- Make small deposits daily July 1-30 to save $100 in just 30 days!
- Share your savings goals, successes and motivations with us by tweeting and posting to Facebook with #MFLNPF
- Recruit colleagues and clients to participate in the challenge!
- More info: https://blogs.extension.org/militaryfamilies/2016/06/14/challenge-yourself-to-save/

PERSONAL FINANCE

Military Families Learning Network

Wealth Building with Savings, Investments & Windfalls

https://learn.extension.org/events/2593

U.S. Department of Defense

eXtension
Issues • Innovation • Impact
A Part of the Cooperative Extension System

USDA

This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Family Readiness Policy, U.S. Department of Defense under Award Numbers 2014-48770-22587 and 2015-48770-24368.

MILITARY FAMILIES LEARNING NETWORK

Connecting military family service providers
and Cooperative Extension professionals to research
and to each other through engaging online learning opportunities

www.extension.org/militaryfamilies

Sign up for webinar email notifications at *www.extension.org/62831*

Today's Presenter

Dr. Barbara O'Neill

- Financial resource management specialist for Rutgers Cooperative Extension.
- Professor, financial educator and author for more than 35 years.
- Served as president of the Association for Financial Counseling & Planning Education
- Winner of more than three dozen awards for professional achievements and over $900,000 in funding for financial education programs and research.

Webinar Objectives

- Describe what wealth is
- Describe strategies to achieve wealth
- Describe principles of successful investing
- Describe asset allocation
- Discuss strategies for handling a windfall
- Discuss wealth accumulation resources

Question #1:

What does the word "wealth" mean to you?

One Definition

- Wealth is how long a period of time people can sustain their lifestyle if they stop working

- The longer they can live their life without working another day, the wealthier they are

Wealth is Not = Income!

- If you earn a good income and spend it all, you are not getting wealthier
- Many people with expensive homes and cars are NOT wealthy and many wealthy people do not own expensive items
- Self discipline and values are key factors

Question #2:

Do you personally know any wealthy people?

How did they become wealthy?

Common Denominators: *The Millionaire Next Door (1996)*

- Live well below their means
- Efficient time, money, and energy use
- Value financial independence- NOT status
- Parents did not subsidize lifestyle
- Adult children are self-sufficient

Key Point of Stanley and Danko Millionaire Research Studies

- Wealth seldom results from luck, inheritances, or advanced degrees
- Many people, even high earners, live “paycheck to paycheck”
- Building wealth takes discipline, sacrifice, and hard work
- Many millionaires don’t look the part and vice versa (“Big Hat- No Cattle”)

Being Frugal is the Cornerstone of Wealth-Building

- Low-consumption lifestyle
- High-status items are not important
- Frugal spouses (budget and plan)
- Followed “Pay Yourself First” strategy
- Goal-oriented: spent time planning
- Minimize realized (taxable) income
- Mortgage not > twice realized income

Getting Rich in America (Lee and McKenzie, 1999): Eight Rules

- Think of America as a land of choices
- Take compound interest seriously
- Resist temptation
- Get a good education
- Get married and stay married
- Take care of yourself
- Take prudent risks
- Strive for balance

Question #3:

What are some other tips or strategies for building wealth?

Successful Saving and Investing Principles

Follow a Few Simple Core Rules

- Invest you must
- Time is your friend
- Impulse is your enemy
- Keep it simple
- Stay the course

Set Clear Investment Objectives

- Define and prioritize investment goals: http://njaes.rutgers.edu/money/pdfs/goalsettingworksheet.pdf
- Define your risk tolerance: http://njaes.rutgers.edu:8080/money/riskquiz/
- Develop an action plan: match investments to goals
- Track progress

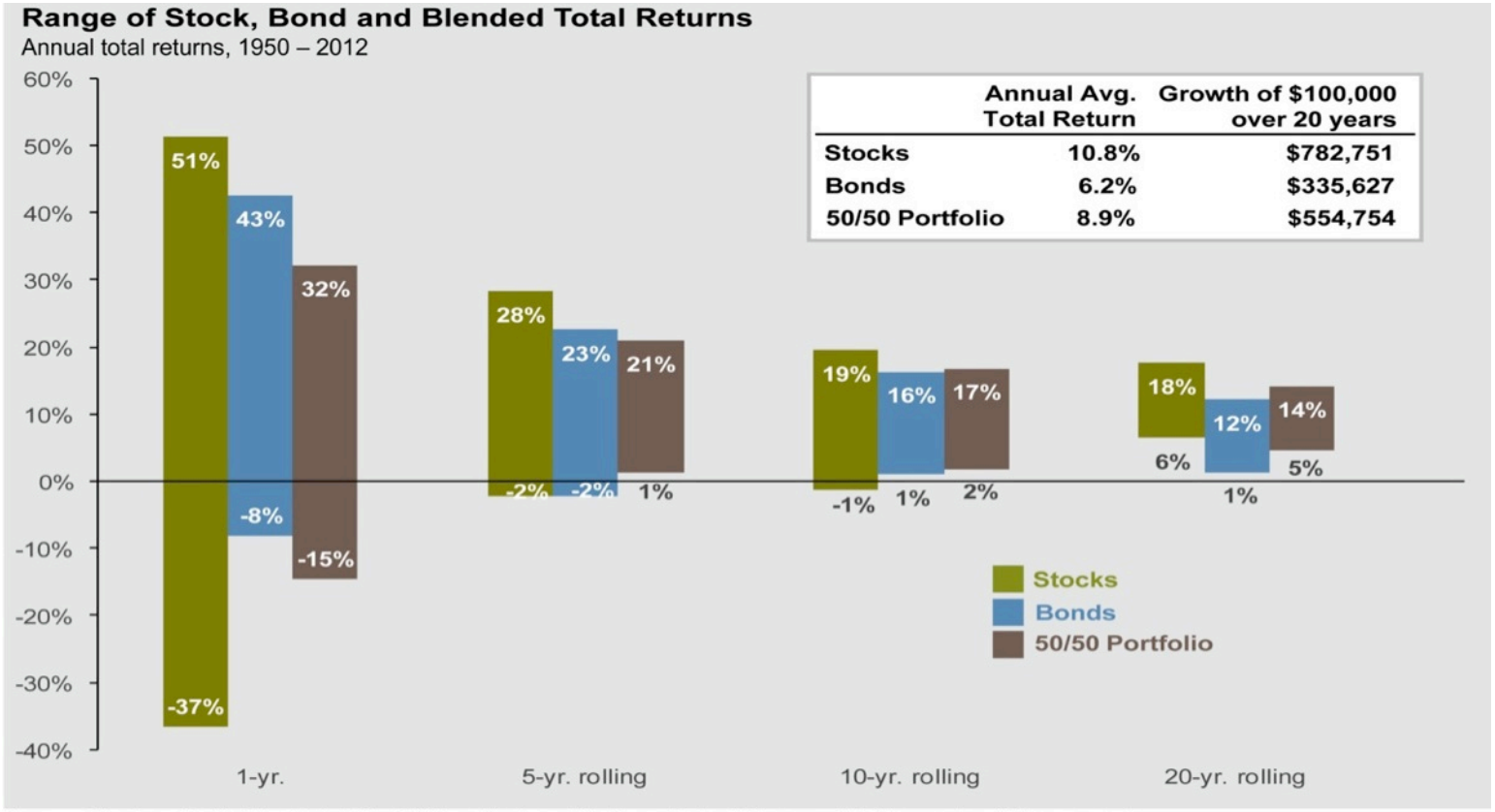
Financial Goal-Setting Worksheet

1 Goals	2 Approximate Amount Needed	3 Month & Year Needed	4 Number of Months to Save	5 Date to Start Saving	6 Monthly Amount to Save (2-4)
Short-Term (under 3 years)					
Medium Term (3-10 years)					
Long-Term (10 or more years)					

http://njaes.rutgers.edu/money/pdfs/goalsettingworksheet.pdf

Reduce Investment Volatility with Time Diversification

The longer you stay invested in stocks, the greater your chances of making money and reducing volatility



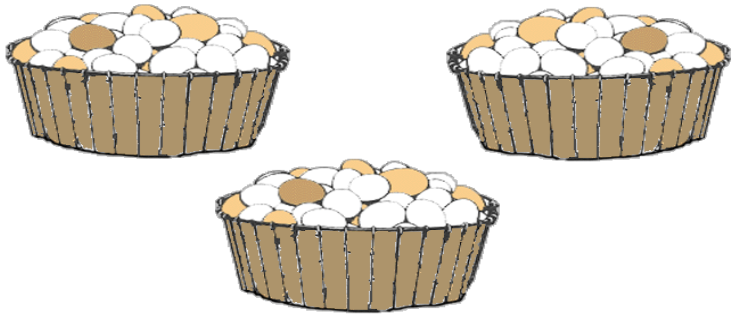
	Annual Avg. Total Return	Growth of $100,000 over 20 years
Stocks	10.8%	$782,751
Bonds	6.2%	$335,627
50/50 Portfolio	8.9%	$554,754

Sources: Barclays Capital, FactSet, Robert Shiller, Strategas/Ibbotson, Federal Reserve, J.P. Morgan Asset Management.

Diversify to Reduce Investment Risks

Two key ways to diversify investments

- Diversification by asset allocation
- Diversification within asset classes (e.g., stocks, bonds, cash assets)

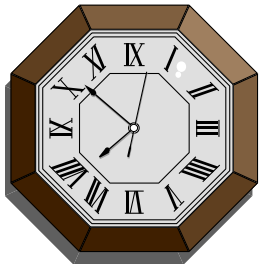


Diversification Within Asset Classes

- **Bonds:** Corporate, municipal, U.S. government
- **Stocks:** Domestic (large and small cap, value and growth), international
- **Cash:** Treasury bills, money market mutual funds, laddered certificates of deposit (CDs)

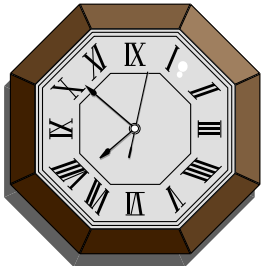
Take Advantage of Six "Time-Maximizing" Financial Practices

- Dollar-cost averaging
- Tax-deferred investing
- Roth IRA conversions
- Tax-efficient withdrawals
- Long-term capital gains
- "Stretch IRAs"



1. Dollar-Cost Averaging

- Regular deposits at regular time intervals
  - Example: $50 per month
- Avoids market timing problems
- Takes the emotion out of investing



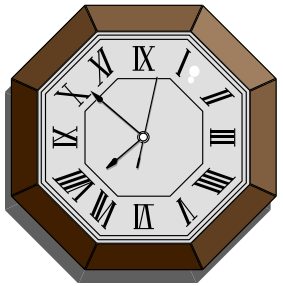
Dollar-Cost Averaging Example

	January (Market High)	February	March	April (Market Low)
Amount Invested	$200	$200	$200	$200
Share Price	$35	$28	$24	$20
Number of Shares Purchased	5.7	7.15	8.3	10

Total Number of Shares Purchased: 31.15 shares and
Average Share Cost: $25.68/share ($800 ÷ 31.15)

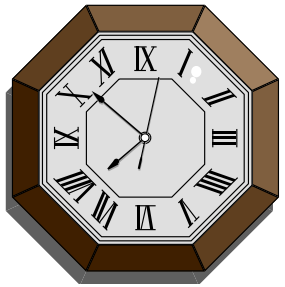
2. Tax-Deferred Investing

- Postpones taxes to a future date
  - **Examples:** Traditional IRAs, 401(k)s, 403(b)s, TSP, SEPs
- Over time, the gap between the value of taxable and tax-deferred investment earnings widens



3. Roth IRA Conversion

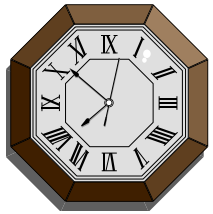
- Once a Traditional IRA is converted to a Roth IRA:
  - It continues to grow tax-deferred
  - Earnings withdrawals are tax free
    - After age 59 ½ and 5+ years of Roth IRA account ownership
  - It is not subject to RMD rules at age 70 ½
  - Taxes are due for the year of the conversion



Roth IRA Conversion Calculator: http://www.bankrate.com/calculators/retirement/convert-ira-roth-calculator.aspx

4. Tax-Efficient Withdrawals

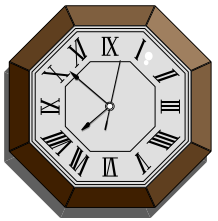
- Generally, tap taxable accounts and tax-free assets (e.g., municipal bonds) first
  - **Exception:** Very wealthy people subject to high RMDs
- Allow tax-deferred assets to compound as long as possible (until starting RMD withdrawals at age 70 ½)



  - First tap after-tax dollar accounts such as non-deductible Traditional IRAs
  - Then tap before-tax dollar accounts such as 401(k)s, TSP, and deductible Traditional IRAs
- Tap Roth IRAs last: earnings grow tax-free

5. Long-Term Capital Gains

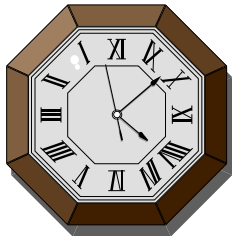
- Investments held more than a year are taxed at favorable rates
  - Currently 0% and 15%, depending on federal marginal income tax bracket



- Short-term investments held a year or less are taxed at ordinary income tax rates
  - Currently 10% to 39.6% (2016)

6. Stretch IRAs

- Named beneficiaries of tax-deferred plans can often make distributions from inherited money according to their own life expectancy
  - Can take a smaller annual distribution
  - Pay less in income taxes vs. “the five-year rule”
  - Lengthens the life of tax-deferred accounts



- Stretch IRA Calculator: https://www.calcxml.com/do/qua14
- There have been proposals to eliminate: https://www.kitces.com/blog/proposals-for-eliminating-stretch-iras-repealing-nua-and-the-3-4m-retirement-account-cap-in-the-fy2016-treasury-greenbook/

Question #4:

What are some other tips or strategies for investing?

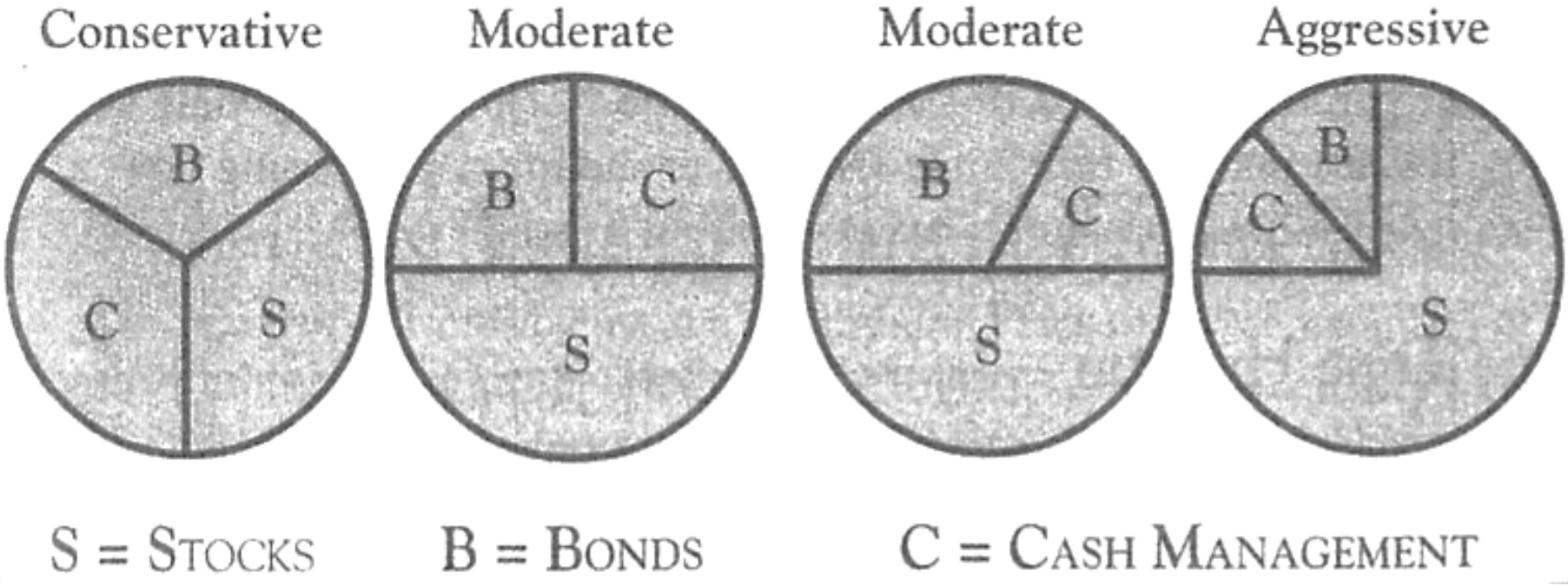
Developing a Personal Asset Allocation Strategy

What is Asset Allocation?

- Process of diversifying portfolio investments among asset classes to reduce investment risk
- Simple example: 50% stock, 30% bonds, 20% cash assets (e.g., Treasury bills)
- Objective: lower investment risk by reducing portfolio volatility
- A loss in one type of investment may be offset by a gain in another

Asset Allocation

- Ratio of stocks, bonds, cash assets, other securities
  - Conservative, Moderate, Aggressive portfolios: different asset weights
  - Conservative portfolio = less stock (as a %) in portfolio
- Important determinant of overall investment success



Other Things to Know About Asset Allocation

- Good results are generally achieved over time
- Diversify holdings within each asset category
  - Stock: different industry sectors
  - Bonds: different types and maturities
- Retirees: Keep at least 5 year's expenses (minus Social Security and a pension) in cash to ride out market downturns

Major Asset Classes

- Large company growth stocks
- Large company value stocks
- Small company growth stocks
- Small company value stocks
- Mid cap growth stocks
- Mid cap value stocks
- Foreign stocks
  - Developed
  - Emerging
- Bonds
  - Domestic
  - International
- Real estate (e.g., REITs)
- Cash assets (e.g., CDs, Treasury bills)

The Callan Periodic Table of Investment Returns

- Looks like a patchwork quilt
- Illustrates the need for asset allocation
- Shows how various asset classes performed during the last 10 to 20 years
- Best performing asset class changes
- One year's "winner" can be next year's "loser," so you invest in them all

"Hot" Asset Classes Vary From Year to Year

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	10 Years
REITs 35.1%	Emerging Mkts 33.1%	Bonds 7.6%	Emerging Mkts 68.9%	REITs 28.3%	TIPS 13.3%	Emerging Mkts 19.1%	Small Cap 41.0%	REITs 30.1%	REITs 2.2%	Small Cap 8.4%
Emerging Mkts 31.4%	Comdty 14.9%	Cash 2.1%	Small Cap 41.6%	Small Cap 27.2%	REITs 8.5%	Int'l Stocks 18.8%	Mid Cap 33.1%	Large Cap 13.7%	Large Cap 1.3%	Mid Cap 7.9%
Int'l Stocks 25.9%	TIPS 11.9%	TIPS -0.5%	Mid Cap 37.6%	Mid Cap 26.3%	Bonds 7.7%	Mid Cap 17.8%	Large Cap 32.2%	Mid Cap 9.4%	Bonds 0.5%	REITs 7.4%
Small Cap 17.0%	Int'l Stocks 9.9%	Mid Cap -36.4%	REITs 29.6%	Emerging Mkts 16.5%	Large Cap 2.1%	REITs 17.5%	Int'l Stocks 21.4%	Bonds 6.0%	Cash 0.1%	Large Cap 7.2%
Large Cap 15.6%	Mid Cap 7.1%	Large Cap -36.6%	Int'l Stocks 26.9%	Comdty 16.2%	Cash 0.1%	Large Cap 15.8%	REITs 2.3%	TIPS 3.6%	Int'l Stocks -1.0%	Bonds 4.3%
Mid Cap 10.0%	Bonds 6.7%	Comdty -37.4%	Large Cap 25.9%	Large Cap 14.8%	Small Cap 1.1%	Small Cap 15.7%	Cash 0.1%	Small Cap 3.0%	TIPS -1.8%	TIPS 3.8%
Cash 4.9%	Large Cap 5.5%	REITs -37.1%	Comdty 20.1%	Int'l Stocks 8.2%	Mid Cap -2.1%	TIPS 6.4%	Bonds -2.0%	Cash 0.1%	Small Cap -1.8%	Int'l Stocks 2.8%
Bonds 3.9%	Cash 5.0%	Small Cap -37.6%	TIPS 8.9%	Bonds 6.4%	Int'l Stocks -12.3%	Bonds 3.8%	Emerging Mkts -3.7%	Emerging Mkts -3.9%	Mid Cap -2.5%	Emerging Mkts 2.8%
Comdty 2.1%	Small Cap 1.8%	Int'l Stocks -41.0%	Bonds 3.3%	TIPS 6.1%	Comdty -14.0%	Cash 0.1%	TIPS -8.5%	Int'l Stocks -6.2%	Emerging Mkts -16.2%	Cash 1.3%
TIPS 0.2%	REITs -16.5%	Emerging Mkts -48.9%	Cash 0.2%	Cash 0.1%	Emerging Mkts -18.8%	Comdty -2.1%	Comdty -11.1%	Comdty -18.6%	Comdty -28.2%	Comdty -7.7%

