

# Cash and Debt Management

*Smart Spending and Saving for Retirement*



## Florida Retirement System



*Successful retirement planning includes  
planning for all aspects of one's  
financial life.*



## The Reasons We Are Here!

- Learn a process for cash and debt management
  - 4 simple steps
- Understand how to effectively save for retirement
  - Budgeting and utilizing tax-advantaged savings vehicles
- Review the resources available to you
  - Through the FRS and your Employer
- Create an easy-to-follow action plan
  - Customized to meet your cash flow needs and debt reduction goals



## Resources Available to You - FREE

### MyFRS Financial Guidance Program



MyFRS.com  
Advisor Service  
Choice Services  
FAQ's, Calculators



Toll-free MyFRS  
Financial Guidance Line,  
staffed by EY financial  
planners and the  
Division of Retirement



Employee workshops:  
Visit MyFRS.com for an  
updated list of workshops,  
locations and dates



Print and e-mail  
communications

**All resources are available to  
FRS Pension and Investment Plan Members**



## How Can the Financial Guidance Line Help Me?



Toll-free MyFRS Financial Guidance Line  
1-866-446-9377 (Option 2) - staffed by  
**Ernst & Young** financial planners

- Am I in the right FRS Plan?
- How do I plan for my financial future?
- Where should I save for retirement– 403(b), Roth IRA, 457...?
- How can I develop a debt and spending plan?
- How do I use the resources available on the MyFRS.com website?

### Action Step

- See Appendix A to learn more about the MyFRS Financial Guidance Line



## Personal Action Plan

Action Steps	Done
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>

### Action Step

- See Appendix J to start your own Personal Action Plan



## The Cash/Debt Management Process

### Step 1: Evaluate current spending

**Step 2:** Deal with shortfalls and debt

**Step 3:** Create a spending plan

**Step 4:** Review your progress

#### Action Step

- See Appendix C for a Cash Flow Worksheet

- Who is spending?
- How much are you spending?
- How are you spending?
- Why are you spending?
- Is spending reflecting your values?



## Who Is Spending?

*Spouse*

*Children*

*Parents*

*Siblings*

*Other*

*You!*





## How Much Are You Spending?

- Account for your total spending
  - Checkbook(s)/Passbook(s)
  - Cash receipts
  - Credit card statements
  - Notebook
  - Electronic organizer
  - Money management software

### Action Step

- See Appendix D for your own Spending Worksheet

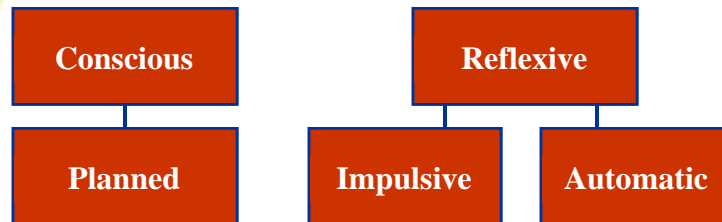


## How Are You Spending?

	Spending Approach	Use For	Don't Use For
Cash	<ul style="list-style-type: none"> <li>• Cash</li> <li>• Check</li> <li>• ATM</li> <li>• Debit Card</li> <li>• Electronic Funds Transfer</li> </ul>	<ul style="list-style-type: none"> <li>• Day-to-day expenses</li> <li>• Big ticket items</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items you cannot afford over a short period of time – e.g. buying a home</li> </ul>
Borrow	<ul style="list-style-type: none"> <li>• Loans               <ul style="list-style-type: none"> <li>• Home Mortgage</li> <li>• Home Equity</li> <li>• Savings Plan</li> <li>• Investment</li> <li>• Student</li> <li>• Credit Union</li> </ul> </li> <li>• Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items - e.g. home improvement</li> <li>• Education</li> <li>• Items that can be paid off in 12 months or interest free 12 months same as cash</li> <li>• Pay at work is stable or growing</li> </ul>	<ul style="list-style-type: none"> <li>• Daily expenses</li> <li>• When more important goals than what you want to borrow for are not being met</li> <li>• When you think you could lose your job</li> <li>• When your health is poor or concerned about a change in family's situation</li> </ul>
Defer	<ul style="list-style-type: none"> <li>• Before-tax</li> <li>• After-tax</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items</li> <li>• Items that you do not wish to borrow for</li> <li>• Items you'll want when you won't be working</li> <li>• If you want to use time and compounding to make items less expensive</li> </ul>	<ul style="list-style-type: none"> <li>• When you are giving up buying items that are more important to you today</li> </ul>



