

Financial Wholeness

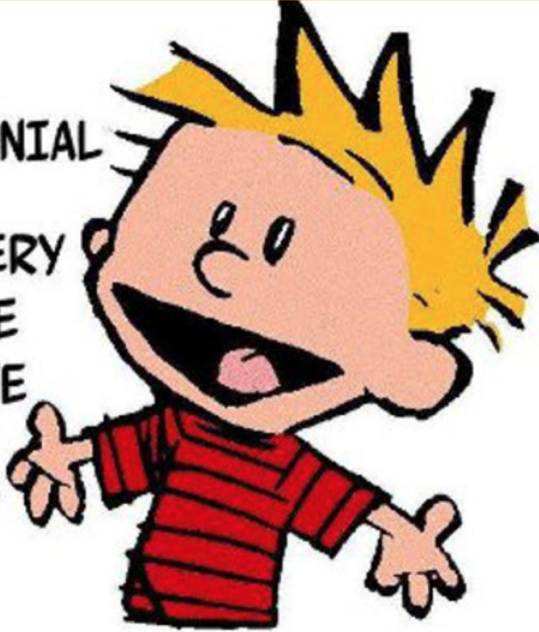


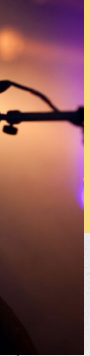
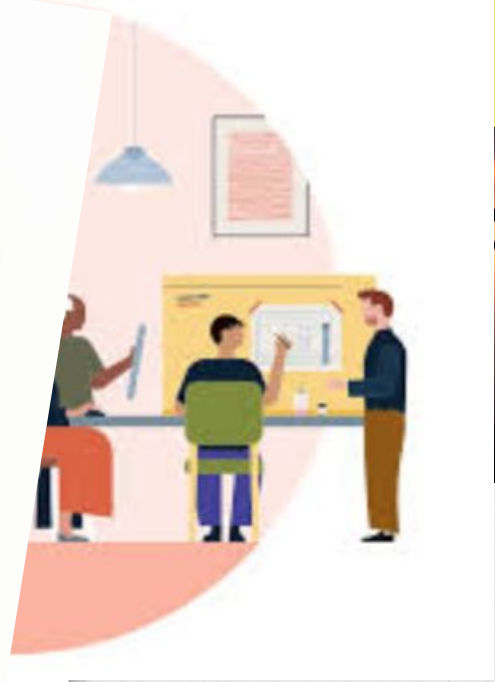
Anna
Gustafson

Guilty
prepared
Frightened
Stressed
Positive
Hopeful
Isolated
Tired
Frustrated
Emotional
coping
Sad
Lucky
Loved
Overwhelmed
Inexperienced
Supported
Surviving
Lonely
Anxious
Uncertain
Angry
Relieved

IT'S NOT DENIAL

I'M JUST VERY
SELECTIVE
ABOUT THE
REALITY
I ACCEPT







Check In With Yourself



KEEP
CALM
AND
GET BACK
TO BASICS

Focus on the Basics

During a Crisis

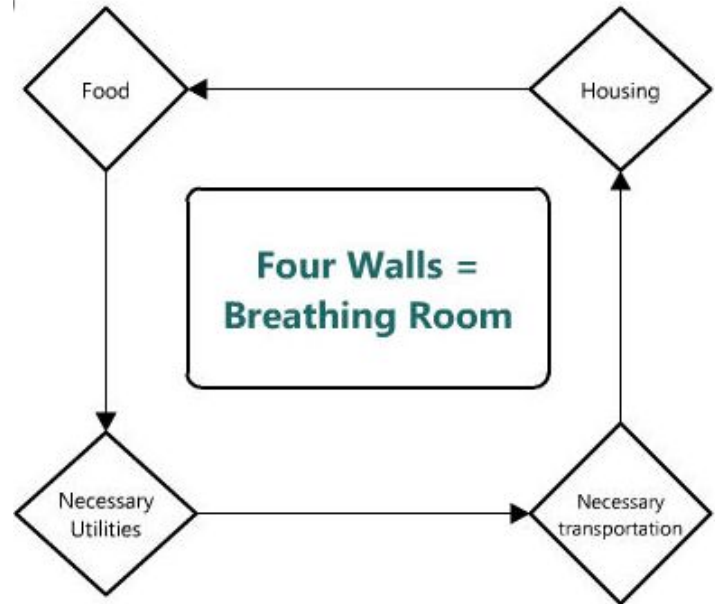
Focus on the “4 walls” that keep a stable roof over your head and your daily life necessities covered:

Food

Utilities

Housing

Transportation



If you have extra money leftover:

Keep paying your debts, especially credit cards

If all your debts can be paid, keep saving

Keep keeping track of your budget

These are the normal pieces of your budget



Extra Pieces of Your Budget Right Now

EXTRA CHANGE?