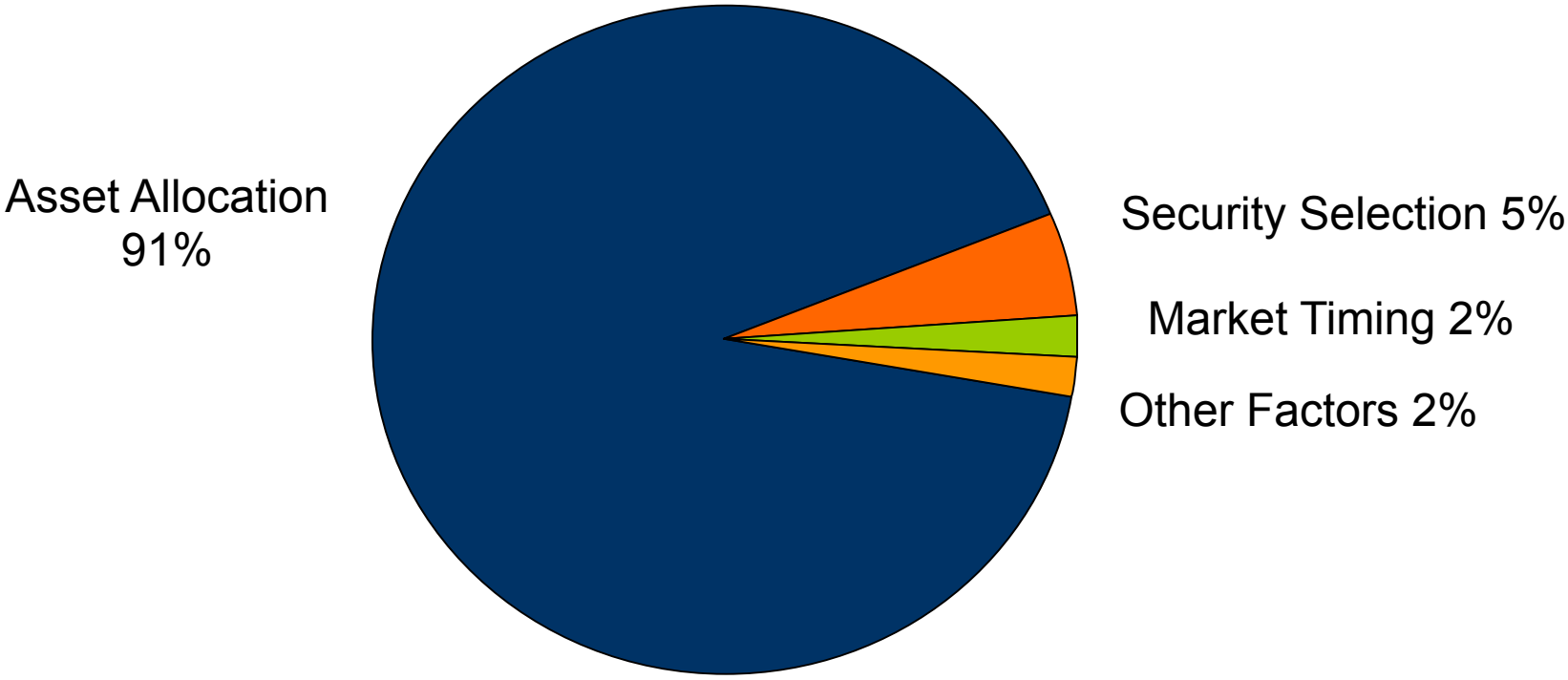
Funds: EEM, VGSIX, MDY, SLY, SPY, EFA, TIP, AGG, DJP, T-Bills

Source: Callan Associates, Periodic Table of Investment Returns

The Importance of Asset Allocation

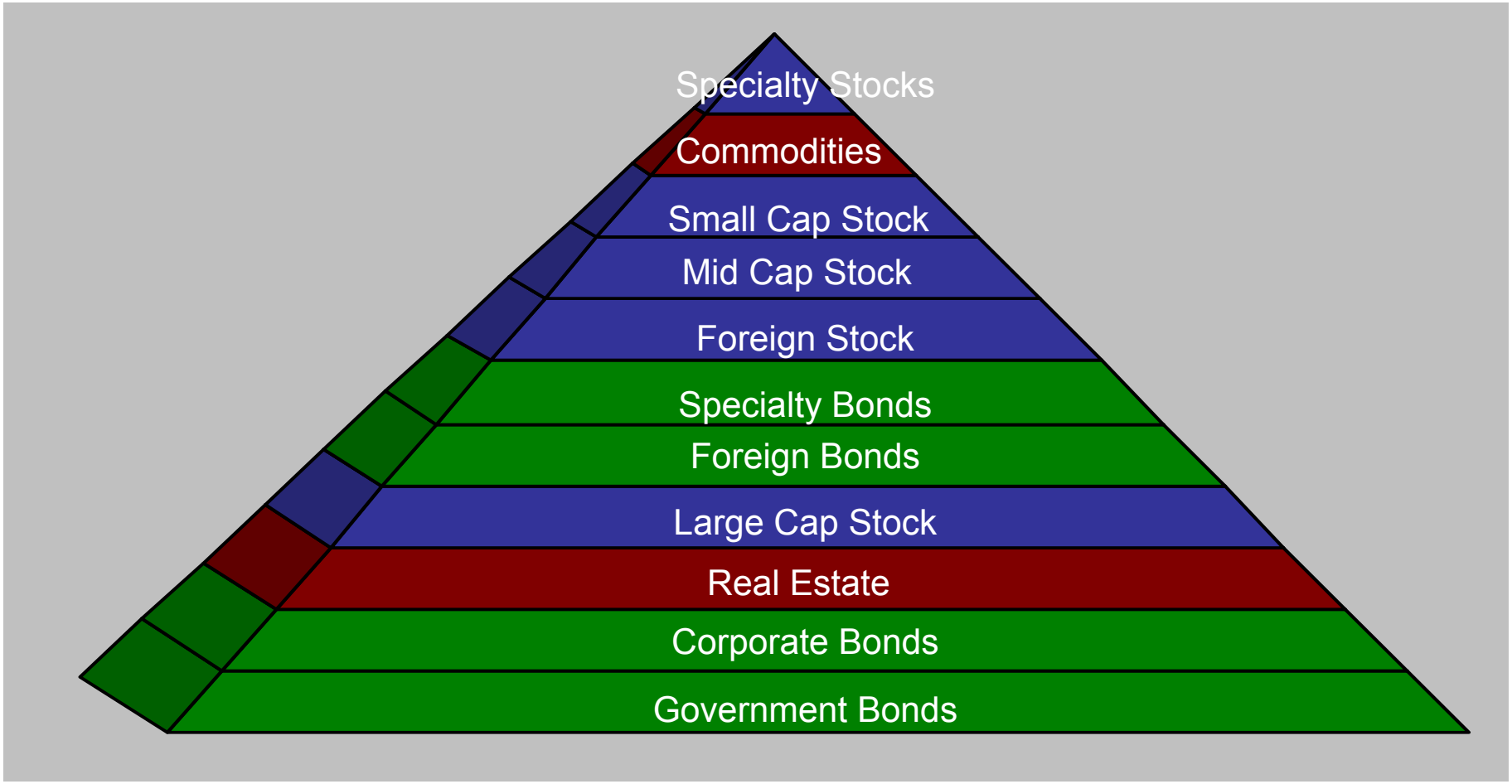
- Asset allocation is the MOST important decision an investor makes (buying some stock, NOT Coke versus Pepsi)
- Asset allocation determines about 90% of the return variation between portfolios
- This study has been repeated numerous times, by different researchers, with similar results.

The Importance of Asset Allocation



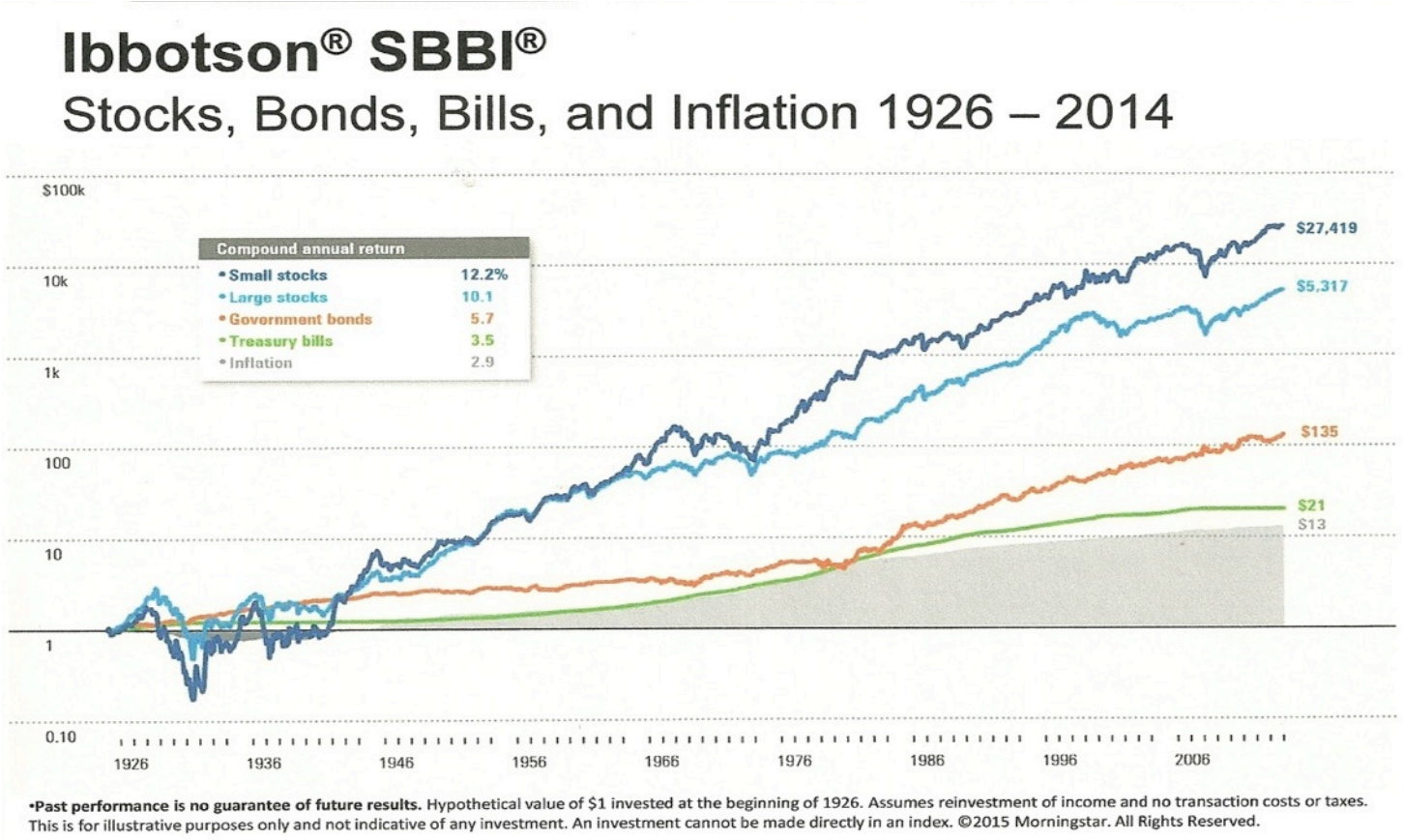
Based on academic research conducted by Brinson, Beebower, and Singer (*Financial Analysts Journal*, 47(3), 1991).

