20-35% of $3,000 care expense paid on one qualifying person or $6,000 on two qualifying persons (two children maximum). There is no upper income limit on the 20%, and the credit is non-refundable

Definitions (continued)

- Tax Credits for Non-students (income limits apply)
  - *Retirement Savings Contribution Credits*. Up to 10-50% of your retirement plan contributions (for AGI income below $64,000 MFJ in 2019)
  - *Residential Energy Credit*. Credit on amounts paid for qualified energy efficiency improvements
  - *Foreign tax Credit*. Credit of the tax you paid to a foreign country (on your international mutual fund investments)

IRS Form 1040A - Taxable Income, Tax withheld and Amount Owed

Definitions (continued)

- Any questions with the Federal Tax process?

C. Understand the Major Tax Features and Strategies to Reduce Taxes

- Four types of taxes:
  - 1. Income taxes
  - 2. Capital Gains taxes
  - 3. Income based taxes
  - 4. Non-income based taxes

1. Income Taxes

- Income taxes
  - Progressive tax meaning that the more you earn the more you pay
- Marginal tax rate
  - Percentage of the last dollar that you earned that will go toward federal income taxes
- Average tax rate
  - Average amount of every dollar you earned that was paid for federal income taxes
- Effective marginal tax rate
  - Average amount of every dollar you earned that paid for all local, state, and federal income taxes

2. Capital Gains Taxes

- Capital gains taxes
  - Can be postponed until you sell an asset for a profit, but rates are dependent on how long the asset is held as well as the marginal tax bracket of the owner
  - While you can postpone capital gains taxes, you cannot postpone taxes on distributed earnings and dividends from mutual funds
    - Short-term capital gains
      - Gains from assets held less than 366 days
    - Long-term capital gains – taxed at a preferential rate
      - Gains from assets held longer than 366 days

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Capital Gains (continued)

- Capital gains taxes do not perfectly match up with the tax brackets; rather, they are applied to maximum taxable income levels (1000's). Medicare taxes also change with income

Filing Status	Income Bracket	Income Bracket	Income Bracket	Capital Gains & Dividends Tax Rate	Capital Gains & Dividends Tax Rate	Medicare Tax Rate	Medicare Tax Rate	Total Tax Rate Medicare
				15%	0%			
[illegible]	[illegible]	[illegible]	[illegible]	15%	0%	1.9%	0.9%	2.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	0%	1.9%	0.9%	2.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	0%	1.9%	0.9%	2.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	15%	1.9%	0.9%	17.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	15%	1.9%	0.9%	17.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	15%	1.9%	0.9%	17.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	15%	1.9%	0.9%	17.9%
[illegible]	[illegible]	[illegible]	[illegible]	15%	15%	1.9%	0.9%	17.9%

Capital Gains (continued)

Investing

- Avoid frequent trading. Selling causes taxes
- Buy for the long-term and keep costs low
- Buy low-turnover, "tax managed" index/mutual funds

Home Ownership

- Gains up to $500,000 for couples and $250,000 for individuals from home ownership is exempt from taxes
  - Home must be your principal residence and lived there 2 of the last 5 years. No need to "roll over gain" as before the Taxpayer Relief Act of 1997

3. Income-based Taxes

- **Social Security or FICA**
  - A mandatory insurance program administered by the federal government that provides support in the event of death, disability, health problems, or retirement.
    - Tax rate of 6.20% of gross salary
    - Capped and adjusted annually for inflation over which income is not taxed
- Medicare
  - A health care insurance program for elderly and disabled.
  - Tax rate of 1.45% of gross salary, with no annual cap

Income-based Taxes (continued)

- Total FICA tax rate is 15.3% (12.4% Social Security + 2.9% Medicare)
  - You are only responsible for half of the tax unless you're self-employed. Then you must pay all 15.3%
- State and Local Income Taxes
  - Most states impose an income tax, however, some, like Texas and Nevada do not (see next slide)
  - Alaska actually pays you to live in that state
  - Local income taxes are uncommon, but some larger cities, for example, New York City, impose such a tax

Income-based Taxes (continued)

- State and Local Tax Rates (2016)

STATE INCOME TAX RATES MATTER

4. Non-Income based Taxes

- Excise "sin taxes" and state sales taxes
  - Imposed when goods are purchased
- Real estate and property taxes
  - Imposed annually or semi-annually on assets owned
- Gift and estate taxes
  - Imposed when assets are transferred from one owner to another

Tax Planning Strategies (continued)

Four key strategies to reduce your taxes (legally):

1. Maximize Deductions
   - Key Suggestions
     - Use your home as a tax shelter
     - Shift and bunch your deductions to get maximum benefit in a specific year
     - Continue to give, with tithes and offerings
     - Keep good records of health, charitable and moving expenses, including mileage and in-kind donations

Tax Planning Strategies (continued)

2. Minimize Taxes Owed
   - Key Suggestions
     - Maximize long-term capital gains
       - Taxes are not paid until the assets are sold
         - Long-term capital gains rates are taxed less than earned income (up to 35% versus 15%)
     - Emphasize stock dividends over bond interest
       - Stock dividends have a 15% preferential tax rate
     - Utilize a buy and hold strategy on financial assets
       - You pay no taxes until you sell
     - Manage your portfolio in a tax-efficient basis

Tax Planning Strategies (continued)

3. Receive Tax-Exempt Income
   - Key Suggestions
     - Look to tax-free investments
       - Municipal bond interest is federal-tax free, and may be state and local tax-free as well
       - Treasury securities are state tax-free
     - Use Medical Savings Accounts (also called flexible spending accounts) to pay medical bills with before-tax dollars and to reduce income
     - Donate to charities with appreciated assets. That way you do not pay capital gains taxes on the appreciated assets

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Personal Finance: Another Perspective

Tax Planning Strategies (continued)