If you can, stock up on your normal medications

Work on a class or certification

Get some takeout or buy restaurant gift cards

If you can pay all your bills but don't have any savings, NOW is the time to start!



SAVINGS

Consider suspending your gym membership

Practice cooking and meal prep (slow cooker, baking)

Sew on those loose buttons

Call your student loan company

Leave Your Investments Where They Are (Unless you use it to eat)



**“The only people that get hurt
on a roller coaster are the ones
that jump off”**

The stock market is going down,
but it will go back up again- most
“corrections” last less than a year

If you take your money out now,
you will miss out on the future
re-gain and be left with very little

Tax Day is Now July 15, 2020

For both *paying and filing* your taxes from 2019.





Get out of debt

Debt is not your friend (except mortgages)

In the UK, [personal debt has grown six times faster than wages](#)

38% of Americans carry a balance on their credit cards from month to month

In total, American credit card debt averages to **\$5,673** per adult with a credit card

In California, the average credit card balance is over \$6,000 ([Statistics](#))

Credit Score

Either keep a high credit score and don't use debt to buy things (use your credit card and literally pay it off the next day)

OR a 0 credit score by having NO interactions with debt whatsoever (takes ~6 months after you are completely out of debt and all your accounts are closed)

Debt is your biggest obstacle to building wealth

If you are saving and investing, but still in debt, all of that is effectively **CANCELED OUT** by the interest that you are paying

Make it a **top priority** to become debt free except for your house

This includes: car payments, phone payments, **student loans**, medical bills, credit cards, business debt, debt consolidation loans, etc.

[Debt Snowball](#) - pay off smallest to largest

[Dave Ramsey Show](#) (podcast/Youtube)



Pay off debt; But first- Save a starter emergency fund

If you're in debt, don't clean out ALL your money yet

You'll just have to go back into more debt when you have an unexpected emergency

FIRST, save \$500 or \$1,000. Keep it in savings and don't touch it unless it's an unforeseen emergency

THEN, attack your smallest debt and start your debt snowball



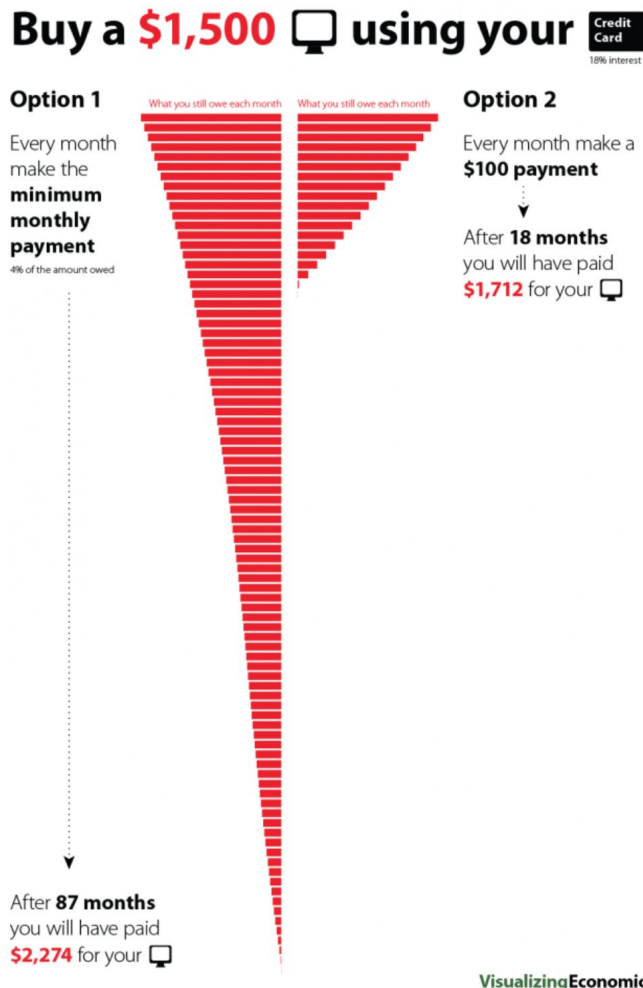
[NYT Analysis of American Savings](#)

Credit cards make you poor & banks rich

Stop using credit for ANY purchase unless you pay it off immediately (that month)

When you carry a balance, you don't get the billing period free of interest. Your interest starts accruing the day you buy a new item

Credit card interest compounds **DAILY**



Consider ditching the plastic

Don't play math games: 0% interest transfer offers usually backfire

Pay off your cards & close your accounts. Don't let the banks scam you and take your paychecks for the rest of your life!