Asset Class Relationships by Risk Level



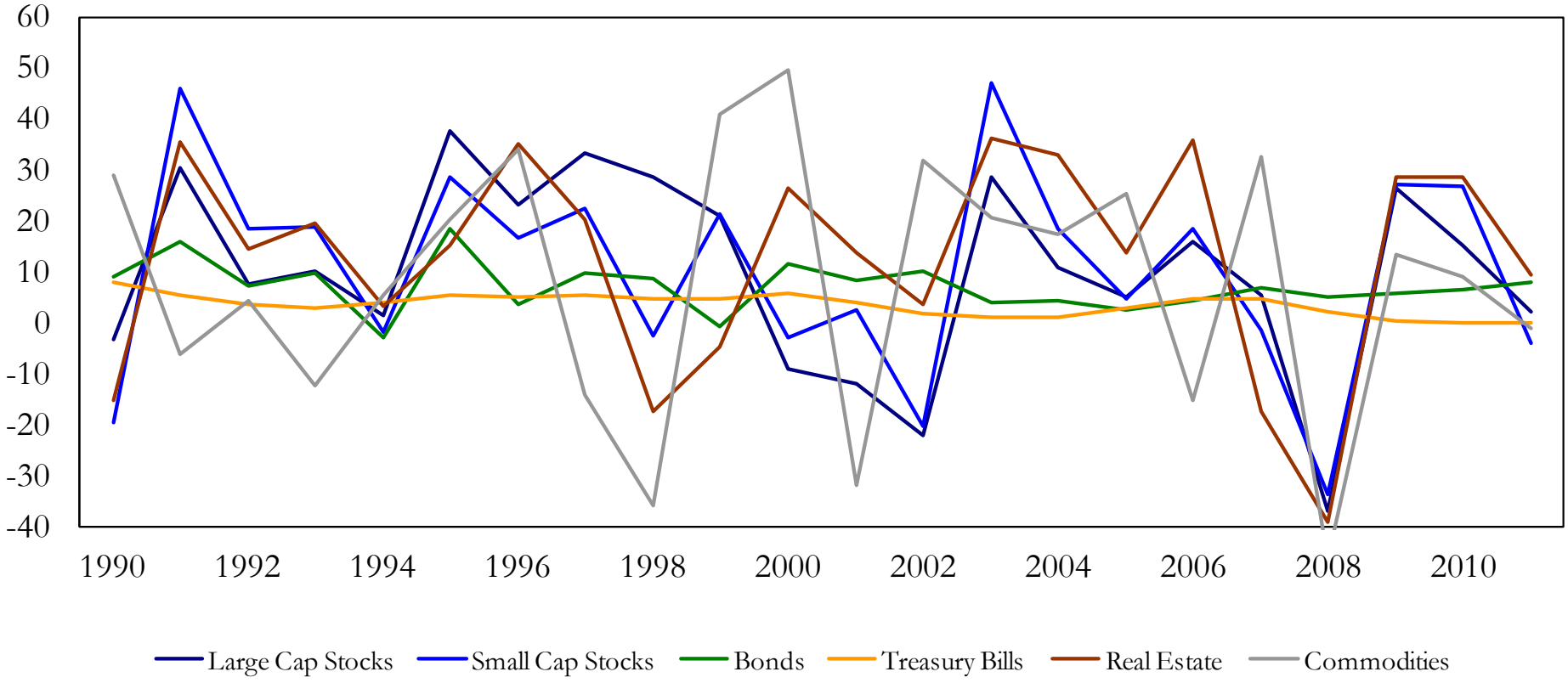
This picture is designed to show general long-term relationships, as opposed to specific results. Actual investment volatility will likely vary.

Cumulative Long-term Returns (80+ yrs)



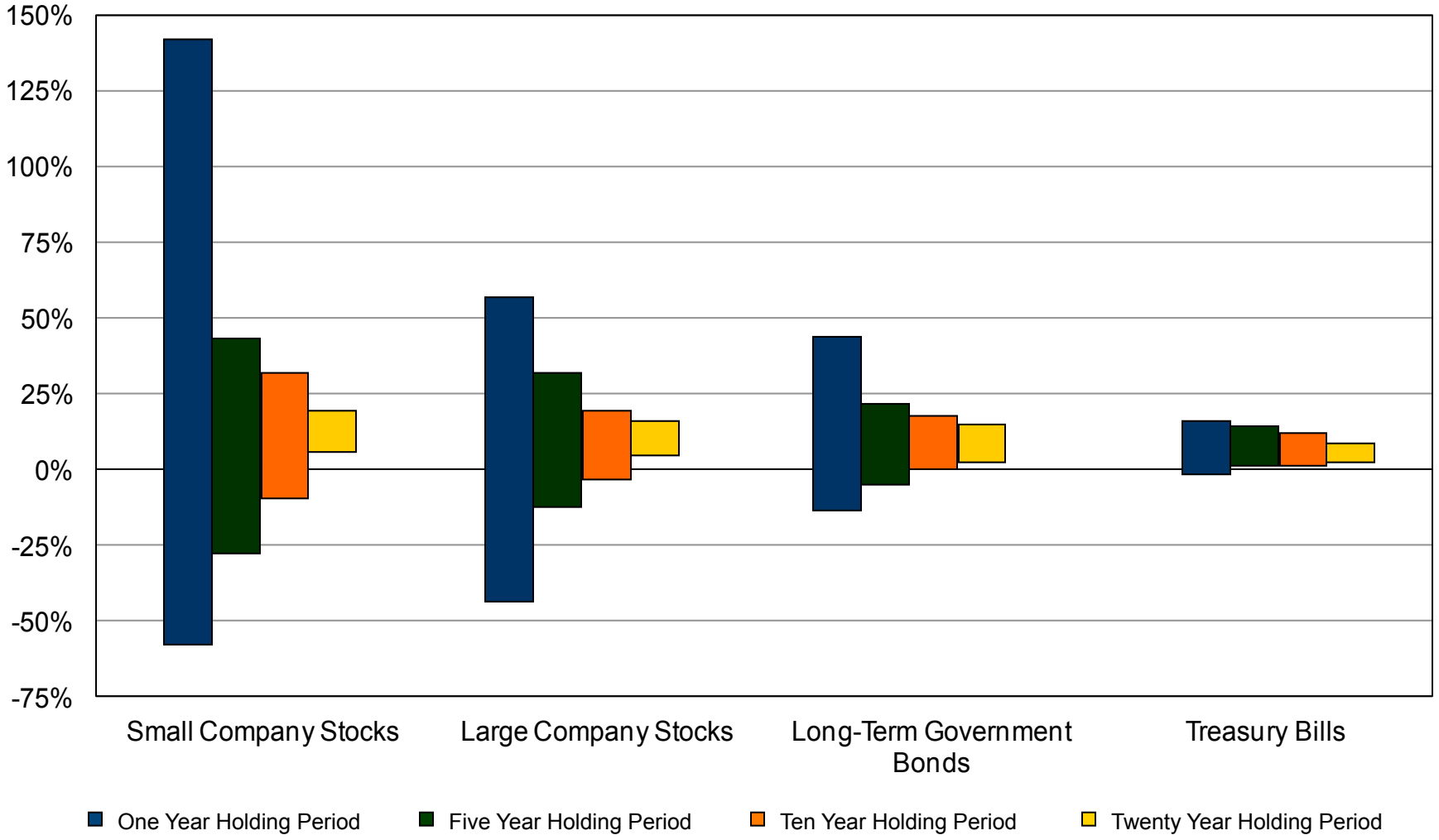
Based on cumulative index total returns 1926-2014. Source: Ibbotson Associates

Short-Term (1-yr) Investment Returns (%)



Based on single year index total returns. Source: Ibbotson Associates

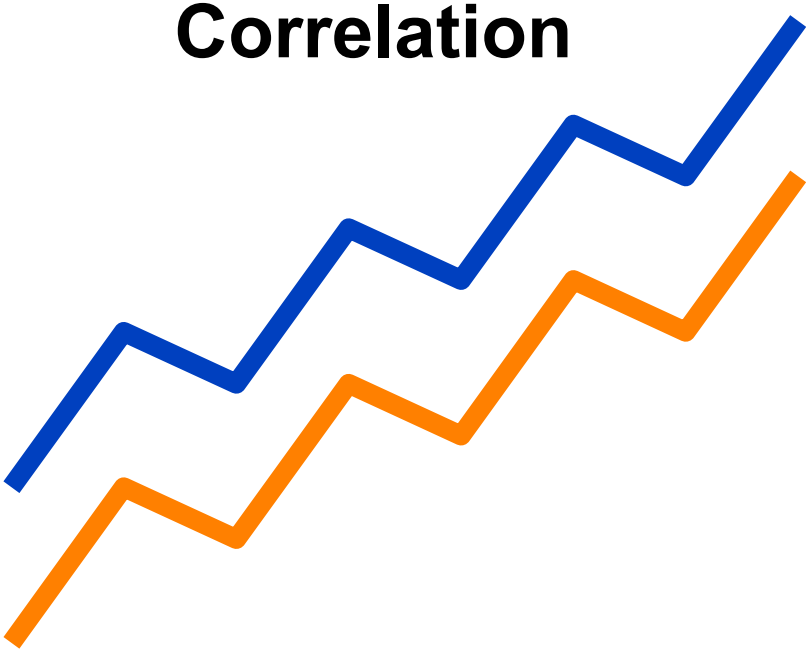
Reduction of Risk Over Time



Ranges show historic highest and lowest return achieved based on index rolling return periods 1926-2011.
Source: Ibbotson Associates, Morningstar.