4. Defer taxes to the future or eliminate them
   - Key Suggestions
     - Defer taxes to the future by investing in 401k/403b/457 and other tax-deferral qualified retirement plans, especially if they are matched
     - Eliminate future taxes by investing in Roth retirement vehicles (Roth IRA, Roth 401k, etc.)
     - Prepare for future education expenses and eliminate future taxes by investing in education savings vehicles (i.e., 529 Plans and Education IRAs) which eliminate future taxes on earnings if the assets are used for qualified educational expenses (exclusions)

Tax Recommendations for Soon to be Graduating Students

1. Be organized with your record keeping
   - Have a folder that you put all your tax receipts into for tax time—keep it current
   - Use an electronic system such as Quicken or Mint.com to organize your finances
     - These programs make taxes easier if you use them as they help you remember when and where you made tax-deductible contributions

Tax Recommendations for Students (continued)

2. Keep prior year's return
   - Use prior year's returns as examples for your current year's return
   - Make sure you take the same deductions each year — or at least be aware of them
   - Keep prior year's returns for 7 years, including returns and backup for key deductions and credits

Tax Recommendations for Students (continued)

3. Go through your bank receipts/checkbook and remember
   - Keep good records so you can itemize deductions, including charity, insurance, and other key areas
   - Get good at showing what non-cash charitable contributions you make, such as miles you travel for church or assist related activities. These can be deducted at 14 cents per mile in 2019
   - Keep records of the non-cash donations you give to Deseret Industries, Salvation Army, etc. as these can be deducted if you itemize

Tax Recommendations for Students (continued)

4. Spend time in December estimating capital gains, and offset them if possible with capital losses
   - Offset capital gains with capital losses to manage your investment income
     - If one of your index/mutual funds has a loss, sell it to get the loss and buy another index fund that follows the same asset class
   - You can deduct up to $3,000 per year in capital losses (every little bit helps) in 2019

Tax Recommendations for Students (continued)

5. Pay your tithes and offerings with appreciated long-term capital assets (if you have them).
   - If you donate appreciated assets instead of selling them, you do not have to pay the capital gains on those assets
   - Donate the appreciated assets directly to the charities of your choice
     - For an example of paying tithing and other offerings with appreciated assets, see [illegible] (LT08)

Questions

- Any questions on taxes and tax strategies to reduce your tax bill?

D. Understand and Create Your Tax Plan

Following are ideas as you put your Tax Plan together

Your Tax Plan (continued)

- Vision
  - This will likely be from your Plan for Life
- Goals
  - Pay the government every penny we owe
  - Show by my actions that I have integrity
  - Be honest in all my dealings, including with the government
  - Use taxes strategically in developing my retirement plans
  - Maximize all after-tax cash flows
  - Pay all bills when due

Tax Planning: Paying All You Owe and Not a Penny More
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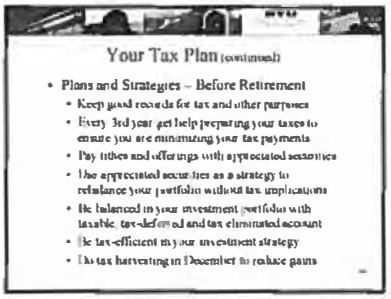

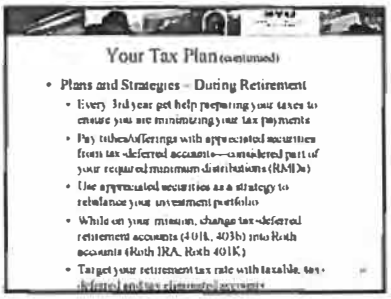

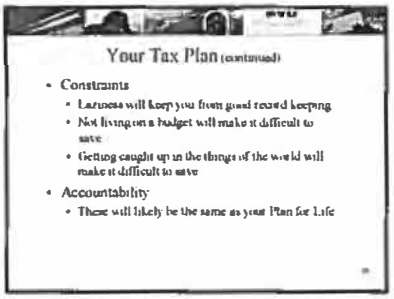

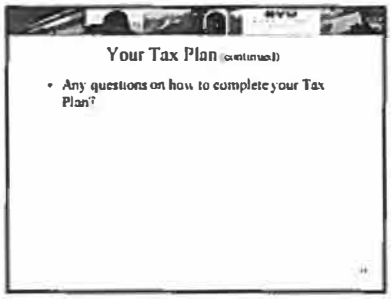

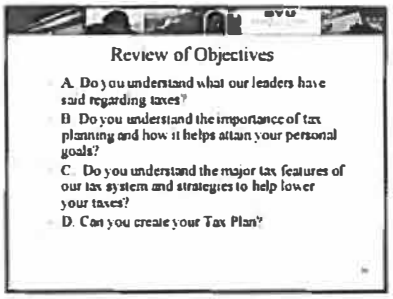

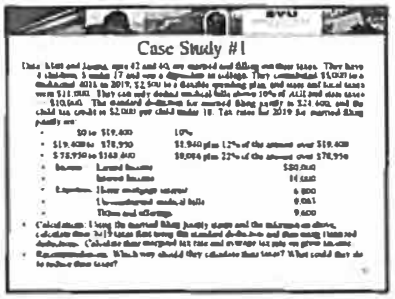

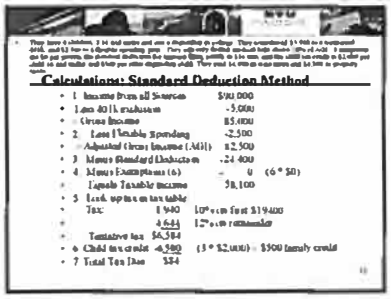

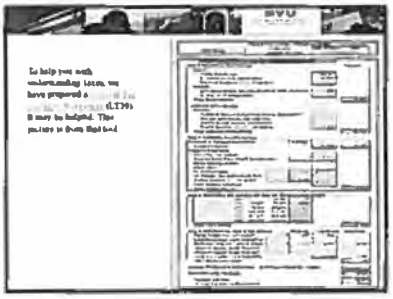

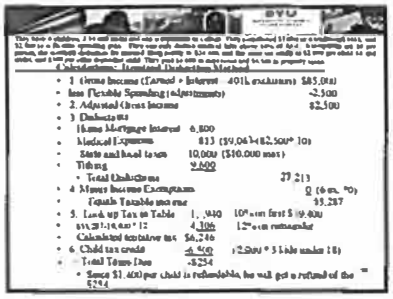

Tax Planning: Paying All You Owe and Not a Penny More
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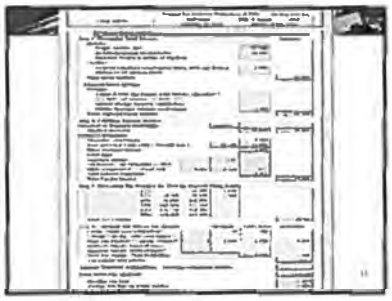

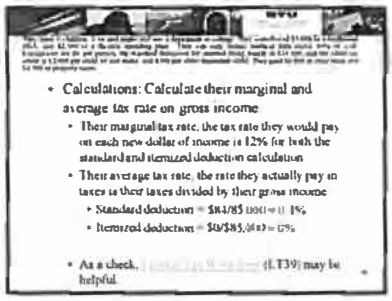

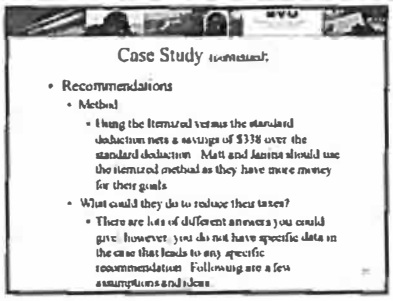

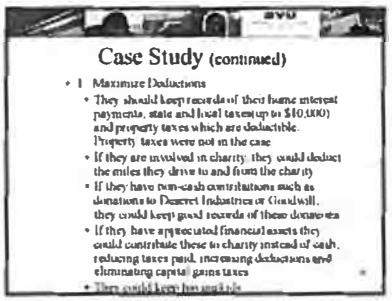

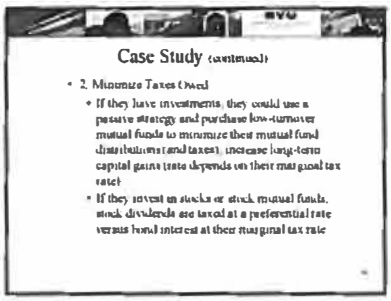

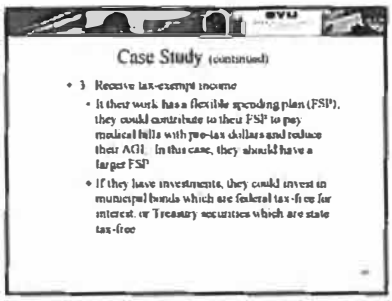

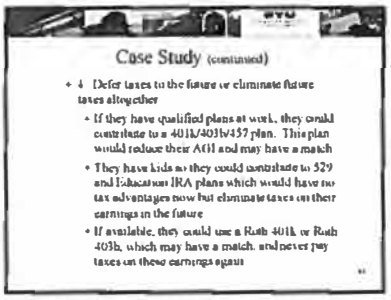

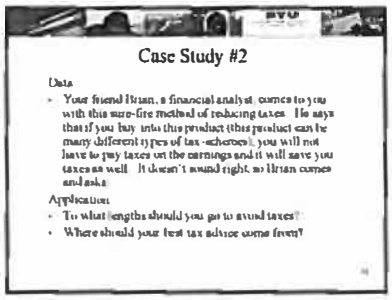

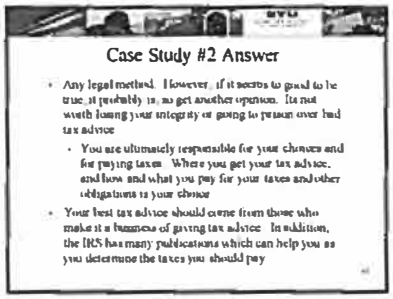

Tax Planning: Paying All You Owe and Not a Penny More
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Case Study #3

From the Fundamentals of Family Finance Workbook, Hill & Hoelscher, 2017 v 5.1 updated for 2019

- David and Jenny have four children. Aaron (20), Brittany (18), Carolyn (16), and Duncan (14). David earned $110,000 and a $10,000 bonus and had $12,000 withheld for federal income taxes, $6,000 for Utah State income taxes, and $9,180 for payroll taxes. They earned $100 interest. They saved $12,000 in a Roth 401k and $3,000 in a traditional IRA. They $13,000 in tithes and offerings, $6,000 in Utah state taxes, $4,500 in property taxes, and $4,200 in qualified home mortgage interest. They paid $4,000 in unreimbursed medical costs when Duncan broke his arm. Aaron is a missionary in Peru, and they contributed $400 each month to the Church. Brittany just completed a semester at BYU-Idaho with expenses of $4,700 ($2,800 tuition, $300 books, and $1,600 housing and $800 food). (Sorry but a missionary not quite be a family credit)
  - Based on the facts below, help the Petersons determine if they should itemize or use the standard deduction? Will they have [illegible]

Case Study #3 Answers

Calculations: Standard Deduction Method

- 1 Gross Income $120,100
- 2 Less IRA contribution -5,000
- Adjusted Gross Income (AGI) 115,100
- 3 Minus Standard Deduction -24,400
- 4 Minus Exemptions (6) - 0 (6 * $0)
- Equals Taxable income 90,700
- 5 Look up tax in tax table
- Tax 1,940 10% on first $19,400
- 7,146 12% on the next brackets
- 2,585 22% on remainder
- Tentative tax $11,671
- 6 Child tax credit -4,500 (2 * $2,000) + $500 family credit
- AO Credit -2,075 (100% of $2k + 25% up to $4k)
- 7 Total Tax Due $3,96
- Taxes Paid 12,000
- [illegible]

David and Jenny have 4 children, 2 under 16, one on a mission, and one at BYU-Idaho. He earned $110K, with a $10k bonus. $12k was withheld for Federal taxes and $6k for state taxes. They put $3k in an IRA, $13K in tithes and offerings, $400*12 for missionary expenses, $4.5k for property taxes, had $4k in medical expenses, and the college student paid $2.8k for tuition and books.