Millennials are becoming more savvy financially and have less credit card debt but still average \$3,542 (Boomers= \$6,889)

If you have proven yourself to be VERY responsible, have no more than 2 credit cards and ALWAYS pay it off



The Universal Discount: Use Cash

Buying things with cash activates the pain centers of the brain

When you buy things with plastic, you spend 12-18% more on average without realizing it!

Use binder clips or envelopes and sort your restaurant or fun money in cash at the beginning of the month



For the Convenience Factor, Use Debit! (Not Credit)

Same protections as credit (*for most cards- if you're worried use Visa*)

Forces you to pay attention
(keep a cushion)

Your bank account will reflect reality

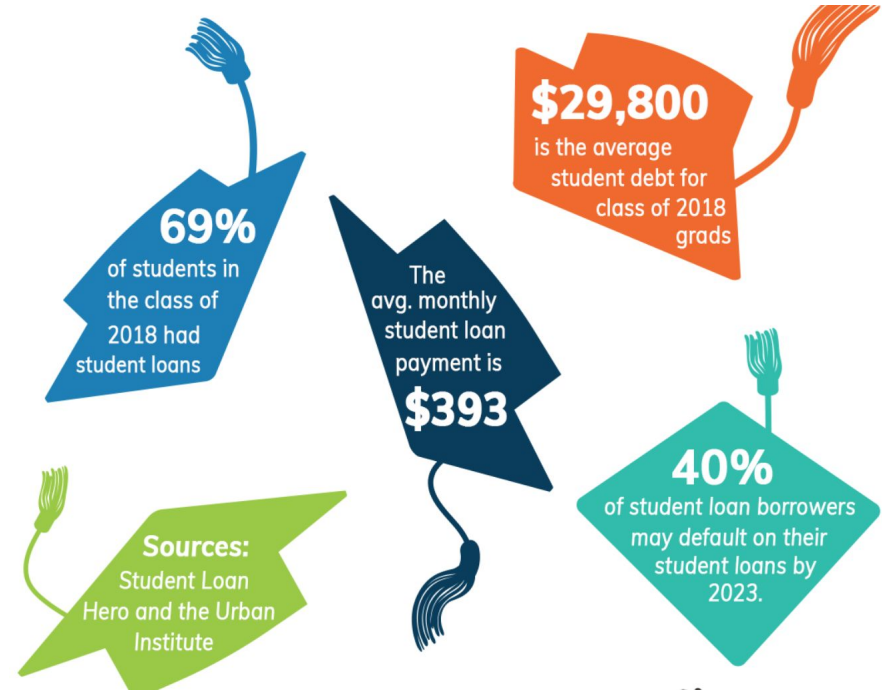


Student Loans- put them in your debt snowball

Get them out of your life! The things you could be doing with that monthly payment are worth millions

If you have high interest rates, consider refinancing (if you have good credit, you may be able to get a lower interest rate)

Abandon hope on the federal Public Service Loan Forgiveness Program- just pay them off



Without any monthly payments, you get to spend,
save and invest ALL of your income!



NAPA VALLEY UNIFIED SCHOOL DISTRICT

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Rosanna G. Mucetti, Ed.D.
Superintendent

Agustino Nogan
Assistant Superintendent
Human Resources/EER

Dana Page
Executive Director
Human Resources

Schedule TCERT / 182.5 workdays

2018-19 CERTIFICATED SALARY SCHEDULE (Includes Librarians)

STEP	RANGE A BACH	RANGE B BACH + 15	RANGE C BACH + 30	RANGE D BACH + 45	RANGE E BACH + 60	RANGE F BACH + 75
1	\$57,579	\$57,580	\$57,581	\$57,582	\$57,584	\$57,586
2	\$57,580	\$57,581	\$57,582	\$57,584	\$57,821	\$59,949
3	\$57,581	\$57,582	\$57,584	\$58,267	\$58,791	\$61,011
4	\$57,582	\$57,584	\$58,499	\$59,123	\$61,457	\$63,781
5	\$57,584	\$57,586	\$59,258	\$61,687	\$64,129	\$66,555
6	\$57,586	\$59,192	\$61,727	\$64,264	\$66,796	\$69,333
7	\$57,611	\$61,563	\$64,194	\$66,832	\$69,468	\$72,103
8	\$59,824	\$63,931	\$66,669	\$69,402	\$72,143	\$74,881
9	\$62,040	\$66,301	\$69,133	\$71,972	\$74,811	\$77,652
10	\$64,257	\$68,865	\$71,602	\$74,542	\$77,462	\$80,424
11	\$66,477	\$71,034	\$74,073	\$77,114	\$80,150	\$83,198
12	\$66,477	\$73,402	\$76,549	\$79,682	\$82,830	\$85,975
13	\$66,477	\$73,402	\$76,549	\$82,258	\$85,499	\$88,745
14	\$66,477	\$73,402	\$76,549	\$82,258	\$85,499	\$91,514