Correlations

Positive Correlation



Negative Correlation

Correlation refers to how closely the returns of two distinct assets move in relation to each other. Positive correlation implies a strong linear relationship, while negative correlation signifies a weak one.

Correlations of Investment Asset Classes

	Bonds	Large Cap Stocks	Small Cap Stocks	Foreign Stocks	Real Estate	Commodities
Bonds	100%					
Large Cap Stocks	28%	100%				
Small Cap Stocks	13%	78%	100%			
Foreign Stocks	8%	67%	54%	100%		
Real Estate	16%	57%	42%	42%	100%	
Commodities	-16%	-7%	-14%	0%	-4%	100%

Long-term correlations calculated are based on annual index returns (1972-2011).
Source: Ibbotson Associates, Morningstar.

Why Invest Internationally?

- Correlations among world markets are often low (e.g., U.S. and foreign stocks)
- Investing in U.S. multinationals does not deliver the same level of diversification as foreign investing
- The benefits of diversification outweigh currency, market, and political risks
- The U.S. accounts for about 1/3 of the world's equity market capitalization: http://greenspringwealth.com/blog-article/the-us-as-a-percentage-of-the-world-stock-market/

Asset Allocation Process

- Define goals and time horizon
- Assess your risk tolerance
- Identify asset mix of current portfolio
- Create target portfolio (asset model)
- Specific investment selection
- Review and rebalance portfolio

Factors To Consider

- Investment objective (e.g., college savings for child)
- Time horizon for a goal (e.g., years until retirement)
- Amount of money you have to invest
- Your risk tolerance and investment experience
- Your age
- Your net worth

More Asset Allocation Tips

- Stick to your asset allocation model unless personal circumstances change
- Rebalance when asset percentages change by a certain amount (e.g., 5%) or on a fixed schedule
- Any one stock shouldn't be > 5% of portfolio and one sector no > 10%- 30%
- Don't blindly follow guidelines (e.g., 100 - age)
- Monitor mutual funds' "style drift"

The Downside of Asset Allocation

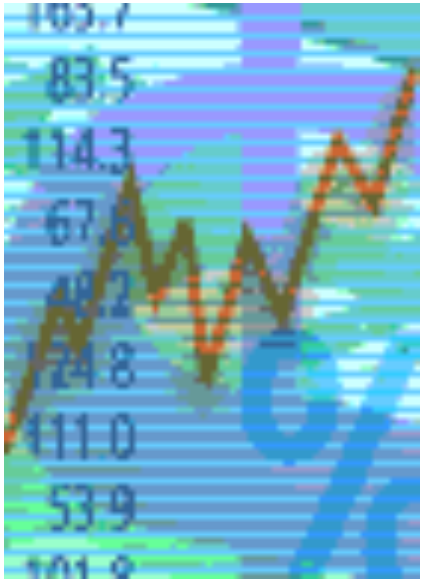
- A diversified portfolio will generate a lower rate of return when compared to a single “hot” asset class
  - Example: U.S. large cap stocks from 1995-99

BUT

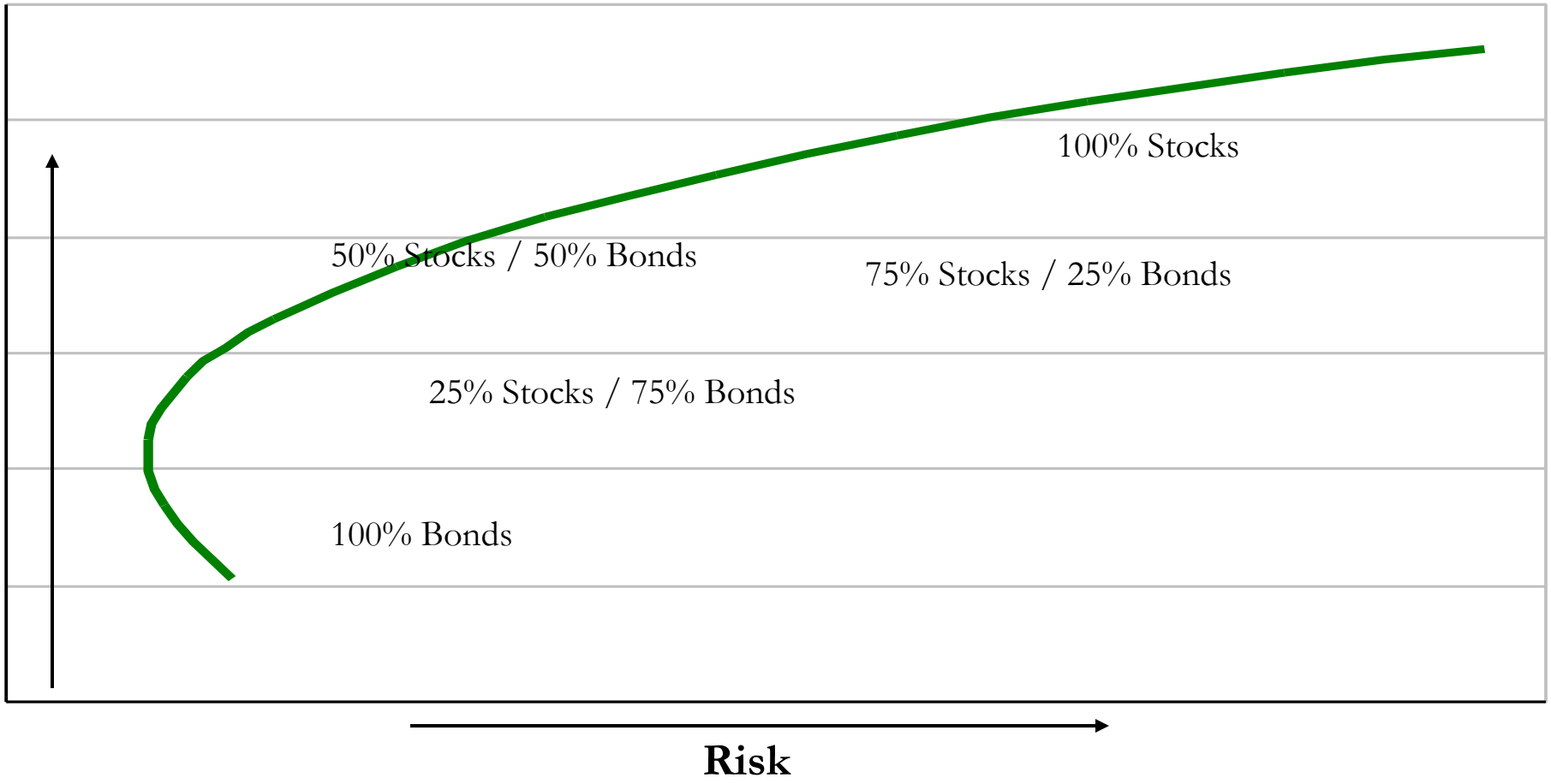
- You never know the “hot” asset class in advance
- Asset allocation attempts to reduce volatility and provide a competitive rate of return

Key Investment Terms

- Correlation Coefficient
- Beta (1= “the market”)
- Standard Deviation
- Efficient Frontier



Diversifying Risk: The Efficient Frontier



Based on long-term index total returns and standard deviations (1926-2011). Source: Ibbotson Associates, Morningstar.

Basic Investment Guidelines

- If it's too good to be true, it probably is
- If you don't understand it, don't buy it
- Diversify, diversify, diversify
- Be patient
- Past performance does not guarantee future results

Question #5:

What is your personal asset allocation strategy?

What to Do With a Windfall

What is a Windfall?

- Large- and often unexpected- sum of money
- Receive once in a lifetime or infrequently
- Payable as a lump sum or in a series of installment payments

More About Windfalls

- Not all windfalls come from happy occasions
  - Accident/injury settlements
  - Divorce settlements
  - Life insurance after death of a parent or spouse
- Windfalls are often accompanied by strong emotions: feelings of fear, anxiety, guilt, ambivalence
  - Anxiety from event that triggered windfall
  - Anxiety about what to do with the money
  - “Hot potato” syndrome

Small Windfalls

- Paid sick days
- Retroactive pay
- Severance pay
- Employment-related bonus
- Small capital gains upon the sale of assets
- Income tax refunds
- Other?

Generally Larger Windfalls

- Court-awarded settlements
- Divorce settlements
- Employer stock options
- Inheritances/estate settlements
- Insurance settlements (e.g., life, liability)
- Large capital gains
- Lottery and sweepstakes prizes
- Lump sum retirement plan payout
- Sale of valuable assets
- Other?

Question #6:

What types of windfalls have you or your clients ever received?

Advantages of Windfalls

- Can accelerate financial goal attainment
- Can fund more expensive financial goals
- Can enhance current lifestyle
- Can relieve financial distress
- Can “bail out” non-savers
- Can provide the ability to make charitable bequests
- Other?

Disadvantages of Windfalls

- May necessitate complex financial decisions
- Dealing with associated personal tragedy
- Relationship “issues”
- Can produce feelings of great fear or anxiety
- Can lead to overspending and debt to maintain a new “upscale” lifestyle
- Tax problems if regulations are not followed (e.g., inherited IRAs)
- Other?

