



Making the Most of Your Money

Workbook

2013

Tim Waterworth, CFP®
Waterworth Wealth Advisors, LLC

950 East State Highway 114, Suite 105

Southlake, TX 76092

www.waterworthwa.com

817-410-9000

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Disclaimers

We are independent financial advisors; we are not representatives of your employer, nor are we employees or representatives of Lee Hecht Harrison. All information contained herein is our sole opinion.

Managing your employer retirement program(s) and the analysis associated with decision-making is unique to each individual. You should use the information presented to help you focus on the factors that are most important to you.

Waterworth Wealth Advisors, LLC and NFP Securities, Inc. do not provide legal, tax, or accounting advice. Before making decisions with legal, tax, or accounting ramifications, you should consult appropriate professionals for advice that is specific to your situation.

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Personal Financial Assessment

Yes/No

Financial Planning Foundation

_____ I know my monthly budget and where I can reduce expenses, if needed.

_____ I have a personal balance sheet and know my net worth.

_____ I have an adequate emergency fund.

Managing Employer Retirement Plan Benefits

_____ I understand my choices for managing my employer retirement benefits (i.e. 401(k), pension, stock options) critical timeframes and potential tax impact of each.

_____ I have established specific retirement income and other financial goals.

_____ I have a plan to achieve my goals and periodically monitor my progress.

_____ My 401(k) investments are invested appropriately given my goals, risk tolerance and time frame.

_____ I have evaluated the funds in my 401(k) for performance and reasonableness of fees.

Risk Management

_____ I understand my COBRA health insurance options and what alternatives are available in private market.

_____ In the event of my, or my partner's, untimely death, my dependents would be able to maintain their standard of living and still realize long term goals (i.e., college & retirement).

_____ I have adequate life insurance.

Estate Planning

_____ I have a current estate plan in place (wills, trust, directive to physicians and durable power of attorney).

_____ The beneficiary designations on my retirement accounts and life insurance policies are aligned with my estate plan.

Competent Help

_____ I have a financial advisor whom I trust and value.

_____ I have an estate attorney I trust and value.

_____ I have a CPA I trust and value.

_____ I have a health insurance professional I trust and value.

Making the Most of Your Retirement Benefits

Course Description

One of the biggest decisions you have to make when retiring or changing jobs is what to do with retirement plan(s) and stock options from your former employer. First, we will focus on the choices available to you for your employer retirement benefit accounts, the pros and cons of each one, and tax considerations. Next, we will review financial planning tools to help you look at the big picture and discuss effective investment management in the achievement of your financial goals.

Learning Objectives

- Complete Personal Financial Assessment to identify action items and set priorities
- Assess former employer retirement plan assets, understand options, critical time frames and identify action items.
- Review your personal financial situation, investment allocation, and investment management alternatives.

Expenses

	Monthly Budget	Annual Budget
DEBT SERVICE		
Mortgage	_____	_____
Auto(s) Payment	_____	_____
Student Loan	_____	_____
Credit Cards	_____	_____
Subtotal	_____	_____
TAXES		
Taxes, Income	_____	_____
Taxes, County	_____	_____
Taxes, School	_____	_____
Subtotal	_____	_____
HOME		
Electricity	_____	_____
Water	_____	_____
Gas	_____	_____
Phone	_____	_____
Long Distance Phone	_____	_____
Cable TV	_____	_____
Internet Service Provider	_____	_____
Home Repairs/ Improvements	_____	_____
Home Security	_____	_____
Bug Control	_____	_____
Groceries	_____	_____
Pharmacy	_____	_____
Lawn Service	_____	_____
Hair care	_____	_____
Home Furnishings	_____	_____
Repairs & Maint	_____	_____
Subtotal	_____	_____
CAR EXPENSES		
Gasoline	_____	_____
Automobile Service	_____	_____
Mobile Phone(s)	_____	_____
Auto Washes	_____	_____
Subtotal	_____	_____
INSURANCE		
Life – Husband	_____	_____
Life – Wife	_____	_____
Medical - Family	_____	_____
Dental – Family	_____	_____
Home Insurance	_____	_____
Auto(s) Insurance	_____	_____
Other Insurance	_____	_____
Subtotal	_____	_____

CLOTHING

Dad	_____	_____
Mom	_____	_____
Kids	_____	_____
Dry Cleaning	_____	_____
Subtotal	_____	_____

MEDICAL

Doctor Visits	_____	_____
Dentist	_____	_____
Prescriptions	_____	_____
Subtotal	_____	_____

SAVINGS

General	_____	_____
Investments	_____	_____
Retirement	_____	_____
Subtotal	_____	_____

DONATIONS

Church	_____	_____
Charity	_____	_____
Subtotal	_____	_____

GIFTS

Birthdays	_____	_____
Holidays	_____	_____
Subtotal	_____	_____

PUBLICATIONS

Newspaper	_____	_____
Magazines	_____	_____
Subtotal	_____	_____

ENTERTAINMENT

Dining Out	_____	_____
Movies	_____	_____
Babysitter	_____	_____
Sports Tickets	_____	_____
Club Dues	_____	_____
Organized Children Activities	_____	_____
Subtotal	_____	_____

RECREATION

HealthClub Dues	_____	_____
Personal Trainer	_____	_____
Vacations	_____	_____
Hobbies	_____	_____
Subtotal	_____	_____

TOTAL

=====

Income Statement

INCOME		EXPENSES	
	Monthly		Monthly
SALARY	_____	DEBT SERVICE	_____
SEVERANCE	_____	TAXES	_____
UNEMPLOYMENT	_____	HOME	_____
RENTS	_____	CAR EXPENSES	_____
INTEREST	_____	INSURANCE	_____
DIVIDENDS	_____	CLOTHING	_____
OTHER	_____	MEDICAL	_____
		SAVINGS	_____
TOTAL	=====	DONATIONS	_____
		GIFTS	_____
		PUBLICATIONS	_____
		ENTERTAINMENT	_____
		RECREATION	_____
		OTHER	_____
		TOTAL	=====

Savings Rate = Savings / Current Income

Debt Ratio = Debt Service/ Income

Net Income = Income - Taxes

Discretionary Income = Net Income – Non-discretionary Expenses

Balance Sheet

ASSETS			LIABILITIES	
HOME AUTO(S)	<div><div></div><div></div></div>		MORTGAGE CAR LOAN STUDENT LOAN CREDIT CARD	<div><div></div><div></div><div></div><div></div><div></div></div>
PERSONAL PROPERTY CASH & EQUIVALENTS RETIREMENT ACCOUNTS INVESTMENTS REALESTATE OTHER	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>		OTHER	<div><div></div><div></div><div></div><div></div><div></div><div></div><div></div></div>
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TOTAL	<div><div></div><div></div></div>		TOTAL	<div><div></div><div></div></div>
ASSETS				
LESS LIABILITIES				
EQUALS NET WORTH				

Mint.com - Understand Where Your Money Goes!

The surest way to build wealth comes down to one simple habit: spend less than you make. It sounds simple enough, and nearly everyone has a good handle on his or her income; the hard part is understanding what is being spent. Fully understanding expenses is critical to your financial health. It allows you to determine what you have available to invest. It is also the basis for estimating your future needs and accurately predicting your future financial status.

Thanks to technology, tracking where your money goes is no longer the difficult task people remember or anticipate. There are many software packages available for purchase as well as online budgeting websites. We recommend using a protected website, such as Mint.com.

- ✓ *It's fast.* You can get signed up in just a few minutes. Just use that attached worksheet to have your accounts and password information handy.
- ✓ *It's anonymous and secure.* Mint.com is a read-only service and all the account information you provide is encrypted. If you have any questions or concerns, go to www.mint.com and click on the Privacy & Security tab at the bottom of the page.
- ✓ *It's free.* Mint.com makes money by selling ads to companies that will try to sell you services on the website.
- ✓ *It's easily accessible.* Mint.com currently supports iPhone/iPad (iOS 5.0), Android mobile devices (2.3.0 and up) and Android tablets (3.0 and up with a screen at least 8.9"). If you choose this feature, make sure that the device is password protected.

As time-saving as this process is, it does require upfront time and effort. You need to input your account information; Mint.com will track all of your electronic deposits and expenses. One word of advice: Use credit and debit cards that are linked to Mint.com for as many of your purchases as possible. Avoid using checks, cash, and non-linked accounts. This simple step will cut down on manual entry and editing immensely. However, if you are using a credit card, pay off the balance every month!

A Closer Look at the Mint.com Website

Visit www.mint.com and start exploring. If you like what you see, sign up; it is a free service. To get the full Mint.com experience, you need to enter account information from your banks, credit cards, mortgage(s), car and other loans, and an accounting of your cash spending. Don't be daunted! Once Mint.com has this information, it will automatically update account balances, uncover spending trends and pinpoint opportunities to save, and even auto-categorize your transactions and provide a starter budget. You are able to see all of your spending in a single place, compare it from year to year or from one month to the next. Mint.com will also send you email alerts for when bills are due or when there's been unusual spending in any of your accounts. By keeping a closer eye on your spending you'll be able to keep your budget on track. For more on budgeting tools, visit <http://www.mint.com/blog/how-to/how-to-use-mints-budgeting-tools/>.

Overview Screen

Logging into Mint.com brings you to the Overview screen. At a glance, you will see balances in each of your accounts and your spending trends. You can see alerts, advice, upcoming bills, and spending for the month, along with a comparison to your budget. There are also sections on taxes, goals, and ways to save. At the very top of the page is a "Take the Tour" link that will give you a good introduction to Mint.com.

There are six other tabs across the top of this screen:

Transactions

This screen will show you every expense that Mint.com has captured. Highlighting a transaction will show you your three month spending history and how it compares with the U.S. average. You can also view all of transactions for a specific company or for the budget category. For example, if you

are interested in knowing how much you are spending on gasoline, you can check for a specific payment, your history of payments to one provider, and all of your gas and fuel expenses.

You are also able to assign “tags” to your transactions. For instance, you can tag items that are reimbursable, tax-related, or for a specific purpose. You can set up your own tag groups so if you want to capture all the expenses related to a home improvement project or separate your spouse's transactions from yours, you can.

Budgets

Mint.com not only helps you keep track of your income but also designs a budget for you and tells you when you're misbehaving. You don't have to devise a budget and then try to stick to it. Mint.com creates the budget based on your financial history and then gently harasses you when you step over the line. The Mint.com budget is a starting point. If you already have a budget, click the “Create a Budget” tab. You can customize the categories so that they are appropriate for you.

Goals

You can set a goal in just a few minutes and easily track your progress to goal. One goal you should establish is an Emergency Fund of three-six months of expenses. You can set a small goal and set up automatic withdrawals from your checking account to an “Emergency Fund” savings account. Mint.com also has goal templates for paying off credit cards debt or loans, saving for a new home, car, college, or vacation, home improvement, or you can create your own custom goal. Keep in mind that the larger goals--retirement, college, weddings, etc.—are tracked in MoneyGuidePro.

Trends

If you are a numbers nerd, you will love this tab! If not, you will still find it very useful. It creates graphs of your spending, income, net income, assets, debts, and net worth. You can see the trend over time, by category, by merchant, or by tags. You can compare your spending to a previous period, to others in your city, state, or the country as a whole. You can also download your transactions to an Excel spreadsheet.

Remember though, the reports will only be as good as the data. You will need to review Mint.com's categorizations to ensure that your expenses are being captured correctly. This will take a bit of time early on, but once you have established the right account, Mint.com will remember the information. The Trends area will become more useful as time goes on and Mint.com has accumulated more of your financial data.

Investments

You can track some investment accounts on Mint but as a Waterworth Wealth Advisors client, these are consolidated and tracked in MoneyGuidePro and on your personal Advisor Enterprise web page.

Ways to Save

This is how Mint.com can offer all it does. However, you are not charged for these services, but Mint.com gets a referral fee from the bank if you switch to a new account. It has relationships with other vendors as well. It is worth checking out this tab; caveat, Mint pushes FreeCreditScore.com. We have found that AnnualCreditReport.com is the best way to get your *actual* free credit report; FreeCreditScore.com will give basic information but charges for a full report.

Interviewing and Selecting a Financial Advisor

You may be considering help from a financial planner for a number of reasons, whether it's deciding to buy a new home, planning for retirement or your children's education, or simply not having the time or expertise to get your finances in order. Whatever your needs, working with a financial planner can be a helpful step in securing your financial future.

10 Questions to ask when choosing a Financial Planner:

1. What experience do you have?
2. What are your qualifications?
3. What services do you offer?
4. What is your approach to financial planning?
5. Will you be the only person working with me?
6. How are you compensated for developing my financial plan and for follow-up services?

Financial planners usually provide services under one of three compensation arrangements:

1. **Fee-only** - the planner develops your plan for an agreed upon fee.
 2. **Fee plus commission** the adviser develops your plan for a fee and will assist with implementation including buying financial products for which an additional fee or commission may be paid.
 3. **Commission only** - the adviser charges no fee and is compensated if and when you buy financial products through him/her.
7. How much do you typically charge?
 8. Could anyone besides me benefit from your recommendations?
 9. Have you ever been publicly disciplined for any unlawful or unethical actions in your professional career?
 10. Do you provide a written agreement that details services that will be provided?

Source: CFP Board

Useful Websites Directory

Comprehensive Personal Financial Management Sites

mint.com	One of the most comprehensive options for personal financial websites available.
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Retirement

www.choosetosave.org/	The Choose to Save® public education program promotes the idea that saving today is vital to a secure financial future. The Ballpark E\$imate quickly helps identify how much you need to fund a comfortable retirement.
www.pensionrights.org	Did you leave a pension behind of a former employer and lose track of it? Site sponsored by a Washington advocacy group.
www.pbgc.gov	Site sponsored by the Pension Benefit Guaranty Group. Offers an online search tool to help locate pension benefits.

Debt Management / Mortgages

www.bankrate.com	Comprehensive and current information about consumer finance rates of all types. Current mortgage rates, substantial educational content and calculators.
www.hsh.com	Comprehensive and current information about consumer finance rates of all types. Current mortgage rates, substantial educational content and calculators.
www.financialfreedom.com	A reverse mortgage can allow older Americans to tap the equity in their primary residence for lifetime retirement income. Financial Freedom, a division of OneWest Bank, FSB, is the nation's largest provider of reverse mortgage products.
www.aarp.org/revmort/	AARP's website with educational information about reverse mortgages.
www.reversemortgage.org	The National Reverse Mortgage Lenders Association (NRMLA) is a national nonprofit trade association for financial services companies that originate, service, and invest in reverse mortgages, both in the United States and Canada. NRMLA's website provides educational information and search tools to find lenders.

Personal Credit Reports

www.experian.com	One of the three major credit reporting companies. Helps you understand the factors affecting your credit score, and provides tools to monitor and correct your credit score; fee charged.
www.transunion.com	One of the three major credit reporting companies. You must be prepared to provide detailed information (i.e.; account numbers and credit limits) to get a basic credit report and score; fee charged.
www.equifax.com	One of the three major credit reporting companies. Helps you understand the factors affecting your credit score, and provides tools to monitor and correct your credit score; fee charged.
www.AnnualCreditReport.com	Can get a free credit report once a year.

Associations of Professional Advisors

www.fpanet.org	Website of the Financial Planning Association. “Plannersearch” feature finds local Certified Financial Planners.
www.cfp.net/learn/	Learn how a Certified Financial Planner can help you and how to locate one in your area.
www.aaepa.com/consumers.aspx	Website for the American Academy of Estate Planning Attorneys, a membership organization of estate planning attorneys from across the nation. Some useful educational content and a search function for members in your area.
www.sec.gov	Select “Check Out Brokers and Advisers” Check licenses, read “ADV” disclosure document for registered investment advisors and check for prior disciplinary actions.
www.estateplanninglinks.com	For consumers and estate planning professionals, this site contains hundreds of well-organized, time saving links to Estate Planning, Elder Law, Tax and related websites. You can also read famous people’s wills.

Employer Stock and Stock Option Plans

www.nceo.org	Non-profit research organization with major focus on employee stock ownership plans and options. Offers articles, newsletters, workshops, and conferences.
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Government Sponsored Web Sites of Interest

www.ssa.gov	Social Security Administration website. In addition to getting your questions answered, you can request a statement of expected benefits or do an on-line estimate.
www.dallasfed.org/cd/wealth/index.cfm	Building Wealth: A Beginner's Guide to Securing Your Financial Future offers introductory guidance to individuals and families seeking help to develop a plan for building personal wealth. Presents an overview of personal wealth-building strategies.
www.federalreserve.gov/rnd.htm	Federal Reserve’s site provides transcripts of testimony and speeches and extensive historical financial data.

Financial Management

www.waterworthwa.com	Links to articles, resources, calculators and other tools
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Action Items

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2.

3.

4.

5.

6.

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