Know your salary and
expenses

Know your salary, take-home pay, and expenses

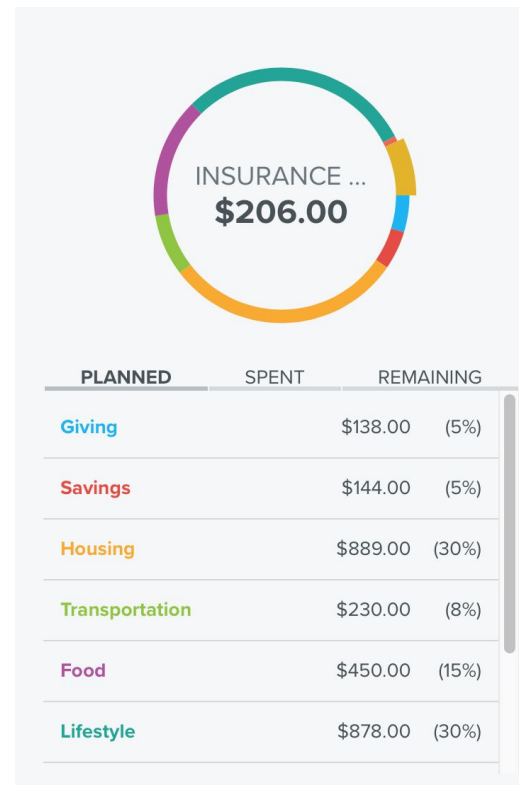
BEFORE the 1st of the month, make a written budget where every dollar has an assignment

If you are married, have a meeting with your spouse and agree to stick to the plan

It might help to track your expenses ahead of time to estimate your budget categories

If you spend more in one category, you **MUST** re-arrange the budget to account for it. Talk about this with your spouse before doing it

[everydollar](#), [mint](#), [YNAB](#)



Paper Budgeting

Do your budget BEFORE the month begins, and BEFORE you get your paychecks

You may want to do a smaller budget for every pay period if you get paid more than once a month

[On Paper Budgeting Tool](#) (Savings + Giving at top)

[Alternate Paper Monthly Budget](#)

Monthly Budget

EXPENSE	PLAN	ACTUAL
HOUSING		
Mortgage/Rent		
Maintenance		
UTILITIES		
Electric/gas		
Garbage		
Water		
Cable/satellite		
Internet		
Phone/cell phone		
INSURANCE		
Home		
Automobile		
Health/life		
AUTOMOBILE		
Auto payment		
Fuel		
Maintenance/repairs		
Public transportation		
FOOD		
Groceries		
Meals out		
ENTERTAINMENT		
Movie rentals		
Events		
Travel		
SERVICES		
Medical/dental		



Spouses- Consider merging finances

Money fights and money problems are a leading cause of divorce

Separating finances & never discussing money doesn't solve the problem

Money = Values

It's worth it to work together and get on the same page! Be honest, and tell your spouse it's important to you to work together, even if it's going to be difficult

Focus on your "why" together



Top Priorities: First Things First!

Follow this list, in order:

- Keep paying your bills on time
- Get on a written budget where income=expenses every month
- Save a "starter" or "baby" emergency fund of \$1,000
- Become debt-free except for your house
- Save a larger emergency fund of 3-6 months of expenses
- Save 15% of your gross (pre-tax) income for retirement; save more on top of that for a house, vacations, etc.
- Start funding kids' college (if applicable)
- Pay off your house early!
- Save, give, and have fun!

adapted from Dave Ramsey's "Baby Steps"



Get Protected

Car/Homeowners/Renters Insurance

Car- legally mandated in most states if you ever drive (usually ~ \$100-200/month)

Homeowner's- protects against fires, natural disasters, acts of God

Renter's- protects against loss of property, theft, etc (usually ~ \$15/month)



Term Life Insurance- *IF you have people who rely on your income*

Buy 20 year **Term** Life Insurance for each working adult in the household (IF you have spouse/ dependents. If you don't, you don't need it!)

It replaces your income for your dependents should you die- buy ~10x your annual salary

Some people just use life insurance to cover funeral expenses if those would be difficult to come up with (~\$10K)

***DO NOT BUY Whole/Variable/Universal life insurance policies**

(if you have it, cash it out and get rid of it unless you are currently uninsurable)

The average cost of life insurance.