Tips for Handling a Windfall

- Allow a “cooling off period”
  - Susan Bradley (author of *Sudden Wealth*) calls it a “Decision-Free Zone”
    - http://www.suddenmoney.com/index.cfm?fuseaction=news.details&ArticleId=472&returnTo=main
    - https://www.abbotdowning.com/_asset/nsw4kt/SuddenWealth.pdf
- Avoid hasty moves
- Revisit financial goals or set new ones

More Windfall Tips

- Treat “one-shot” windfalls conservatively
- Resist the urge to act more “sophisticated”
- Revisit your spending plan
- Reconsider your risk tolerance level
- Consider hiring a financial advisor (e.g., a CFP®)

More Windfall Tips

- Revisit your estate plans
- Consider becoming more philanthropic
- Lump sum versus annuity analysis?
- Deal with emotions associated with windfalls (e.g., keeping inherited stock for sentimental reasons)
- Consider the tax implications of selling capital assets (e.g., capital gain vs. a stepped up basis)

More Windfall Tips

- Avoid the urge to drastically upscale your lifestyle
- Adjust tax withholding accordingly
- Update/purchase umbrella liability insurance
- Don’t make commitments prematurely
- Enjoy the freedom and options that a windfall provides

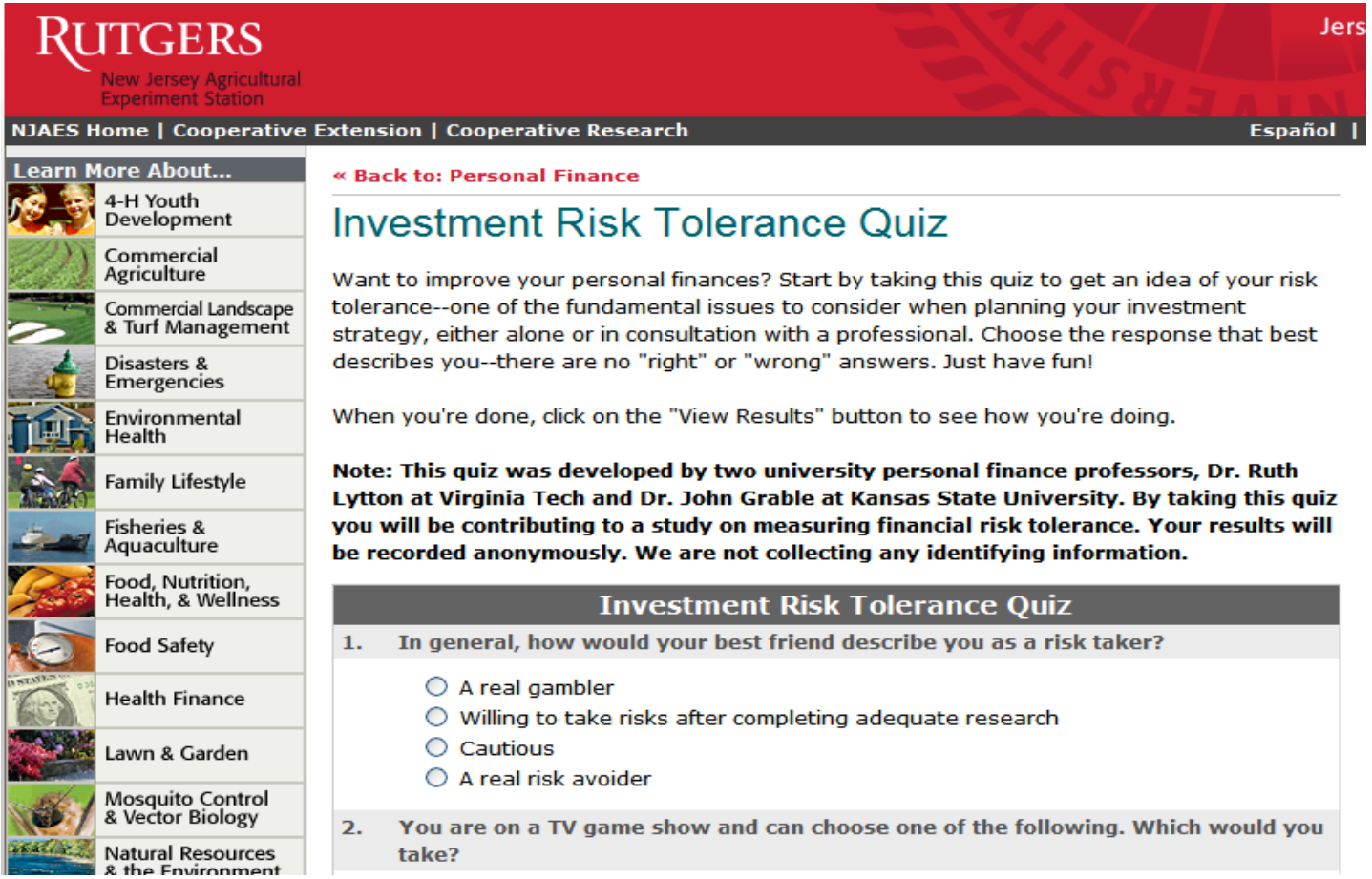
Military-Specific Windfalls

- SGLI life insurance of up to $400,000
- Death gratuity of $100,000
- Special pay during deployments
  - Combat zone pay and tax exemptions
- Savings Deposit Program: Can save up to $10,000 that pays 10% per year interest while deployed
- Other?

Investing and Asset Allocation Resources

What is Your Risk Tolerance?

Take the Rutgers Cooperative Extension *Investment Risk Tolerance Quiz:* http://njaes.rutgers.edu/money/riskquiz/



RUTGERS
New Jersey Agricultural Experiment Station

NJAES Home | Cooperative Extension | Cooperative Research | Español |

Learn More About...
- 4-H Youth Development
- Commercial Agriculture
- Commercial Landscape & Turf Management
- Disasters & Emergencies
- Environmental Health
- Family Lifestyle
- Fisheries & Aquaculture
- Food, Nutrition, Health, & Wellness
- Food Safety
- Health Finance
- Lawn & Garden
- Mosquito Control & Vector Biology
- Natural Resources & the Environment

« Back to: Personal Finance

Investment Risk Tolerance Quiz

Want to improve your personal finances? Start by taking this quiz to get an idea of your risk tolerance--one of the fundamental issues to consider when planning your investment strategy, either alone or in consultation with a professional. Choose the response that best describes you--there are no "right" or "wrong" answers. Just have fun!

When you're done, click on the "View Results" button to see how you're doing.

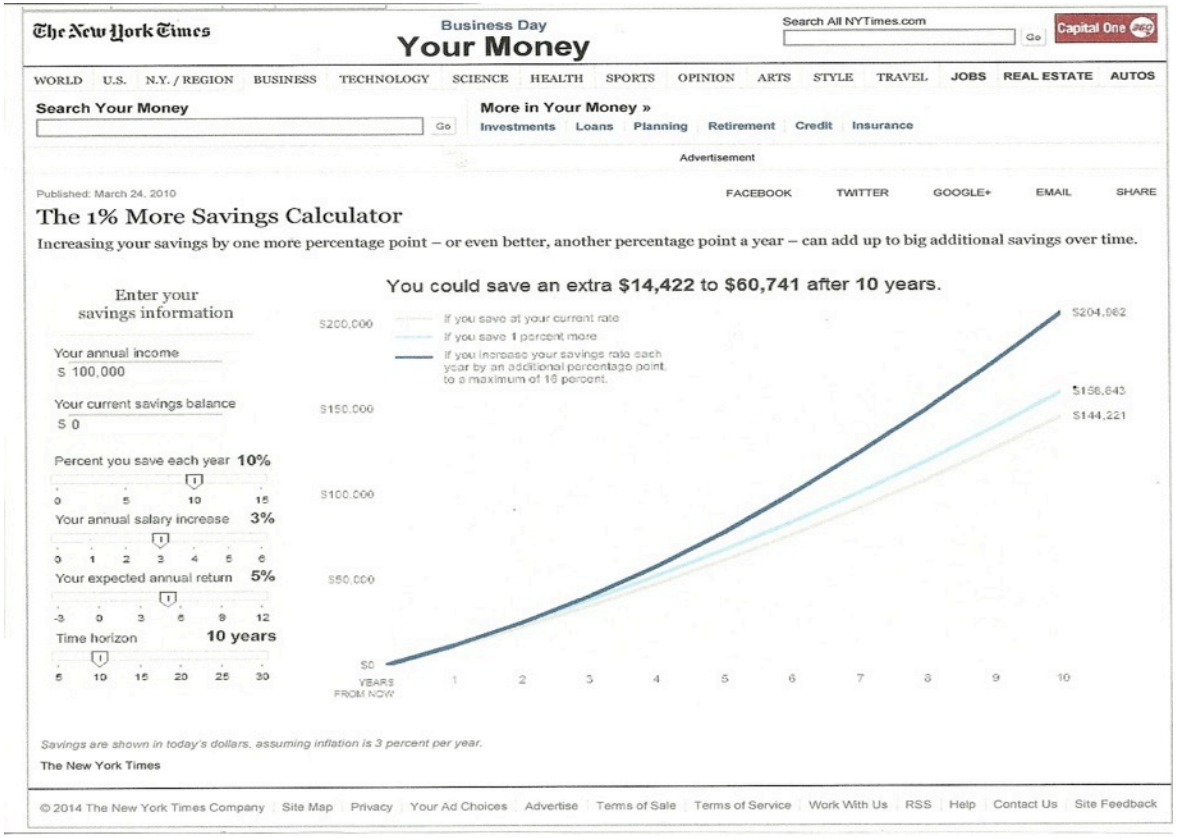
Note: This quiz was developed by two university personal finance professors, Dr. Ruth Lytton at Virginia Tech and Dr. John Grable at Kansas State University. By taking this quiz you will be contributing to a study on measuring financial risk tolerance. Your results will be recorded anonymously. We are not collecting any identifying information.

Investment Risk Tolerance Quiz

1. **In general, how would your best friend describe you as a risk taker?**
   - ○ A real gambler
   - ○ Willing to take risks after completing adequate research
   - ○ Cautious
   - ○ A real risk avoider
2. **You are on a TV game show and can choose one of the following. Which would you take?**

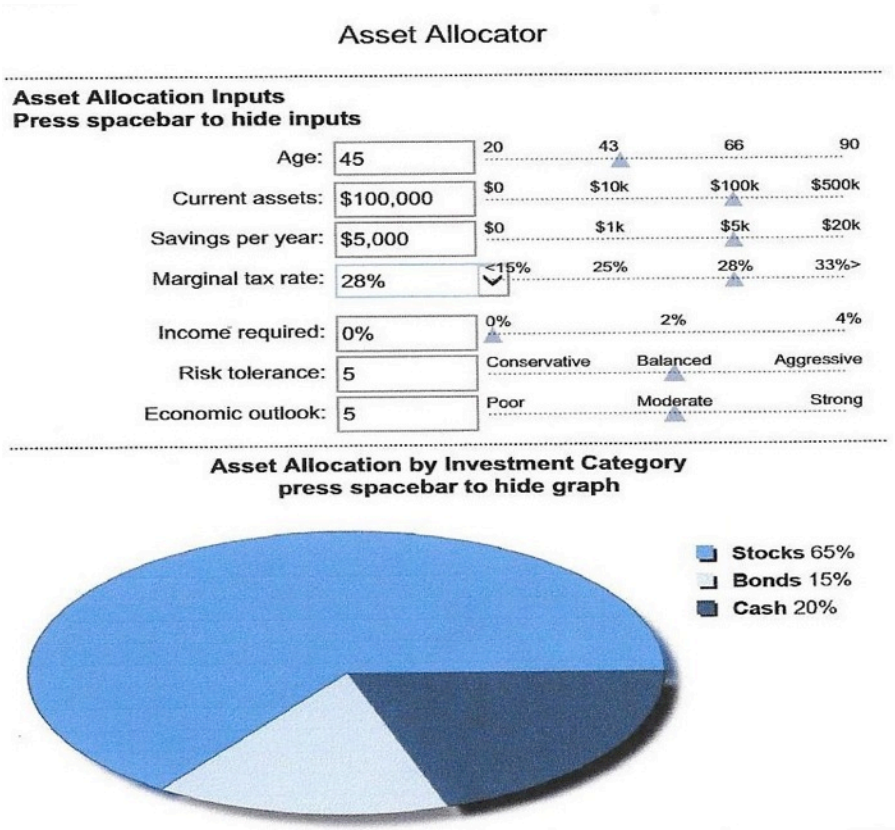
The 1% More Savings Calculator

http://www.nytimes.com/interactive/2010/03/24/your-money/one-pct-more-calculator.html?_r=0