- What is their taxes refund using the standard deduction?

Case Study #3 Answers

Calculations: Itemized Deduction Method

- 1 Gross Income $120,100
- 2 Less IRA contribution -5,000
- Adjusted Gross Income (AGI) 115,100
- 3 Deductions
- Home Mortgage Interest 4,200
- Medical Expenses 0 ($4,000-(115,100*.075))
- State and local taxes 10,000 ($10,000 max)
- Tithing 17,800 (13,000 + $400*12)
- Total Deductions $32,000
- 4 Equals Taxable income 83,100
- 5 Look up Tax in Table 1,940 10% on first $19,400
- 7,146 12% on next bracket
- + 913 22% on remainder
- Calculated tentative tax $9,999
- 6 Child tax credit -6,575 (2,000 * 3 kids under 18)
- 7 Total Taxes Due $3,424
- Amount withheld 12,000 refunded is $8,576

David and Jenny have 4 children, 2 under 16, one on a mission, and one at BYU-Idaho. He earned $110K, with a $10k bonus. $12k was withheld for Federal taxes and $6k for state taxes. They put $3k in an IRA, $13K in tithes and offerings, $400*12 for missionary expenses, $4.5k for property taxes, had $4k in medical expenses, and the college student paid $2.8k for tuition and books.

- What is their taxes refund using itemized deductions?

Case Study #4 – (WP 7)

- Steve and Stella are a young married couple with a baby. Steve earned $6,000 and Stella $10,000. $2,000 was withheld from their paychecks for federal income taxes, and they will take the standard deduction for MFJ. They learned about IRAs in Fin410, so they set up and contributed $200 to a Roth IRA. They had tuition costs of $10,400 and books of $600, equally split. They received federal Pell grants worth $6,000 in 2019 equally split. Calculate their
  - AGI (Step 1)
  - Taxable Income (Step 2)
  - Tax Liability (Step 3)
  - Taxes Due/(Refund)* (Step 4)

Case Study #4 Answers

- Calculate their AGI
  - Their AGI is equipose of their gross income less any adjustments
  - Their gross and adjusted gross income is + $16,000
- Calculate their Taxable Income
  - Since they took the standard deduction ($24,400) and only made $16,000, their taxable income is = 0
- Calculate their tax liability
  - Since their taxable income is $0, their tax liability is 0

Case Study #4 Answers

- Calculate their refund
  - The child tax credit is $2,000, of which $1,400 is refundable
  - They have a Pell grant of $6,000, equally split, and books and tuition also equally split
    - Their total education expenses for tuition and books was $11,000, less the Pell grant of $6,000, would result in tuition and book expenses in excess of the Pell grant, of $5,000 each
    - Since it was equally split and both going to school, we do two American Opportunity Credits using $2,500 of expenses for each. This results in two credits of $2,125 of which 40% ($850) is refundable.
  - Their total credits were $6,250, of which $3,100 is refundable
- Their total refund would be the $3,100 of refundable credit, plus the $2,000 they paid, for a total refund of $5,100

Case Study #4 Answers

- From the Vita Lab
  - They would recommend
    - Since the credits are more important and you have no taxable income
      - Take $3,000 and put it in gross income. Your taxable income is still 0
      - Recognizing the $3,000 in income allows
        - Pay $4,000 each in the AOC credit, which brings up your total refundable credit to $3,400
    - Your refund is $5,400, $300 more than earlier
  - GET TO THE VITA LAB FOR HELP at [illegible]

HC ✓

XIV. Individual Experience

Researching and Opening a Wells Fargo Credit Card

Nathan

September 27, 2019

I. What did you want to accomplish?

I wanted to open another credit card to increase my credit score over time and earn points I can use toward travel or other areas of our budget. About three years ago, I opened a student Discover card and built my credit score to 780. Recently, I upgraded my student card to their higher-level cash back credit card (this did not impact my credit score). According to my credit score (which became stagnant the last 8 months), an important factor in determining my credit worthiness was the number of accounts active in my name. To further increase my credit, I wanted to research another company/card that I could open in order to increase my credit score to over 800 (over time).

II. What was the result of that experience?

I first spent a few hours researching the different aspects of what make up the overall credit score. Personally, I am a convenience credit card user—meaning that I only buy what I can pay for and always pay off the balance before the end of the month. I only use my credit card to build up a cash-back balance and increase my credit score. After spending time researching, I found a few factors that affect my credit score. The first is revolving utilization, which is also known as your debt-to-limit ratio or credit utilization. It measures the amount of your revolving credit limits that you are currently using. To maximize your credit score, you'll want this number to be as low as possible, with 10% or lower being ideal for most consumers. Mine has always stayed as low as 1-4%. Another factor is length of credit. The longer you've had an account open, the better your credit score can be. Closing a credit card account will negatively impact your credit score and opening a new account will also temporarily have a negative impact on your score.

The final factor of my research that I'd like to discuss is the number of accounts opened. Creditors want to see that you can handle more than one line of credit. This piece of my research led me to believe that I am ready to open another convenience credit card (with a different institution) to eventually increase my credit above 800. I knew that my score would take a temporary hit, but it would be worth it in the long run.

After spending a few more hours researching, I found a credit card that seemed right for me. The Wells Fargo Propel card required a high credit score to apply, it included 30,000 bonus points ($300 equivalent) upon $3,000 worth of purchases within 90 days (this will be easily accomplished within the budget my family has already set). The card gave 3x points upon certain purchase categories and 1x points everywhere else. There is no annual fee and APR rates were comparable (15.74% to 27.74% Variable); however, I don't plan on ever carrying a monthly balance on this card.