Coverage Amount	20-Year Term Cost
\$250,000	\$13/mo \$150/yr
\$500,000	\$21/mo \$240/yr
\$750,000	\$28/mo \$325/yr
\$1,000,000	\$37/mo \$425/yr

[2019 Average Term Life Rates](#)

It gets cheaper every year!

Disability Insurance: Get It

Covers some portion of salary and medical costs in case of accident and you're unable to work

Get special disability insurance before trying to become pregnant- this will cover your pay during maternity leave

At my work, normal disability insurance is ~\$30/month



Advance Directives & Will: Write Them

Write your **advance directives & will** and make sure your family knows them

Email them around and keep a hard copy somewhere obvious

Each state has different legal documents

[Advance Directive Documents Here](#)

[How to Write A Will](#)

[Pre-Will Checklist](#)



When you are 60, buy Long Term Care Insurance

Whoever first enters a nursing home often can use the majority of savings and leave little for the surviving spouse

In straight couples (=most of our data), most women outlive their husbands

Life expectancy at 65:

18 more years for men

21 for women



Do not EVER cosign a loan for someone



“Cosigning” means that the bank or lender does not fully trust the person who needs the loan, and they want *another* more financially-capable person to put themselves into the deal.

If you cosign on any type of loan, it means it is YOUR responsibility to pay if the original person does not pay it or pays late.



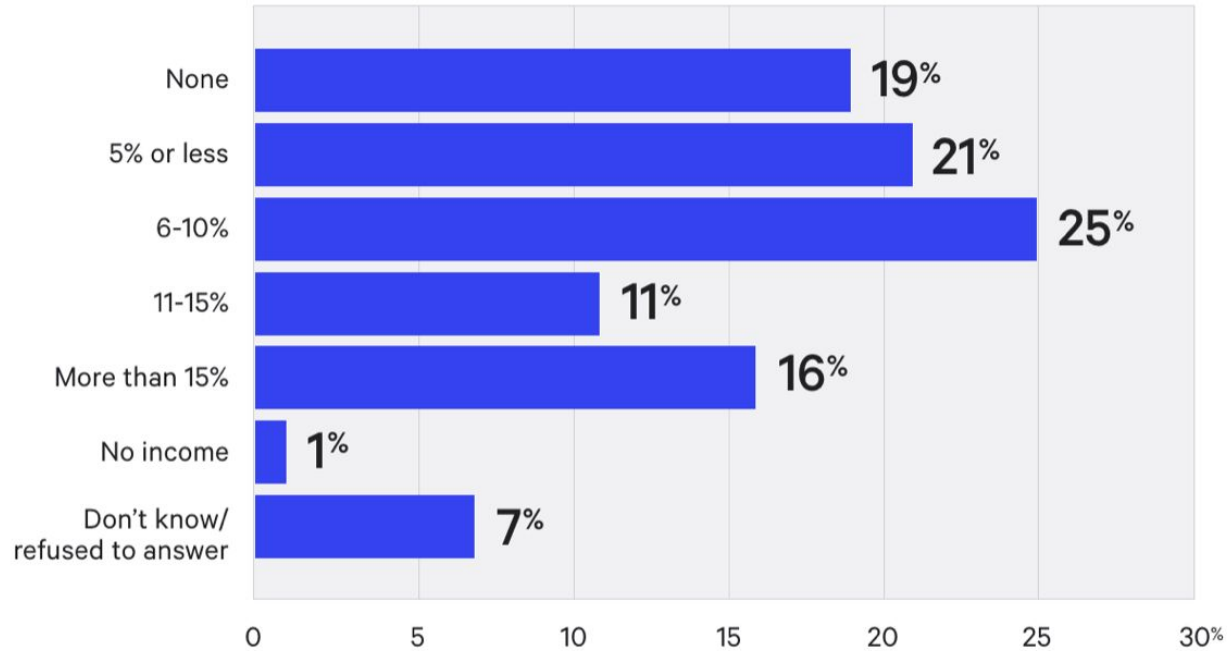
If the bank doesn't trust them by themselves, you can guess they may not follow through on paying the loan off- then the loan becomes your problem and YOUR DEBT. If they can't get the loan by themselves, there is probably a good reason why they shouldn't have that loan.



Save

What percentage of annual income do you save?

*includes
retirement, fun
& emergency
savings





40% of Americans can't cover a \$400 emergency with cash or savings.

60% can't cover \$1000.

Having savings is the difference between an inconvenience... and a major problem that takes you into debt.

Make an Emergency Fund of 3-6 months of expenses

If you are single or the only one working, you probably want ~6 months

Married with two people working? 3 is OK

You need to be able to get to the money in case you need it- don't invest it

Keep this in a high-yield savings or a money market- you don't want inflation (2-4%) to get to it too much

Mine is in an online bank [savings account](#) making 1.5% (was 2.25% pre-COVID)



Still in debt? Save a "baby" emergency fund

Aim to save \$1,000 so that small emergencies don't send you further into debt

Just keep this in your bank account

THEN attack your debt

Savings = Empowerment



Keep the budget up to date; every month is different

Only use your Emergency Fund for unforeseen emergencies ... Christmas is not an emergency!



Save monthly for big purchases or expenses

Set up an automatic transfer to your savings, or put cash in a shoe box

Christmas= \$1,000

Happening in 5 months

Cost / Time= Save \$200/month in a "Christmas Fund"



Scheduled Car Service= \$300

Happening in ~6 months

Cost / Time= Save \$50/month in a "Car Service Fund"

Save up a lot to buy a house

Aim to save 10%-20% of the cost of your house for your down payment.

At 20%, you avoid paying a high monthly cost for PMI (mandatory mortgage insurance)

Try to pay your mortgage off quickly

If you pay your house off in 15 years, you save crazy amounts on interest (most people pay it off in 30 years and end up paying ~2x the cost of their house)



Do not lease your car- this is the most expensive way to have a car

When leasing, the average interest rate comes out to ~14%!

Save up money to buy a cheap car

Don't buy new cars- cars lose a ton of their value in the first few years, which means you will sell it for way less than you bought it for

Buy a 2- or 3-year old car if you want a nice car. You will still be able to sell it for a decent amount of money compared to what you spent

Use [Kelly Blue Book](#) to determine car values





Investing & Retirement

How much do I need to retire?



Conventional wisdom: Aim to have a nest egg of \$1 million to \$1.5 million

OR that your savings should amount to 10 to 12 times your 50 yr. old income

It also depends on your lifestyle

J.P. Morgan says: "enough" means the nest egg is big enough to have at least an 80% chance of surviving 30 years in retirement. Assume that your retirement portfolio grows an average of 6% a year before retirement and 5% a year in retirement.

Example: For a retiree to generate \$40,000 a year after stopping work, he or she will need savings of about \$1.18 million to support a 30-year retirement; this was calculated using average returns of 6 percent and inflation at 2.5 percent, according to Morningstar

Most people have very little saved

Retirement Savings *by Age Group*



Percentages have been rounded to the nearest whole number.

Good advice is to save **15% of your gross income** for retirement- not including matches



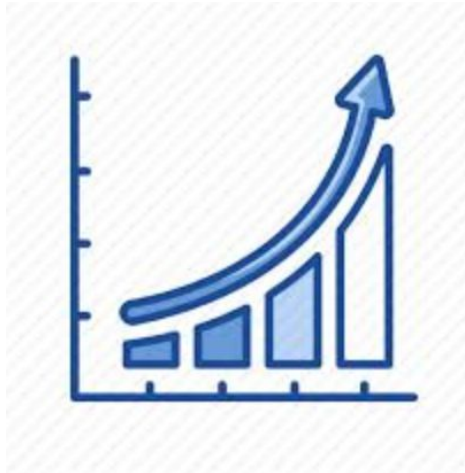
If you have a pension, save 7-8% of your pre-tax gross income (the number on the salary) towards retirement

If your company gives you a free match, don't count that

When you're still getting out of debt, STOP all contributions to your retirement temporarily. You need that money right now!

Where should you put it?

Retirement Calculator



Taxed Later:

Use a 401k or a 403b to contribute tax-deferred money to your retirement. You will have to pay taxes on it when you take it out, but if it's tax free now that means a larger amount going in (and growing for you).

Taxed Now:

AND/OR Use a Roth IRA to contribute money that you have ALREADY paid taxes on (good if you will be have a higher INCOME later)

Opening a 401k- get started now!

You can send your money wherever your job allows. Then, you can put your money in any investments that are available

Mine is in a Vanguard Target Date Retirement Fund. Fees are lower



\$100 or \$200 a month is MUCH better than nothing!