Asset Allocation Calculator

http://www.bankrate.com/calculators/retirement/asset-allocation.aspx
(Bankrate.com)

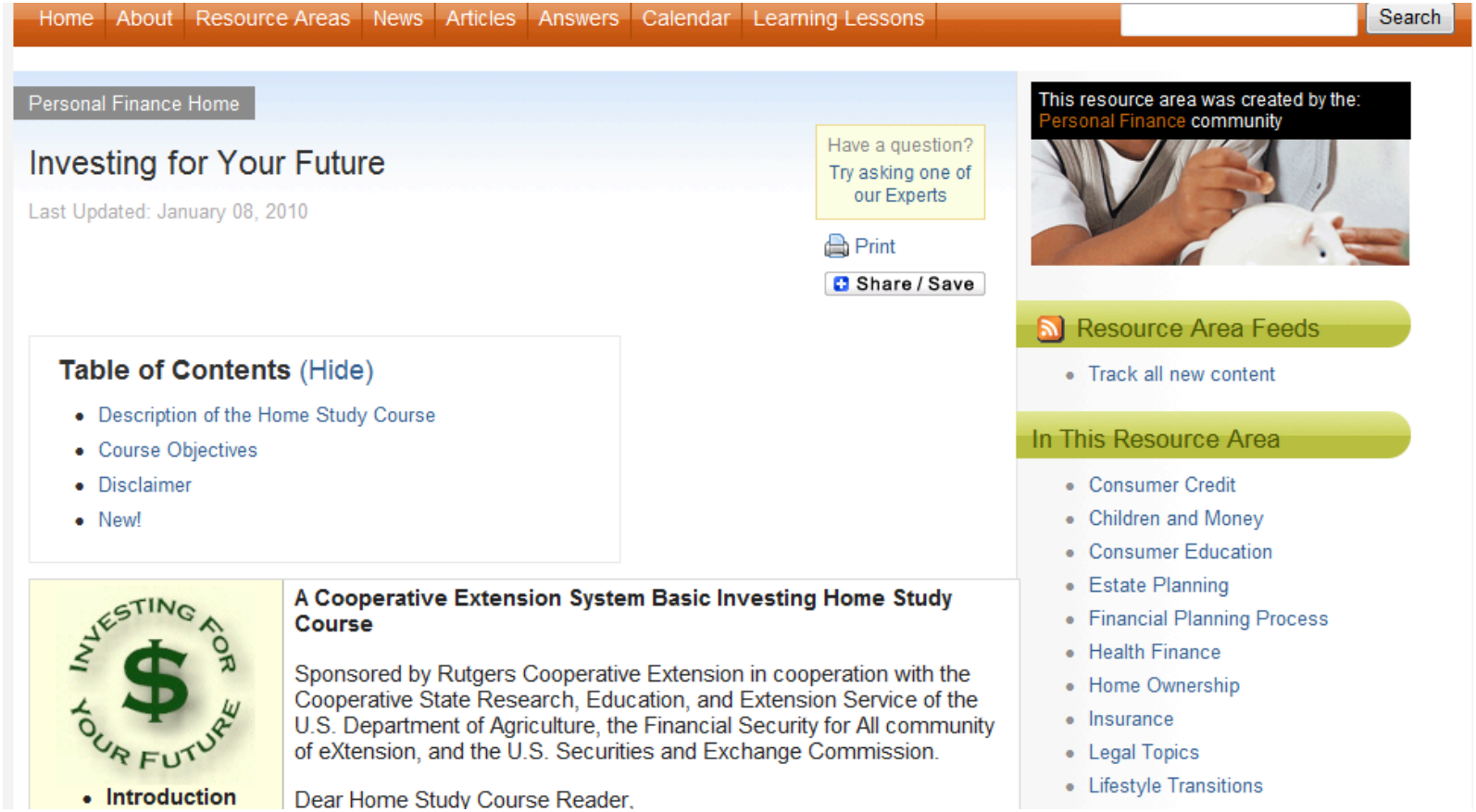


Other Online Asset Allocation Calculators

- Smart Asset: https://smartasset.com/investing/asset-allocation-calculator
- CNN Money: http://money.cnn.com/tools/assetallocwizard/assetallocwizard.html
- Yahoo! Finance: http://finance.yahoo.com/calculator/retirement/inv01/

Investing For Your Future

http://articles.extension.org/pages/10984/investing-for-your-future



FINRA Investor Education Foundation Content Modules

- Free of charge and downloadable
- 11 content modules; source of this program
- Designed for beginning investors
  - http://www.finrafoundation.org/resources/education/modules/

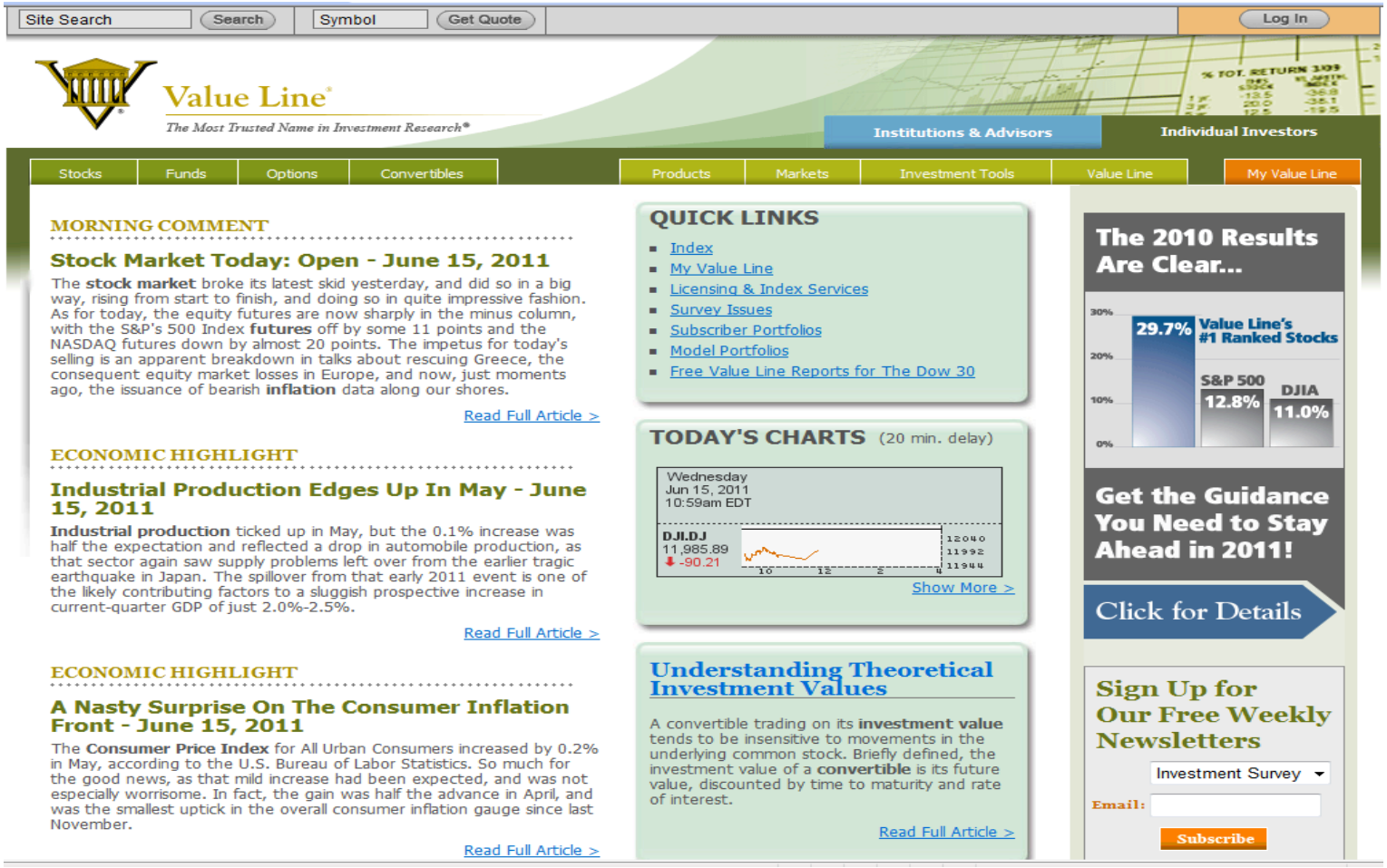
FINRA Investor Education FOUNDATION

Better Investing (Investment Clubs)

http://www.betterinvesting.org

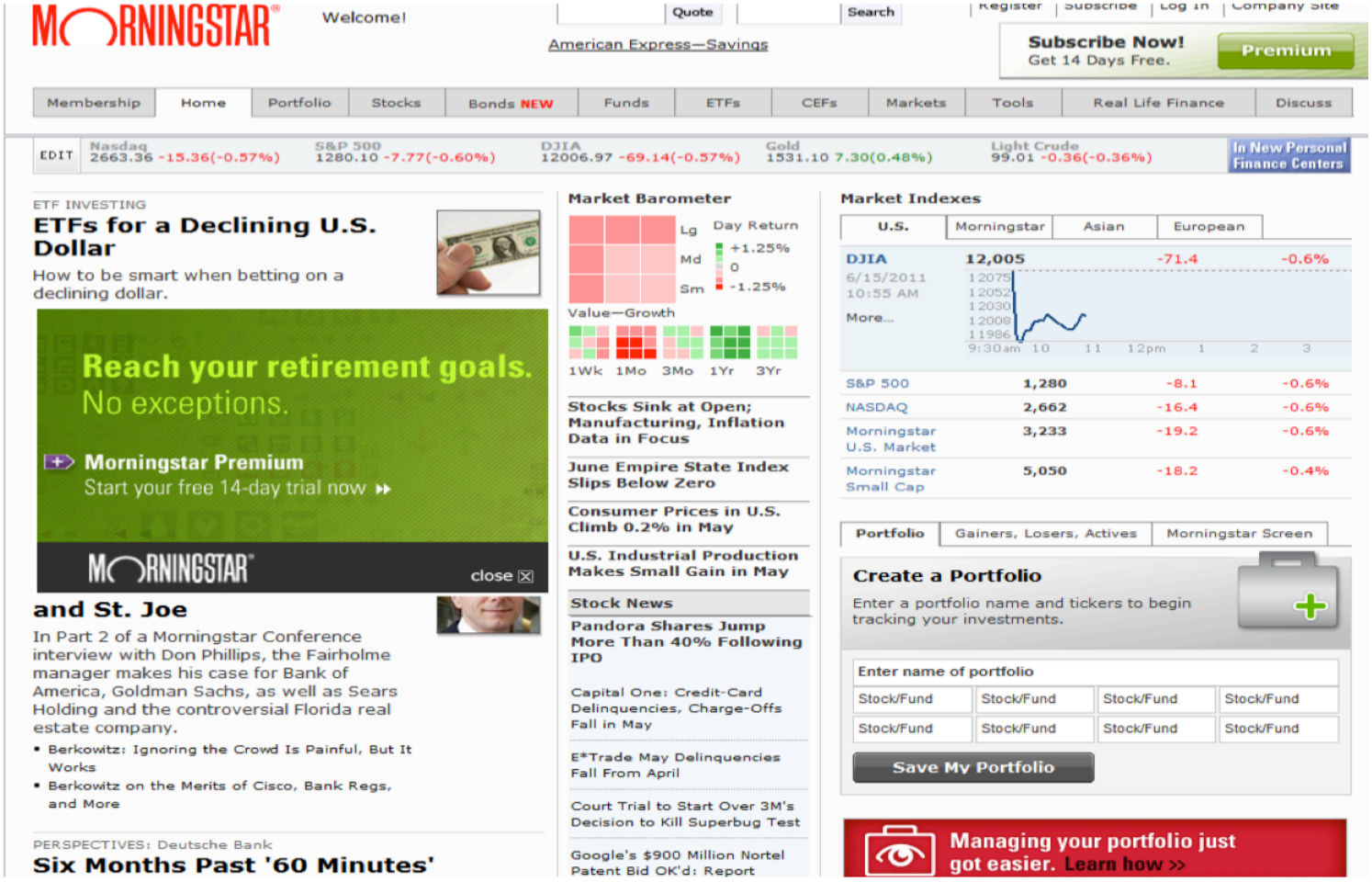
Value Line (Stocks, Funds, Options)

http://www.valueline.com/



Morningstar (Mutual Funds, ETFs)

http://www.morningstar.com/



Save and Invest (FINRA)

http://www.saveandinvest.org/

SaveAndInvest.org

A project of the FINRA Investor Education Foundation

Free, unbiased financial information for military families and older investors

Military Members & Families

Manage Your Money With Confidence

Financial preparedness is a key component of military readiness. Get the tools and information you need to save and invest smarter.

ENTER SaveAndInvest Military

Plus:

- Military Financial Capability Survey
- Manage Your Credit
- Buy A Home
- Plan for Retirement
- Deployment & PCS
- Car Buying Tips

Investors 55+

Stop Fraud in its Tracks: Ask & Check

Learn the tactics fraudsters use and the questions that will prevent you from being a target.

ENTER Outsmarting Investment Fraud

Plus:

- Avoid Investment Fraud
- Order a Free DVD
- Check Out the Seller
- Are You At Risk?
- Are You Being Scammed?
- Report a Problem

MORE INVESTOR RESOURCES FROM FINRA | MORE ABOUT THE FINRA FOUNDATION

FINRA Investor Education FOUNDATION

©2011 FINRA Investor Education Foundation. All rights reserved. FINRA is a registered trademark of the Financial Industry Regulatory Authority, Inc. | Legal Notices and Privacy

MyMoney (Federal Government)

http://www.mymoney.gov/

The "Wealth Test"

Source: *The Millionaire Next Door (Stanley & Danko)*

- Multiply your age by pre-tax income from all sources except an inheritance
- Divide by 10
- This is what your net worth should be for your age and income level

Example: 35 x $40,000 = $1,400,000 divided by 10 = $140,000 minimum net worth

How to Determine If You're Wealthy (For Your Age/Income):

- Multiply your age by realized pre-tax income from all sources except an inheritance
- Divide by ten. This (minus any inheritance) is what wealth should be
  - **Example:** 35 x $40,000 = $1,400,000/10 = $140,000- minimum net worth figure
- PAWs (top 25% prodigious accumulators of wealth), UAWs (bottom 25%), AAWs (average)

Wealth Test Worksheet

Your net worth (assets minus debts) _____

Your annual household income (from all sources (excluding income from inherited wealth) _____

Your age (if both spouse work, average your ages) _____

Multiply your income by your age _____

Divide line 4 by the number 10 to get expected net worth for someone with your age and income _____

Divide your net worth (line 1 by line 5) to get your final score. _____

Interpretation of your Score

2.0 or higher, you rank in the top 25% of wealth builders called PAWs (prodigious accumulators of wealth)

1 to 1.99, you rank in the top half of Americans in your wealth building prowess.

0.51 to 0.99, you're a below average generator of wealth for your age and income level.

0.50 or lower, you are one of Stanley and Danko's UAWs (under accumulators of wealth)

Adapted from http://www.bauer.uh.edu/drude/Net.Worth.Worksheet.pdf.

Net Worth Calculation Worksheet

http://njaes.rutgers.edu/money/pdfs/networthcalcworksheet.pdf

Net-Worth Calculation Worksheet

An important step in gaining financial control is to calculate your net worth (assets - debts). Every year, your net worth should be tabulated to review your progress and compare it with your financial goals. In addition, a net-worth statement is a valuable aid in planning your estate and establishing a record for loan and insurance purposes.

Assets (What You Own)

Cash:
- Cash On Hand _____
- Checking Account _____
- Savings Accounts _____
- Money Market Funds _____
- Cash Value of Life Insurance _____
- Other _____

Real Estate/Property:
- Home _____
- Land _____
- Other _____

Investments: (*Market Value*)
- Certificates of Deposit _____
- Stocks _____
- Bonds _____
- Mutual Funds _____
- Annuities _____
- IRAs _____
- 401(k),403(b), 457 Plans _____
- Pension Plan _____
- Other _____

Personal Property: (*Present Value*)
- Automobiles _____
- Recreational Vehicle/Boat _____
- Home Furnishings _____
- Appliances and Furniture _____
- Collections _____
- Jewelry and Furs _____
- Other _____

Total Assets _____

Liabilities (What You Owe)

Current Debts:
- Household _____
- Medical _____
- Credit Cards _____
- Department Store Cards _____
- Back Taxes _____
- Legal _____
- Other _____

Mortgages:
- Home _____
- Land _____
- Other _____

Loans:
- Bank/Finance Company _____
- Bank/Finance Company _____
- Automobile _____
- Recreational Vehicle/Boat _____
- Education _____
- Life Insurance _____
- Personal (from family or friends) _____
- Other _____

Total Liabilities _____

Total Assets Minus Total Liabilities = Net Worth _____

Question #6:

What are your favorite investing and wealth-building resources?

Develop a “Wealthy” Mindset

“Think you can, Think you can’t…

Either way, you’ll be right”

- Henry Ford

“You will always miss 100% of the shots that you didn’t take”

RUTGERS ATHLETICS

Live Your Life Like You've Already Won the Lottery!

How Do You Think You Would Feel If You Won the Lottery?

What would you do?
Could you do some of it now?

Be Open to Possibilities

- Visualize what you want
- Develop an action plan
- Save and invest automatically
- Get help when needed
- Enjoy the benefits of financial well-being

Key Take-Aways

- Wealth ≠ Income
- Set clear investment objectives
- Diversify to reduce investment risks
- Maximize the value of time as a resource
- Develop a personal asset allocation strategy
- Keep improving your investment knowledge

Once you make a decision, the universe conspires to make it happen.

- Ralph Waldo Emerson

What is *one significant thing* you learned today?

PERSONAL FINANCE

Military Families Learning Network

Connect with MFLN Personal Finance Online!

MFLN Personal Finance

MFLN Personal Finance @MFLNPF

MILITARY FAMILIES LEARNING NETWORK

*We invite **MFLN Service Provider Partners** to our private LinkedIn Group!*

DoD
Branch Services
Reserve
Guard
Cooperative
Extension

https://www.linkedin.com/groups/8409844

Evaluation and Continuing Education Credits/Certificate

MFLN Personal Finance is offering 1.5 credit hours for today's webinar for AFC-credentialed through AFCPE and CPFC-credentialed participants through FinCert.

Must pass the post-test with a score of 80% or higher to receive certificate. Complete the post-test online at: https://vte.co1.qualtrics.com/SE/?SID=SV_6tkuZGXT4FNooyF

Please take the evaluation after the last VLE event you attend: https://vte.co1.qualtrics.com/jfe/form/SV_d0aEDkKqPE2lJmR

VLE Wrap Up Discussion

- Thursday, June 16, 2016
- 1 p.m. Eastern
- 30 minutes

  Join us for an interactive discussion of the resources, tools and quizzes shared during the Virtual Learning Event, as well as your own experience as practitioners.
- https://learn.extension.org/events/2594

Personal Finance Upcoming Event

Motivational Interviewing

Date: Tuesday, July 19, 2016

- Time:11 a.m. Eastern
- Location: ***https://learn.extension.org/events/2638***

For more information on MFLN Personal Finance go to:
https://blogs.extension.org/militaryfamilies/personal-finance/

MILITARY FAMILIES LEARNING NETWORK

Find all upcoming and recorded webinars covering:

Personal Finance
Military Caregiving
Family Development
Family Transitions
Network Literacy
Nutrition & Wellness
Community Capacity Building

www.extension.org/62581

U.S. Department of Defense

eXtension
Issues • Innovation • Impact
A Part of the Cooperative Extension System

USDA

This material is based upon work supported by the National Institute of Food and Agriculture, U.S. Department of Agriculture, and the Office of Family Readiness Policy, U.S. Department of Defense under Award Numbers 2014-48770-22587 and 2015-48770-24368.