III. What worked well and what didn't?

Opening the card was rather easy. I first went to a local Wells Fargo (I do not bank with Wells Fargo) and asked them about the details of the card (after doing my personal

online research). I then filled out an application and waited a few days. An issue I ran into was Wells Fargo did not get back to me in a timely manner to inform me concerning my application status. After several days of not hearing from them, I returned to the local branch and found out that they had an issue with verifying my address. My Discover account is a part of my federal credit report and was used by Wells Fargo to verify my information. My Discover account was attached to an old address that I lived at before I married. My Wells Fargo application contained my new address. I quickly remedied this with the local branch and later called Discover to change my personal address. All was well after that and I was approved!

IV. What would you change?

I do not have anything that I would change. I am enjoying the card, its perks, and the ease of payment through my Wells Fargo Phone app. However, compared to Discover, I feel that the Wells Fargo app and website are more complicated and less user friendly than Discover. I wish I would have spent some time looking into that before applying for the card. Overall, however, I am really happy with the card and the rewards!

V. What were your 2-3 most important things you learned?

The following are three key things I learned:

1. Your credit score is made up of several important factors. If I wanted to know how to increase my credit score, it was important that I understood those factors and what credit agencies are looking for in a good score.
2. Take the time needed to research different types of credit cards. There are a lot of options with different agencies, requirements, and possible fees. Taking the time to research will help you find the most cost-effective card that is right for your credit plan.
3. Credit cards are a tool not a gift. This exercise helped me reaffirm how important it is for me to stay on top of my spending and properly manage my two credit cards. My vision/goals for our credit plan is to not carry a monthly balance on any of our credit cards.

XIV. Individual Experience

Researching and Opening an Ally Traditional IRA

Nathan D.

October 2, 2019

I. What did you want to accomplish?

My wife and I wanted to open an additional retirement account beyond my wife's Traditional 401(k) and Retirement Plus Plan through Brigham Young University. I took the time to research our various options and ponder upon how my wife and I will be using the retirement funds (after retirement). The issue that we are facing right now is her premature retirement from BYU. There is a good chance that in 8 months, my wife and I will move out of state to a new job that I acquire. We also believe that my wife might not work anymore—we are in the process of planning when we want to start a family (have children). Currently under DMBA policy (Deseret Mutual), if we have a total of less than $5,000 combined between the 401(k)/RPP (Retirement Plus Plan), we will be forced to take withdrawal of the account if we cannot roll it over into a different retirement account under Eden's name. We do not want to pay the 10% penalty and 20% withholding assessed upon early withdrawal, so we need to research an IRA account that we can use to roll the funds forward and plan for our retirement.

II. What was the result of that experience?

I first spend an hour researching the benefits of a Traditional vs. Roth IRA. Roth is definitely the better choice for maximizing after tax spending. However, I wanted to make sure the account could take advantage of other tax benefits that are important—mainly charitable contributions. Under current tax law, full-tithe payers who are 70.5 years old have an advantage of owning a Traditional IRA. The withdrawals from the account can be used to donate to a qualified charity tax-free. Furthermore, the charitable donation counts towards the required minimum yearly distribution (RMD) on the account. See full information below for details.

Charitable Contributions

- Gift directly from an IRA (70 ½ Age rule)
  - A donor over the age of 70 ½ may contribute up to $100,000 directly from an IRA to a charity (per year)
  - The distribution of the proceeds out of the IRA is NOT taxable to the taxpayer
  - The contribution to the charity is NOT deductible
  - So why do it?
    - No AGI increase
      - Phase out of exemptions, deductions, deduction of Casualty Losses and medical expenses, taxability of social security benefits
      - May not be able to itemize....

Essentially, the Traditional IRA has a long-term advantage over the Roth IRA (for full-tithe payers who would pay the tithes in either scenario), and can be labeled as the "Tax Sheltered Tithing Account." The return is guaranteed to be the amount of contributions made over the life of the account multiplied by the average marginal tax rate you avoided by making contributions to the Traditional IRA.

I then spent the next few hours researching which institution to open the Traditional IRA account. I found several institutions such as Vanguard, Merrill Edge, and AmeriTrade that advertised positive returns depending on the asset vehicles chosen for the account. After researching, I decided to open up an IRA savings account (1.9% APY) instead of an IRA Mutual Fund (I want to eventually open a mutual fund for other purposes). I chose to open up my "Tax Sheltered Tithing Account" with Ally Bank—I do all my banking with Ally. Ally also gave me the option to open up a High Yield IRA CD (2.25%), which I might do when/if my wife leaves BYU and we need to transfer her 401(k) and RPP.

III. What worked well and what didn't?

Opening up the account was easy and painless! I am already familiar with Ally and have a great deal of trust in them and their process. I was able to immediately see the account in my portal and I did not have any issue with depositing an opening amount. I'm looking forward to using my "Tax Sheltered Tithing Account" when I reach 70.5 years old!

IV. What would you change?

I do not have anything that I would change. I am really happy with the account and am looking forward to earning 1.9% APY on the account. My wife and I now have the task of determining how much we should contribute each year.

V. What were your 2-3 most important things you learned?

The following are three key things I learned:

1. There are several considerations when opening up a Roth vs. Traditional IRA. With a Roth, you can maximize after tax spending while a Traditional has immediate tax savings. Each should be chosen carefully in light of their benefits/consequences.
2. Take the time to study the tax advantages of Retirement Accounts. You can earn higher returns if you are planning to use the accounts in a tax-efficient way.
3. Penalties will apply for early withdrawal on retirement accounts. Thus, consideration is needed when choosing your asset vehicles and contribution amounts each year.

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MBA 620 Financial Planning
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Day 1 Objectives: Building a Strong foundation: Another Perspective on Wealth

A. Understand how to bring Christ into your finances
B. Understand the importance of perspective and our perspective for this course.
C. Understand our framework for learning: doctrines, principles and application
D. Understand the implications of that learning framework
E. Remember that "Life is Good."

Day 1 Take Aways:
1. The Lord can be a part of our daily transactions and financial decisions. I am accountable for every dollar that goes through my hands.
2. Perspective will give me the ability to have a vision, execute a plan, and forecast my life in order to know what the future might hold for my family and I.

Day 2 Objectives: Your Personal Financial Plan: Planning Your Financial Future

A. Understand the importance of planning your financial future and the process of creating your Personal Financial Plan (PFP)
B. Understand how to create your "Plan for Life"
C. Understand how to catch your vision of what you want to accomplish in life and the different types of goals
C. Understand and apply the principles of effective goal setting.

Day 2 Take Aways:
1. "Planning can turn emergencies into minor inconveniences." This teaching during the lecture today hit me in a really powerful away. I now know that if I plan carefully, I can be ready for any unforeseen financial circumstance.
2. My vision for my life can help me sort out what is important to my family and what is not. We need to take time to ensure that every important thing is planned for. A vision can help me do that!

Day 3 Objectives: Saving, Income and Expense Planning: Giving Every Dollar a Name

A. Understand family record keeping
B. Understand the principles, methods and levels of successful saving, income and expense planning (budgeting) and its methods and process
C. Calculate your net worth using a personal balance sheet
D. Develop a personal income statement and use ratios to analyze your spending
E. Understand and create your Saving, Income and Expense Plans (budget)

Day 3 Take Aways:
1. Those who reach their financial goals spend 2-3x more time each day/week/month on their personal finances.
2. Not only are income strategies critical, but expense, saving, and giving strategies essential to holistically improve our personal finances.

Day 4 Objectives: Debt: Avoiding Debt Like the Plague

A. Understand our leader's counsel on debt
B. Understand the principles of using debt wisely
C. Understand how to develop and use debt-reduction strategies
D. Understand plans and strategies for debt reduction

Day 4 Take Aways:
1. Utah is the #2 state in filing for Bankruptcy. This is caused by Divorce, Medical Bills, and other causes. My take away in to make sure that I am NOT overspending and that I only live within my means.
2. When paying down debt, first pay down the debt that has the highest interest rates. Next, pay off the debt with the smallest amount so you can see your wins! You want to be able to consolidate by paying down the smaller loans with the highest interest rate first.

Day 5 Objectives: Taxes: Paying All You Owe and not a Penny More

A. Understand how tax planning can help you attain your personal goals and the principles of tax planning
B. Understand the Federal tax process
C. Understand the major tax features of the U.S. tax system and tax strategies to help you lower your taxes (legally and honestly)
D. Understand and create your Tax Plan

Day 5 Take Aways:
1. The goal in tax planning is to maximize the after-tax benefits. There are several strategies that can be used to effectively do this such as bunching and using appreciated investments to pay charitable contributions.
2. Taxes are an enforced exaction; therefore, it is wise to keep good records. We need to keep our tax records stored for at least 7 years.

Day 6 Objectives: Cash Management: Making the Little Things Count

A. Understand the importance and principles of cash management
B. Know the different types of financial institutions the need to spend time each week to effectively manage your finances
C. Understand the different cash-management alternatives and how to compare them
D. Understand and create your Cash Management Plan.

Day 6 Take Aways:
1. It's important to diversify your cash investments. Keeping all your money in checking and savings accounts will not ensure the highest yields.
2. It's important to calculate your after-tax return and use Equivalent Tax Yields (ETY) to compare types of bond/other investments.

Day 7 Objectives: The Auto Decision

A. Understand key areas and principles of car ownership

B. Understand how to buy or lease a new car
C. Understand the lease versus buy decision
D. Understand and create your auto and adult toy plan

Day 7 Take Aways:
1. In negotiation, use price invoice as your anchor to negotiate the price down. MSRP stands for manufacturers silly retail price; you can get a lower price if you use proper tactics.
2. Make sure that the car fits your budget and not the budget to fit your car.

Day 8 Objectives: Credit: Understanding and Using it Wisely

A. Understand credit bureaus, credit reports, and credit scoring and the principles of using credit wisely
B. Understand the correct uses of credit cards
C. Learn how credit cards work and how to manage open credit
5. Understand and create your Credit Plan.

Day 8 Take Aways:
1. Your credit cards can be an extremely helpful tool or one of the most destructive decisions made. Its important to be a 100% convenience credit card user.
2. There are a variety of measurements used to create your credit score: utilization, number of accounts, and length of credit. It is important to understand these measurements so you can strategically increase your credit score.

Day 9 Objectives: Loans: Avoiding Consumer and Minimizing Student/Mortgage Loans

A. Understand consumer loans, principles, characteristics and costs
B. Understand mortgage loan types, characteristics, and costs
C. Understand the key relationships for borrowing
D. Understand and create your Consumer Loans and Debt Plan

Day 9 Take Aways:
1. If you do not have the money do not take out a consumer loan! Plan for loans that are essential such as buying a modest home or obtaining a reasonable education.
2. Avoid interest only loans or interest pre-payments. Keep your overall cost of the loan as low as possible.

Day 10 Objectives: The Housing Decision I: The Process

A. Understand our leaders guidance and the principles of home buying and ownership
B. Understand the process of buying a home

Day 10 Take Aways:
1. Buying a home is probably the largest asset decision my family can make. We need to save for at least a 20% down payment and use our funds to buy a modest home.
2. The bank will most likely be willing to lend me more than I can afford—my home should fit my budget. It's important to take the Lord into my home buying decision and follow the spirit when choosing a home (after doing the research).

Day 11 Objectives: The Housing Decision II: Comparing Loans and Creating Your Plan

A. Understand your options in the housing decision
B. Understand how to compare different types of loans with different fees and points
C. Understand and create your Housing Plan.
D. Answer questions on the housing decision

Day 11 Take Aways:
1. Its important to calculate your effective interest rate so you can understand the true cost of the loan. Include in 20% your down-payment the amount of the loan plus fees.
2. Work with at least three lenders so you can get the best rate and lowest loan fees, origination fees, and other closing costs.

Day 12 Objectives: Insurance 1: Basics and Insurance 2: Life Insurance

Insurance 1: Basics
A. Recognize the importance of insurance
B. Understand what leaders have said regarding insurance and the key principles of insurance
C. Understand and create your Insurance Plan.
Insurance 2: Life Insurance
A. Understand the benefits of life insurance and the five key questions
B. Understand the different types of term life insurance
C. Understand the different types of permanent life insurance
D. Determine which type of insurance is best for you and know the steps to buying life insurance
E. Understand plans and strategies for life insurance

Day 12 Take Aways:
1. The Life Insurance Plan you choose should fit your financial goals and be used to protect the right amount of risk you experience in your life situation.
2. Investments do not make good insurance plans and insurance plans are not necessarily good investments.

Day 13 Objectives: Insurance 3: Health Insurance and Insurance 4 Auto and Home Insurance

Insurance 3: Health Insurance
A. Understand how health insurance relates to your Personal Financial Plan and basic health insurance coverage and provisions
B. Understand the key areas of disability insurance
C. Understand the key areas of long-term care insurance
D. Understand how to control your health-care costs
E. Understand plans and strategies for health insurance
Insurance 4: Auto and Home Insurance
A. Understand the key areas of auto insurance and know how to reduce your costs
B. Understand the key areas of homeowner's and renter's insurance and know how to reduce your costs
C. Understand the key areas of personal liability insurance

D. Understand plans and strategies for asset protection

Day 13 Take Aways:

1. Get your Renter's Insurance from your Auto Insurer, it can save you a lot of money in the reduction you will receive on your auto policy.
2. Always get guaranteed full replacement cost when buying Insurance; check to make sure this exists in the details of the insurance plan.

Day 14 Objectives: Investments 1: Before You Invest and Investments 4: Understanding Bond Basics

Investments 1: What to do Before You Begin

A. Know what to do before you invest

B. Recognize the principles of successful investing

C. Understand the major asset classes and their risk and return history

Investments 4: Understanding Bond Basics

A. Explain the benefits, risks, terminology and types of bonds

B. Understand how bonds are valued and the costs of investing in bonds

C. Understand plans and strategies for bonds.

Day 14 Take Aways:

1. Its important to understand your risk tolerance and the risk tolerance of your spouse. This will help you find the proper asset allocations.
2. The best time to invest was 20 years ago, and the second-best time is today. Its important to start early and hold for a long period of time.

Day 15 Objectives: Investments 2: Your Investment Plan and Investments 2: Securities Market Basics

Investments 2: Understanding and Creating your Investment Plan

A. Understand the importance of financial goals and know how to set them

B. Know the importance of your Investment Plan and how to prepare it

C. Identify and be aware of get-rich-quick schemes and how to avoid them

D. Beware of "Get Rich Quick" Schemes

Investments 3: Securities Markets Basics

A. Recognize the different types of securities markets

B. Be aware of the basics of brokers and investment advisors and how to buy and sell securities

C. Understand how to choose a broker or an investment advisor

D. Know the uses and types of investment benchmarks.

Day 15 Take Aways:

1. 80% of portfolio success is found in the asset allocations, not the specific stocks invested in.
2. Eliminate Fear and Grief in your portfolio by using trustworthy agencies and being protective of your investments—don't short sell or day trade.

Day 16 Objectives: Investments 5: Stock Basics and Investments 7: Building Your Portfolio

Investments 5: Stock Basics
A. Review risk and return for stocks and common stock terminology
B. Understand how stocks are valued and why stocks fluctuate in value
C. Know stock-investing strategies and the costs of investing in stocks
D. Understand plans and strategies for stocks.
Investments 7: Building Your Portfolio
A. Understand which factors control investment returns and how to select investment vehicles
B. Understand the elements of a successful investment portfolio
C. Explain the investment process and how to build a successful portfolio
D. Understand plans and strategies for building your portfolio

Day 16 Take Aways:
1. There is an order in investing. It's important to build your emergency fund first then move into your core before broadening/deepening your investment portfolio.
2. Watch out for fees. Keep fees low/nonexistent else the majority of your earnings will be lost. Also, watch out for those without an investment license—ensure they are reported.

Day 17 Objectives: Investments 6: Understanding Mutual Fund Basics and Investments 8: Picking financial Assets

Investments 6: Understanding Bonds
A. Explain the advantages, disadvantages, types and classes of mutual fund shares
B. Understand how to calculate mutual fund returns
C. Understand the costs of investing in mutual funds and how to purchase a mutual fund
D. Understand plans and strategies for mutual funds
Investments 8: Picking Financial Assets
A. Understand why you should wait to purchase individual stocks until your assets have grown
B. Know how to find information on financial assets and taxes
C. Understand what makes a good mutual fund and the big deal about index funds
D. Understand how to pick the mutual/index/exchange traded funds
E. Understand plans and strategies for picking financial assets

Day 17 Take Aways:
1. Choosing the right mutual fund can save you a lot in the long-term. Using MorningStar to research the loads, management fees, and performance will help you choose the right fund.
2. Index Funds are a great way for the ordinary person to invest. It doesn't take extensive amounts of research and knowledge to take the "dumb" out of "dumb money."

Day 18 Objectives: Investments 9: Portfolio Reporting and Rebalancing and Investments 10: Behavioral Finance

Investments 9: Portfolio Reporting
A. Understand portfolio rebalancing
B. Understand the importance of portfolio management and evaluation
C. Calculate risk-adjusted performance measures
Investments 10: Behavioral Finance

A. Understand behavioral finance
B. Understand learn behavioral finance
C. Understand other alternatives to traditional finance
D. Understand how behavioral finance can help us

Day 18 Take Aways:
1. Opening up a brokerage account is easy. You just need to take the careful time to evaluate your accounts and periodically rebalance your portfolio.
2. Using the donations method of rebalancing your portfolio is a great way to void capital gains tax and use your most appreciated funds. Essentially, you will be buying low and selling high.

Day 19 Objectives: Investments 11: Questions and Answers

A. Answer additional questions on investing

Day 19 Take Aways:
1. Personal Revelation is our number one guide in understanding what our individual needs are. It's important that we can don't take upon ourselves too much risk and focus on our needs.
2. Asking yourself, "How can I maximize my hourly potential?" will allow you to open up your plans. People get scared when they see how efficient you can be. Be a leader by increasing your potential.

Day 20 Objectives: Retirement Planning 1: Basics

A. Understand why retirement planning is critical and the principles of successful retirement planning
B. Understand the steps, stages and payout options at retirement
C. Understand one method of monitoring your retirement-planning progress
D. Understand and create your Retirement Plan

Day 20 Take Aways:
1. Retirement takes discipline; the earlier you start the more your funds will grow. If you do this, you will be fully prepared for retirement.
2. Consider your debt when it comes to retirement planning. Try to eliminate all debts several years before retirement. You cannot rely on social security to supplement your retirement.

Day 21 Objectives: Retirement Planning 3: Understand Employer Qualified Plans and Retirement Planning 4: Understanding Individual and Small Business Plans

Retirement Planning 3: Understanding Employer Qualified Plans
A. Understand employer-qualified retirement plans
B. Understand defined-benefit plans
C. Understand defined-contribution plans
D. Understand plans and strategies for employer qualified plans.

Retirement Planning 4: Understand Individual and Small business plans
A. Understand individual retirement accounts
B. Explain when it is beneficial to convert a traditional IRA to a Roth IRA
C. Describe retirement plans designed for small businesses and individuals who are self-employed

D. Understand plans and strategies for individual and small business plans.

Day 21 Take Aways:

1. It is best to roll your Roth 401(k) to a Roth IRA because Roth IRA's do not have required minimum distributions (RMDs). It is important to track your RMD's else you will pay a 50% penalty!
2. Using the right mix of retirement accounts (traditional 401(k)/IRA, Roth 401(k)/IRA, Education IRA, etc.) will allow you to target your tax rate in retirement and use the maximum amount of your funds as tax efficiently as possible. Start by looking at what your employer offers and make sure you get the company match!

Day 22 Objectives: Retirement Planning 2: Social Security and Retirement Planning 5: Wrap Up and Q&A

A. Describe how the Social Security program works and the benefits of the Social Security program

B. Answer frequently asked questions about Social Security and the future of Social Security

C. Understand plans and strategies for Social Security

Retirement Planning 5: Wrap Up and Q & A

A. Understand events and impact on finances

B. Answer remaining questions on Retirement

Day 22 Take Aways:

1. It is important to try and work as long as you can to maximize your social security benefits. Social security uses your highest 35 years of earnings, which means you need to maximize your earnings for a long as you can work.
2. Do not let social security be more than 30-40% of your planned retirement income. Save now and set aside 20% to plan for retirement. Times are changing and so will social security policies.

Day 23 Objectives: Estate Planning: Taking Care of Those You Love

A. Understand the principles, importance and the process of estate planning

B. Know how trusts can be used to your advantage in estate planning

C. Understand the importance of wills and probate planning

D. Understand how to create your advance plan.

Day 23 Take Aways:

1. Use Trusts to dictate how you want your assets distributed. Make sure to have clear family conversations beforehand to prevent arguments after your death. Ensure to include specific clauses to prevent challenges from children or a 2nd spouse.
2. Estate taxes are not really taxes but penalties imposed on those who neglect to plan ahead. Its important to plan for death or tragedies. Don't let your work/wealth go to waste.

Day 24 Objectives: Money and Marriage

A. Understand the key changes in decision making once you are married and the principles of money and marriage

B. Understand why money may be an issue in relationships and share a few

recommendations for money and marriage

C. Understand and create your family financial plan.

Day 24 Take Aways:

1. We are equal partners in money and marriage. We may not have the same roles as mother and father; however, we work together to manage our money and family matters in love and righteousness.

2. Change is important. Nobody will care how much you know until they know how much you care. We ultimately cannot directly change our spouses, but we can create a council environment that will foster positive change.

Day 25 Objectives: Family 2: Teaching Children Finance and

Family 2: Teaching Children Financial Responsibilty

A. Understand the importance of your family vision and teaching your children

B. Understand the principles of teaching children financial responsibility

C. Know when to teach children financial responsibility

D. Understand some plans and strategies for teaching your children.

Family 3: Preparing for your Children's Education and Missions

A. Decide how education relates to your vision and goals and principles of financing education and missions

B. Understand the process of selecting investment vehicles for financing education and missions for your children

C. Understand how to save for your children's education and missions and how to reduce the cost of education and apply for aid

D. Understand and create your mission and education plans.

Day 25 Take Aways:

1. Its important to be disciplined in saving for your children's lives. Its also extremely essential to give your children experiences that will help them learn how to gain financial wisdom on their own.

2. We may not owe our children an education, cars, missions, or other monetary events; however, we do owe our children a financial education. They need to understand the financial wisdom that we have gained.

Day 26 Objectives: Understand Careers in Financial Planning

A. Understand Financial Planning: Fee only financial planning versus commission

Day 26 Take Aways:

1. The best advice is to watch what you are spending. If you live like a student for the first ten years as a professional, you will get to live like a professional for the rest of your life. If you live like a professional for the next ten years of your life, you will live like a student for the rest of your life. Monitoring your spending and reducing your debt is your best overall strategy.

2. Stick to an investment strategy that reflects who you are. When the market drops, that means its time to get into the market so it can rise again. Don't panic and pull your money out or get too greedy and cause an imbalance in your portfolio.