## Why Are You Spending?



- *Do I really need it?*
- *Do I have to have it today?*
- *What will happen if I do not buy it now?*
- *Why have I gotten along without it until now?*



## Spending Considerations

- Use money you know you have for purchases
- Reserve ATM withdrawals only for budgeted cash amounts and/or emergency cash needs
- Use budget envelopes
- Reduce spending amounts
- Establish an Emergency Fund





## Ways to Reduce Spending - Example

<u>Item</u>	<u>Cost Per Week</u>	<u>Cost Per Year</u>	<u>Possible Savings</u>
Coffee	\$15	\$750	\$ 750
Soda	5	250	\$ 150
Newspaper	6	300	\$ 200
Total Per Year		\$1,300	\$1,100

$\$1,100 / \text{year at } 7\% \text{ for } 20 \text{ years} = \$48,300!!!$



## The Cash/Debt Management Process

**Step 1:** Evaluate current spending

**Step 2:** Deal with shortfalls and debt

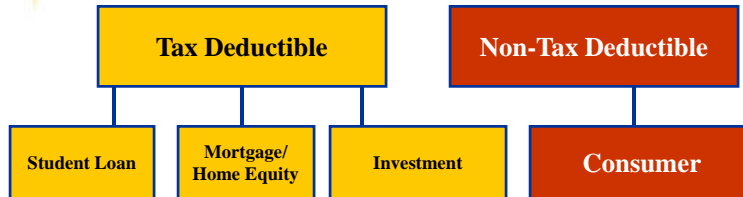
**Step 3:** Create a spending plan

**Step 4:** Review your progress

- What type of debt?
- How much debt?
- How much is debt costing you?
- What is your ability to manage debt?



## Types of Debt



*Convert non-tax deductible debt to tax deductible debt*  
*Convert both to lower rate debt*

### Action Step

- Review your debts and determine which are deductible and nondeductible



## How Much is Debt Costing You?

*How Much Do Your Credit Cards Cost You?*



\$1,500  
\$60/month

*Credit Card Rate*

18%

*Payoff Time*

32  
Months

*Total Paid*

\$1,920



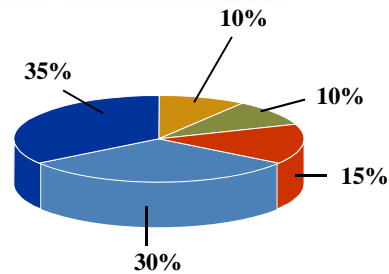


## FICO Credit Risk Score

- Scores range from 300 to 850
- Higher the score, the lower the risk to creditors
- 5 categories of information evaluated
- [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 1-877-322-8228

### Action Step

- Visit [www.myfico.com](http://www.myfico.com) to learn how to improve your credit score



- *Types of Credit In Use*
- *New Credit*
- *Length of Credit History*
- *Amounts Owed*
- *Payment History*

MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com



16



## What is Your Ability to Manage Debt?

- Consolidate or transfer debt to lower interest rate debt where possible
- Use savings to pay off debt where appropriate
- Pay high interest rate debt first
- Freeze credit cards

MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com



17



## Net Tax Effect of Managing Debt

<i>Debts</i>				<i>Assets</i>
	<b>Mortgage Loan</b>	<b>Credit Card</b>	<b>Auto Loan</b>	<b>Investment Earnings</b>
<b>Rate</b>	3.50%	18.00%	3.50%	7.00%
<b>Tax Effect</b>	(0.88%)	(0.00%)	(0.00%)	(1.75%)
<b>Net Rate</b>	2.62%	18.00%	3.50%	5.25%

*Note: Assumes a 25% marginal tax rate and deductions can be itemized on tax return (Schedule A, Form 1040)*

### Action Step

- Use the debt reduction calculator at [www.choosetosave.org](http://www.choosetosave.org)



## What is Your Ability to Manage Debt?

- Consolidate or transfer debt to lower interest rate debt where possible
- Use savings to pay off debt where appropriate
- Pay high interest rate debt first
- Freeze credit cards



## Pay Extra on Highest Interest Rate Debt

Debt	Balance	Interest Rate	Minimum Payment	Payment Being Made
Credit Card 1	\$3,500	19%	\$140	<b>\$340</b>
Department Store Card	\$1,000	17%	\$40	\$40
Credit Card 2	\$5,500	10%	\$220	\$220
Auto Loan	\$15,000	5.5%	\$400	\$400



## What is Your Ability to Manage Debt?

- Consolidate or transfer debt to lower interest rate debt where possible
- Use savings to pay off debt where appropriate
- Pay high interest rate debt first
- Freeze credit cards

### Action Step

- Call the MyFRS Financial Guidance Line for assistance in developing a plan to reduce and eliminate your debt



## The Cash/Debt Management Process

**Step 1:** Evaluate current spending

**Step 2:** Deal with shortfalls and debt

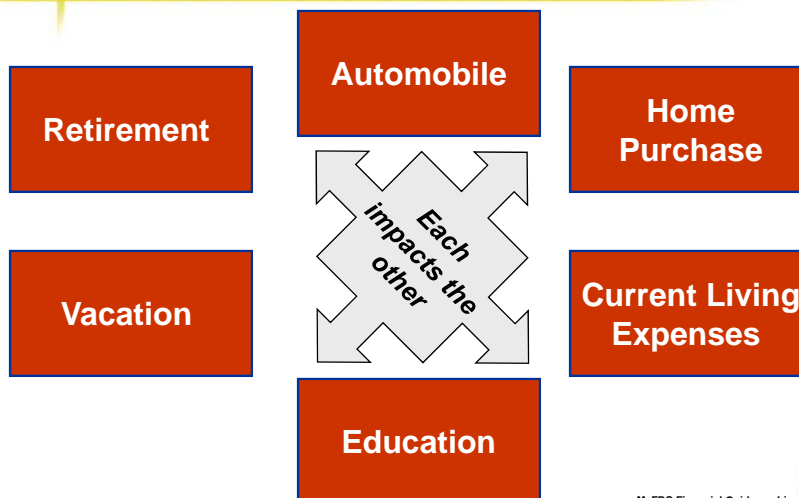
**Step 3:** Create a spending plan

**Step 4:** Review your progress

- Set and prioritize goals
- Develop a budget
- Increase income
- S.H.R.E.W.D. Spending
- Increase savings
- Use debt wisely



## Setting and Prioritizing Goals





## Setting Goals: Time Horizon

Goals	Short-Term (1-5 years)	Intermediate Term (5-10 years)	Long-Term (10 or more years)
Monthly Bills	Immediate		
Car Purchase			
Vacation			
Home Purchase			
College Fund			
Retirement			

### Action Step

- Use the Goal Prioritization Worksheet in Appendix E to help set and prioritize your goals



## What is a Budget?

- Spending plan
- Itemized summary of where your money comes from and where it goes
- Way to organize and control resources
- A way to set and realize your goals

“I’m living so far beyond my income that we may almost be said to be living apart.”

~e e cummings



## Starting a Budget

- List your anticipated monthly expenses
  - Track every expense for a month
  - Consider non-repeating monthly expenses
  - Calculate the monthly amount to be paid toward debts or to be saved for future goals (like retirement!)
- List your anticipated monthly income
- Categorize your income and expenses
- Enter your anticipated income and expenses into a ledger or other tool

### Action Step

- Use the Cash Flow and Spending Worksheets in Appendix C and D for help in creating your own budget



MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com

26



## Budgeting for Retirement - Determining Your Goal

- State the Goal – Be Specific
- Start date
- End date

- How much?
- How many years?
- Inflation?

### Retirement Goal: An Example



**Assumptions:**  
7% return, 3% inflation, 80% replacement ratio, \$35,000 Current Income

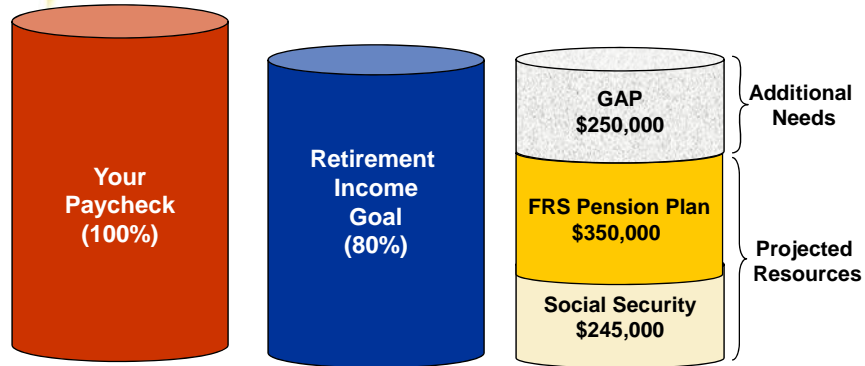


MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com

27



## Budgeting for Retirement - Determining What You Need to Accumulate



### Action Step

- Use the Retirement Replacement Ratio Worksheet in Appendix F to help determine your retirement income needs



## Sample Budget Budgeting for Today and Retirement

Monthly Expenses	Today	Retirement
Housing	\$800	\$550
Food	\$350	\$350
Clothing	\$75	\$75
Insurance	\$150	\$275
Transportation	\$125	\$100
Debt Repayments	\$254	\$0
Taxes	\$485	\$400
Entertainment/Travel	\$200	\$350
Retirement Savings	\$262	\$0
Gifts/Charity	\$100	\$100
Personal Care	\$125	\$125
Miscellaneous	\$32	\$41
<b>Total Monthly Expenses</b>	<b>\$2,958</b>	<b>\$2,366</b>
<b>Replacement Ratio</b>	<b>100%</b>	<b>80%</b>



## Increase Your Income

- Withhold from paycheck appropriately
- Re-educate yourself (may need to temporarily lower standard of living)
- Collect old debts
- Have a yard sale
- Sell collectibles
- Use savings to pay off high interest debt
- Open an interest-bearing checking account



## S.H.R.E.W.D. Spending

**S**hift  
**H**alt  
**R**estructure  
**E**xchange  
**W**ait  
**D**ecrease

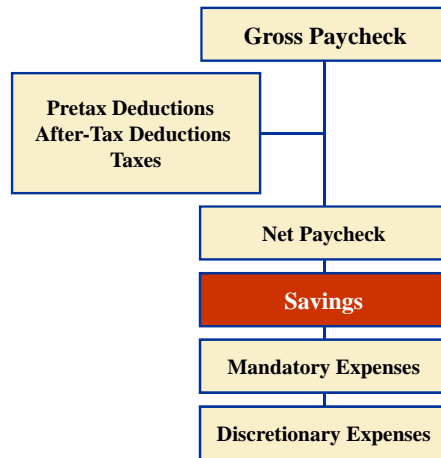
### Action Step

- See Appendix G for a detailed list of S.H.R.E.W.D. spending tips
- See Appendix H for a closer look at how you are spending





## Spending Plans



## Benefit of Pre-Tax Retirement Contributions

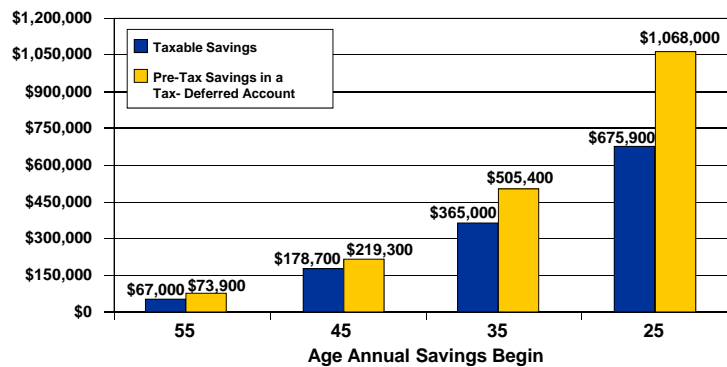
	Without Pre-tax Savings Plan	With Pre-tax Savings Plan
Monthly pay	\$4,000	\$4,000
Retirement plan contribution	\$0	(\$200)
Taxable pay	\$4,000	\$3,800
Federal income tax	\$1,000	\$950
Monthly federal tax savings	\$0	\$50
Annual federal tax savings	\$0	\$600

*Assumes marginal Federal tax rate of 25%*



## Benefits of Saving Early to Tax-Advantaged Retirement Accounts

Accumulated After-Tax Balance at Age 65:



Savings: \$5,000 per year  
Pre-tax return: 7%  
Marginal Federal tax rate: 25%

MyFRS  
MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com

34



## Deciding Where to Allocate Your Resources

- 1) High interest rate debt
- 2) Emergency fund
- 3) Retirement savings plans
- 4) Low interest rate debt

### Action Step

- Call the MyFRS Financial Guidance Line for additional assistance, as everyone's situation is different
- See Appendix I for an overview of retirement savings plan options

MyFRS  
MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com

35



## Use Debt Wisely - Options if You Must Borrow

	Max Benefit	Risks
Home Mortgage	Interest on loan up to \$1,000,000 may be tax deductible	Home is the collateral
Home Equity Loan	Interest on loan up to \$100,000 may be tax deductible	Home is the collateral
Student Loans	Interest of up to \$2,500 may be tax deductible	Must be repaid even in the event of bankruptcy
Investment Loans	Interest may be tax deductible up to net investment income	Investments can lose value triggering a margin call
Personal Loans	Loans are typically unsecured	Interest rates are typically high
Credit Cards	Loans are unsecured	Interest rates are typically high
Cash Value Life Insurance	Loan does not have to be repaid	Less for your survivors until repaid
Retirement Savings Plans Loans*	Pay loan principal and interest to yourself	Full amount must typically be repaid after separation

\*FRS Pension and Investment Plans do not permit loans or in-service distributions



## The Cash/Debt Management Process

**Step 1:** Evaluate current spending

**Step 2:** Deal with shortfalls and debt

**Step 3:** Create a spending plan

**Step 4:** Review your progress

- Review monthly and annually
- Have financial goals stayed the same?
- Are you on track with your spending plan?
- How has inflation affected your finances?
- Has your tax situation changed?



## Sample Budget Tracking Report

Monthly Income	Budgeted	Actual	Difference
Pay	\$2,916	\$2,916	-
Interest & Dividends	\$42	\$42	-
<b>Total Monthly Income</b>	<b>\$2,958</b>	<b>\$2,958</b>	<b>-</b>
Monthly Expenses	Budgeted	Actual	Difference
Housing	\$800	\$825	\$25
Food	\$350	\$375	\$25
Clothing	\$75	\$25	(\$50)
Insurance	\$150	\$150	-
Transportation	\$125	\$150	\$25
Debt Repayments	\$254	\$254	-
Taxes	\$485	\$485	-
Entertainment/Travel	\$200	\$150	(\$50)
Retirement Savings	\$262	\$262	-
Gifts/Charity	\$100	\$100	-
Personal Care/Misc.	\$157	\$157	-
<b>Total Monthly Expenses</b>	<b>\$2,958</b>	<b>\$2,933</b>	<b>(\$25)</b>

MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com



38



## Monitoring Your Budget

*Review and adjust your budget when any of the following change:*

- Income
- Expenses
- Goals
- Family situation
- Tax laws
- Windfall

MyFRS Financial Guidance Line: 1-866-446-9377  
MyFRS.com



39



## The Reasons We Are Here!

- Learn a process for cash and debt management
  - 4 simple steps
- Understand how to effectively save for retirement
  - Budgeting and utilizing tax-advantaged savings vehicles
- Review the resources available to you
  - Through the FRS and your Employer
- Create an easy-to-follow action plan
  - Customized to meet your cash flow needs and debt reduction goals



## Resources Available to You - FREE

### MyFRS Financial Guidance Program



MyFRS.com  
Advisor Service  
Choice Services  
FAQ's, Calculators



Toll-free MyFRS  
Financial Guidance Line,  
staffed by EY financial  
planners and the  
Division of Retirement



Employee workshops:  
Visit MyFRS.com for an  
updated list of workshops,  
locations and dates



Print and e-mail  
communications

**All resources are available to  
FRS Pension and Investment Plan Members**



## Next Steps: Personal Action Plan

<i>Action Steps</i>	<i>When Done</i>	
Log your expenses and income for 30 days	Start now	<input type="checkbox"/>
Set and prioritize your goals	7 days	<input type="checkbox"/>
Review your cash flow and spending habits	7 days	<input type="checkbox"/>
Review your debts and develop a payment plan	14 days	<input type="checkbox"/>
Establish a budget for your living expenses and savings for future goals	30 days	<input type="checkbox"/>
Explore opportunities to save for retirement	30 days	<input type="checkbox"/>
Call the MyFRS Financial Guidance Line for cash flow, debt and retirement planning	Ongoing	<input type="checkbox"/>



## Questions and Answers



# Cash and Debt Management

*Smart Spending and Saving for Retirement*



## APPENDICES

# Cash and Debt Management Workshop

Appendix	Description	Page
<b>A</b>	<b>My FRS Financial Guidance Line .....</b>	<b>1</b>
<b>B</b>	<b>Disclosure Statements .....</b>	<b>2-7</b>
<b>C</b>	<b>Cash Flow Worksheet.....</b>	<b>8-9</b>
<b>D</b>	<b>Spending Worksheet .....</b>	<b>10-15</b>
<b>E</b>	<b>Goal Prioritization Worksheet.....</b>	<b>16</b>
<b>F</b>	<b>Retirement Replacement Ratio Worksheet.....</b>	<b>17-18</b>
<b>G</b>	<b>S.H.R.E.W.D. Spending Tips .....</b>	<b>19-20</b>
<b>H</b>	<b>How Are You Spending? .....</b>	<b>21-23</b>
<b>I</b>	<b>Retirement Savings Plans .....</b>	<b>24</b>
<b>J</b>	<b>Personal Action Plan .....</b>	<b>26</b>



## **MYFRS FINANCIAL GUIDANCE LINE**

**Call 1-866-446-9377, Option 2, for financial planning assistance from Ernst & