

Financial Planning Basics

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What do you want for
your future?

Write down a short term, mid-
term, and long term goal.....

Five Key Actions



Save

Build up savings today to cover life's goals and surprises and to help you afford the life you want for tomorrow.



Saving

How much should you allocate to saving each month?

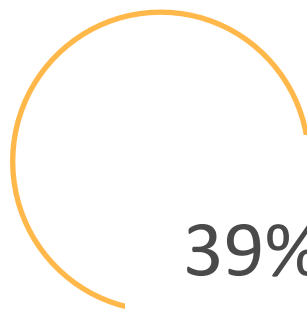


Write your goals down, and be specific!

How many of you have an
emergency fund?

Emergency Fund

There will always be unexpected expenses.



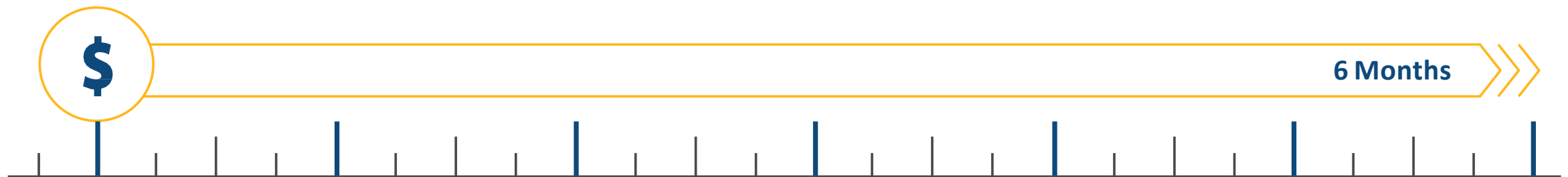
39% of all Americans wouldn't be able to cover an unexpected \$400 expense without using a credit card or borrowing the money — which can cost you even more money in interest.¹

¹ Source: Federal Reserve Report on the Economic Well-Being of U.S. Households, May 2019
<https://www.federalreserve.gov/publications/files/2018-report-economic-well-being-us-households-201905.pdf>

Set Up An Emergency Fund

Life is unpredictable.
Create a short-term safety net.

Keep an equivalent of six months of living expenses in an account you can access easily.



Pay Down Debt

Start with an action plan.



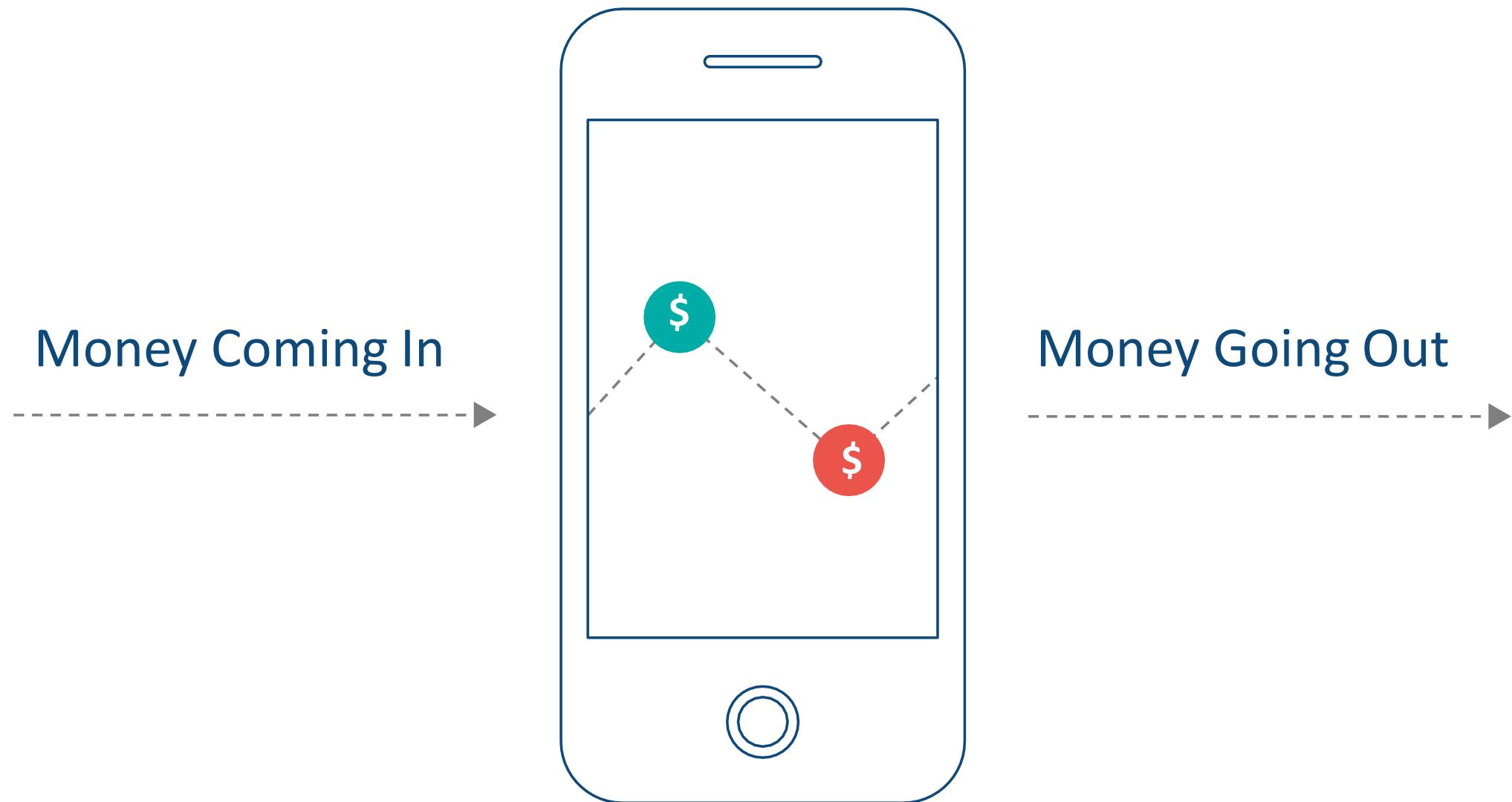
Spend

Manage the money you have to cover what you need, what you owe and what you want.



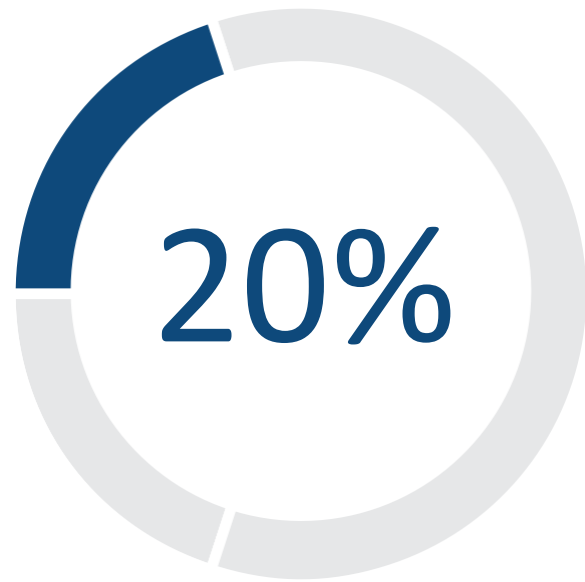
How many of you track all
of your expenses?

Track Expenses

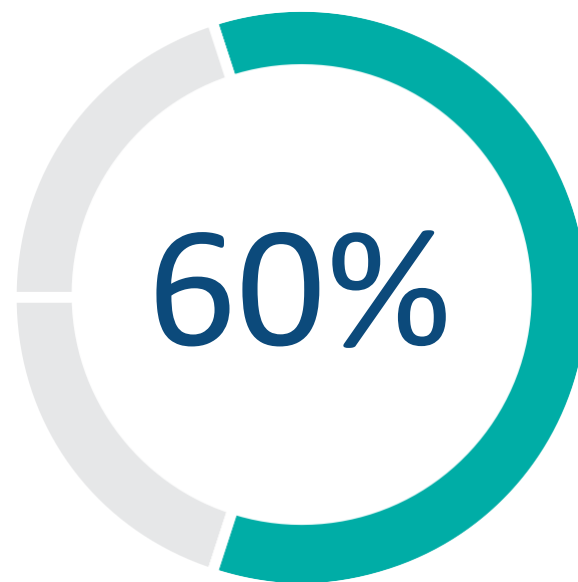


Don't forget about expenses that happen only a few times a year – they can add up, too!

Compare Spending to the 20/60/20 Rule



Saving/Investing



Essential Expenses
(housing, food, insurance,
loan debt)



Discretionary Expenses
(entertainment, clothing,
personal care)



If your current spending doesn't align, look for ways to adjust.

Assessing Your Current Income and Budget

Monthly Budget



Name: _____ Date: _____

To complete your current financial profile, it is important to review your monthly expenses. **Green highlighted items** are generally fixed expenses that are predictable and recurring. If expenses are not monthly, calculate into a monthly average.

ESSENTIAL EXPENSES		DISCRETIONARY EXPENSES	
Housing	Health Care/Insurance <small>(Not deducted from paycheck)</small>	Memberships/Club Dues \$ _____	
Mortgage/Rent \$ _____	Health \$ _____	Subscriptions \$ _____	
Property Taxes \$ _____	Life \$ _____	Other Fixed/Predictable \$ _____	
Homeowner's/ Renter's Ins. \$ _____	Disability Income \$ _____	Gifts/Contributions \$ _____	
Utilities (Electric, Gas, Water, etc.) \$ _____	Long-term Care \$ _____	Dining Out \$ _____	
Cable/Phone/Internet \$ _____	CoPays/Dental/Drugs \$ _____	Movies/Sporting Events \$ _____	
Home Maintenance \$ _____	\$ _____	Hobbies \$ _____	
		Vacation/Travel \$ _____	
		\$ _____	
		\$ _____	
		\$ _____	
Transportation	Household/Personal	2. Discretionary Expenses Subtotal \$ 0	
Auto Payment(s) \$ _____	Cell Phone \$ _____	SAVING AND INVESTING*	
Auto Insurance \$ _____	Professional Dues \$ _____	Emergency Fund \$ _____	
Commuting Costs \$ _____	Groceries \$ _____	College Savings \$ _____	
Gas \$ _____	Personal Care \$ _____	Short/Mid-Term Needs \$ _____	
Maintenance/License \$ _____	Clothing/Dry Cleaning \$ _____	Retirement Savings \$ _____	
	\$ _____	<small>(Not deducted from paycheck)</small>	
		\$ _____	
Personal Loans	Children	3. Saving and Investing Subtotal \$ 0	
Student Loans \$ _____	Dependent/Child Care \$ _____		
Credit Card Debt \$ _____	Education/School \$ _____		
\$ _____	\$ _____		
Fixed/Predictable Expenses \$ 0	1. Essential Expenses Subtotal \$ 0		
NET MONTHLY INCOME \$ _____		TOTAL SURPLUS/DEFICIT \$ 0	
LESS TOTAL MONTHLY OUTFLOW (1+2+3) \$ 0			

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NML), Milwaukee, WI (life and disability insurance, annuities, and life insurance with long-term care benefits) and its subsidiaries.

29-3914 (05/18)

Income Example

Monthly Budget

Name: _____ Date: _____

To complete your current financial profile, it is important to review your monthly expenses. **Green highlighted items** are generally fixed expenses that are predictable and recurring. If expenses are not monthly, calculate into a monthly average.

ESSENTIAL EXPENSES

Housing

Child Care \$ _____

Education/School \$ _____

_____ \$ _____

1. Essential Expenses Subtotal \$ 3480

Health Care/Insurance
(Not deducted from paycheck)

Mortgage/Rent \$ 1100

Property Taxes \$ _____

Homeowner's/ Renter's Ins. \$ 20

Utilities (Electric, Gas, Water, etc.) \$ 120

Cable/Phone/Internet \$ 210

Home Maintenance \$ 50

_____ \$ _____

Transportation

Auto Payment(s) \$ 210

Auto Insurance \$ 110

Commuting Costs \$ 75

Gas \$ 125

Maintenance/License \$ 25

_____ \$ _____

Personal Loans

Student Loans \$ 125

Credit Card Debt \$ 100

_____ \$ _____

Fixed/Predictable Expenses \$ 2710

Household/Personal

Health \$ 250

Life \$ 125

Disability Income \$ 50

Long-term Care \$ _____

CoPays/Dental/Drugs \$ 50

_____ \$ _____

Children

Dependent/Child Care \$ _____

Education/School \$ _____

_____ \$ _____

1. Essential Expenses Subtotal \$ 3480

DISCRETIONARY EXPENSES

Memberships/Club Dues \$ 100

Subscriptions \$ 40

Other Fixed/Predictable \$ _____

Gifts/Contributions \$ 175

Dining Out \$ 300

Movies/Sporting Events \$ 75

Hobbies \$ 100

Vacation/Travel \$ 225

_____ \$ _____

_____ \$ _____

_____ \$ _____

2. Discretionary Expenses Subtotal \$ 1015

SAVING AND INVESTING*

Emergency Fund \$ 540

College Savings \$ _____

Short/Mid-Term Needs \$ 500

Retirement Savings (Not deducted from paycheck) \$ 100

_____ \$ _____

_____ \$ _____

3. Saving and Investing Subtotal \$ 1140

NET MONTHLY INCOME \$ 5,700

LESS TOTAL MONTHLY OUTFLOW (1+2+3) \$ 5,635

TOTAL SURPLUS/DEFICIT \$ 65

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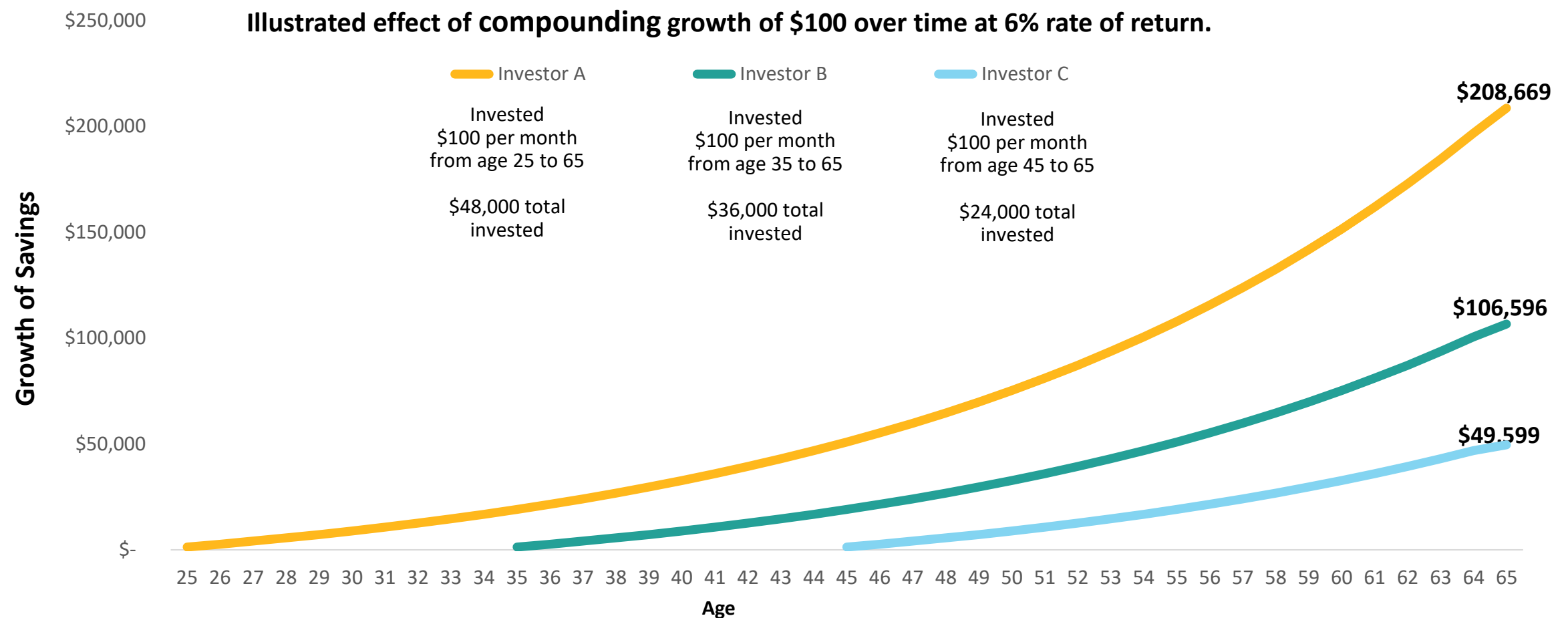
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Grow

Invest in ways that match your goals, your timeline and your tolerance for risk.



The Value of Starting Early



The sooner you start, the harder your money can work for you.

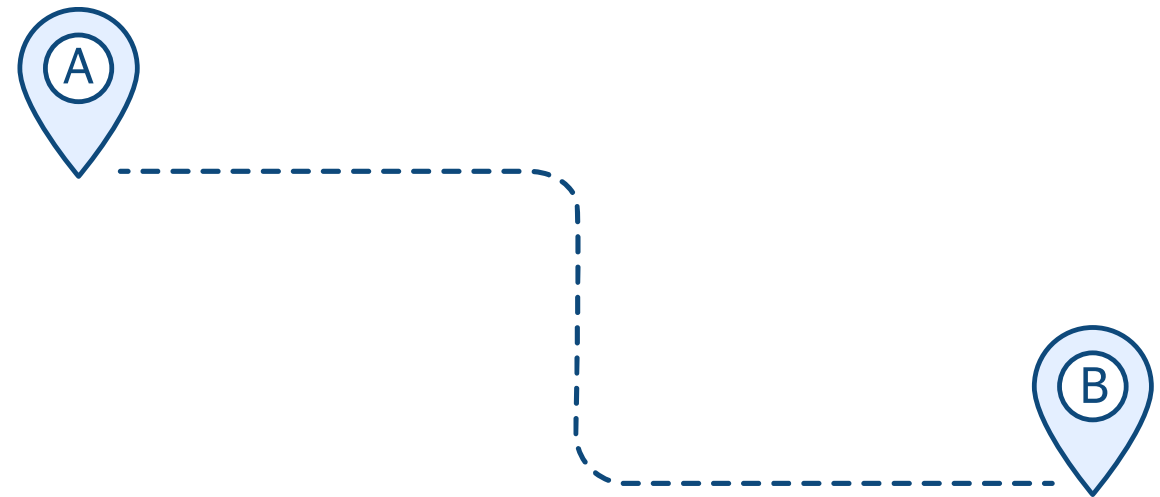
What about me?

I have the Foundation Items

1. **Find your surplus**
2. **Go BIG – reach for the “maxes”**
 - 401(k), ROTH IRA, IRA limits vary; consult with an investment professional to determine what yours are.
3. **Mid-Term items**
 - Non-qualified investment account

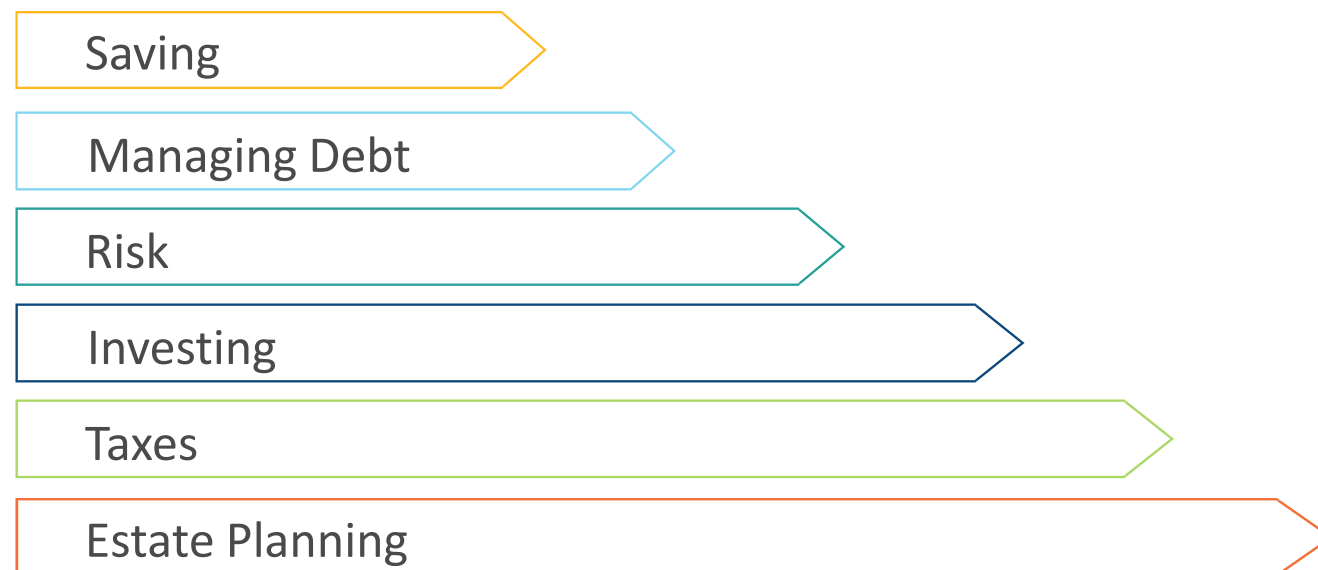
Get Expert Guidance

Prioritize your goals and create a personalized plan that's unique to you.



Look for More Than Investment Advice

A financial professional will take a broader look across all aspects of your financial life and help you through times of transition.



Financial Representatives do not render tax or legal advice. Please consult with a tax professional for tax advice specific to your situation.

Protect

You've worked hard to get where you are today. Help protect your loved ones, and safeguard your most important financial assets:

- Money you've already saved
- Future paychecks



Protect Your Ability to Earn an Income

One in **four** people will be disabled at some point in their career.²

Disabilities can be caused by:

- Back Problems
- Pregnancy Complications
- Heart Attack or Stroke
- Cancer

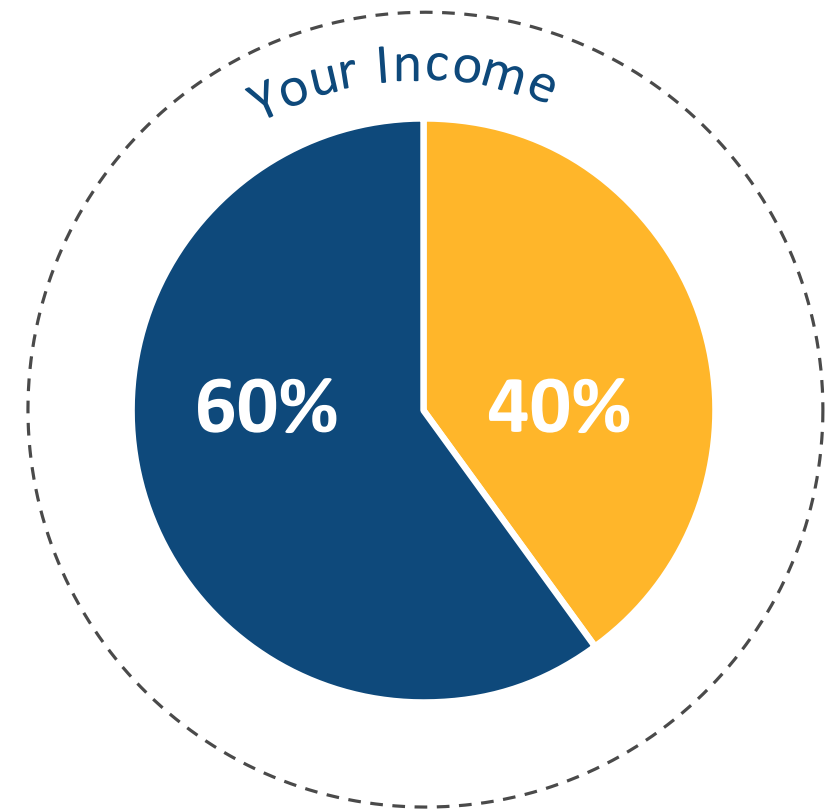


² U.S. Social Security Administration Fact Sheet, July 2019

Protect Your Ability to Earn an Income

Group disability insurance through your employer

- Usually has a cap
- Is taxable
- Covers only about ~60% of your income



We insure our cars, homes, and even cell phones against unforeseen events. Why not our income?

Protect Your Loved Ones

What if you weren't there to financially support your family?

Consider buying additional life insurance, outside employer plans.



If you decide to buy life insurance, make sure you understand the different types.

What causes matter most
to you?

Give

Where would you
like to make a
difference?



Five Key Actions



Self-Care Applies to Finances, Too

When you take care of your own finances, you're taking care of others, too.



What is one small step you can take in the next 24 hours that will help you make progress toward your goals?

Thank you for attending!

Northwestern Mutual is the marketing name for The Northwestern Mutual Life Insurance Company (NM) and its subsidiaries, including Northwestern Long Term Care Insurance Company (NLTC) (long-term care insurance), **Northwestern Mutual Investment Services, LLC (NMIS)** (investment brokerage services), a registered investment adviser, broker-dealer, and member of FINRA and SIPC, and Northwestern Mutual Wealth Management Company (NMWMC®) (investment advisory and trust services), a federal savings bank. NM and its subsidiaries are in Milwaukee, WI.

Nicole Macdonald is an Insurance Agent of NM and NLTC. Investment brokerage services provided as a Registered Representative of NMIS. Investment advisory services provided as an Advisor of NMWMC.



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