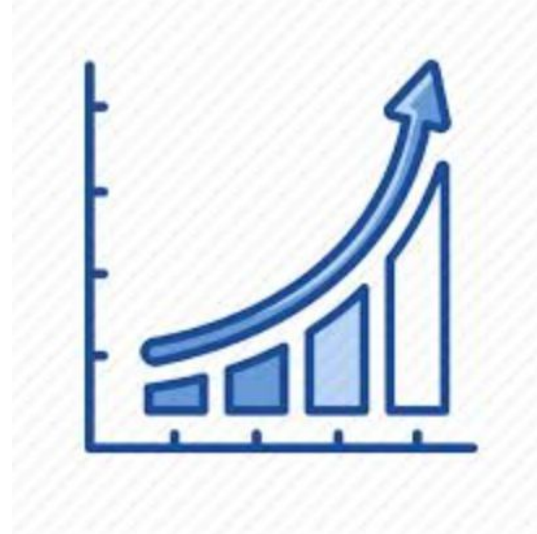
2020 annual limit is \$19,500, \$20,500 if you're 50 or older

Roth IRA annual limit is \$6,000 (separate), \$7,000 if you're 50+

With consistency and time, your savings will grow

Remember: if you are in any debt (besides your mortgage), DO NOT contribute to retirement yet! Your money is way more important to use getting out of debt right now!

Once you're out of debt except for your house, then start investing in retirement.



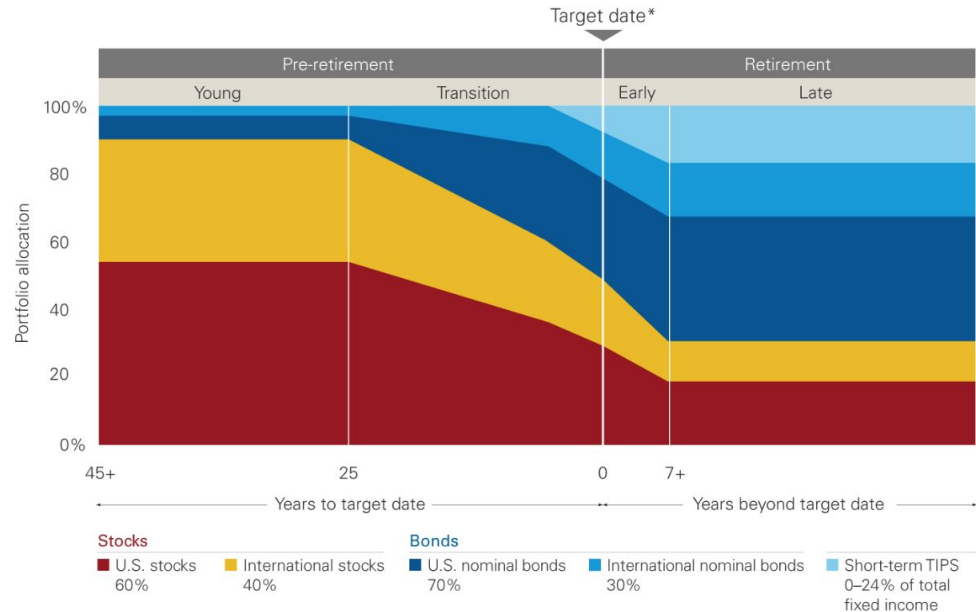
Asset Allocation: What's the mix of stocks and bonds?

As they get closer to retirement age, many people put more of their investments in bonds

Some people think this matters a lot

Some people think you should stay invested primarily in mutual funds even while you are in retirement

Mutual funds typically give you the highest stable rate of return



Extra Considerations in Retirement

- ❑ At 60, buy **long term care insurance**.
- ❑ Revise your **will** and estate plan. Go over it explicitly with your heirs and family.
- ❑ Write your **advance directives** and make sure your family knows them.
- ❑ Put extra money aside if needed for your **funeral expenses**.
- ❑ If you retire before age 65, when Medicare kicks in: **adequate health insurance**

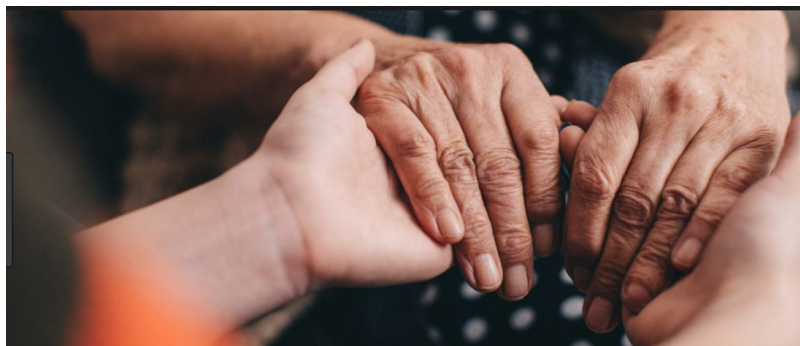
But isn't the world ending soon anyway?

Cities may flood...your job or hours may get cut....natural disasters may multiply...

But banks will never spontaneously forgive loans that you have signed for

The most important thing you can do to *prepare* for world climate or economic emergencies is to get out of debt, save emergency money, and have a [big emergency kit](#). (Maybe learn how to fish and garden if you are a real survival enthusiast)





Give

“If you can’t live on 95% of your salary, you’ll never learn to live on 100% of it.”



“Give thanks, and give generously.”

Giving is one of the best parts of having money



Make giving part of your budget from the beginning-choose an organization you support and pick an amount you feel comfortable with

If you're not sure how much to give, try 2-3% of your income

It re-focuses you on what is really important, and prevents the budget brain from making you into a stingy, ungenerous person

When giving money to family...

It's a good rule of thumb never to lend friends or family money. If you have it and you really want to help them out, make that money a gift. A loan introduces judgement and guilt into the relationship, and it rarely turns out well.



Research where your money is going

Choose carefully!

Not all organizations or non-profits make good use of your money

Look up your organization on [Charity Navigator](#) to see how they use their money - *small organizations aren't listed, but big ones are*



And every tenth part of the land, of the seed planted, or of the fruit of trees, is holy to the Lord....And a tenth part of the herd and of the flock, whatever goes under the rod of the valuer, will be holy to the Lord.

Leviticus 27:30-32

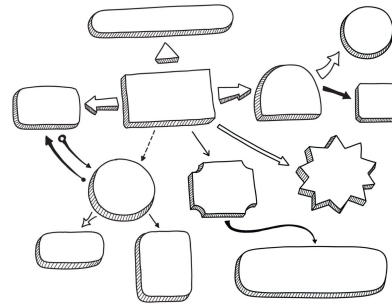
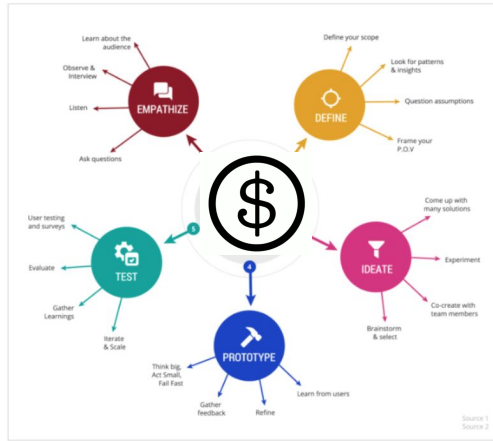


Enjoy the journey!

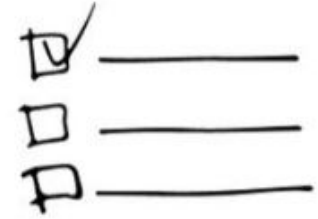
When you are debt free, you can look forward to a life of fun spending, saving, and giving generously

Always keep budgeting and keep track of your finances



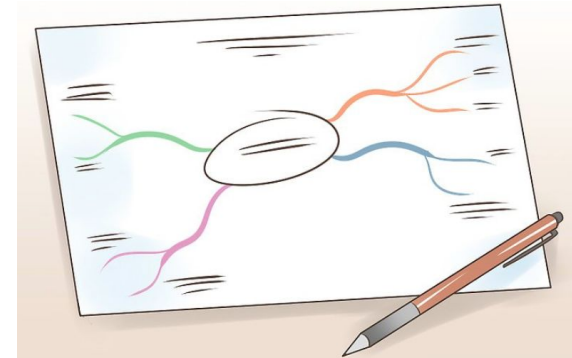
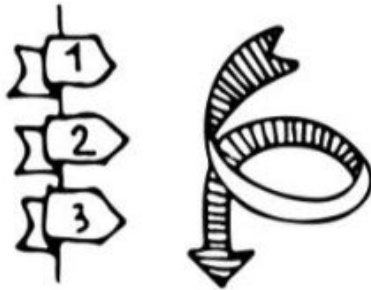


Takeaways



Take a moment and write down
several key takeaways from tonight

Perhaps new **knowledge** or a new
realization about yourself and your
relationship to money





Questions + Discussion

Resources

[Debt Snowball](#)

Websites: [Dave Ramsey](#), [Suze Orman](#), [Chris Hogan](#) (more retirement-focused)

[https://www.everydollar.com- Free budgeting app](https://www.everydollar.com)

[You Need a Budget- Website \(not free\)](#)

[On Paper Budgeting Tool](#)

[Alternate Paper Monthly Budget](#)

[Saving to Buy a House](#)

[Advance Directive Documents Here](#)

[How to Write A Will](#)

[Pre-Will Checklist](#)

[Kelly Blue Book](#)

[Retirement Savings Calculator](#)

[Vanguard Retirement Calculator](#)

[Charity Navigator](#)

[Emergency kit checklist](#)



Take the Quiz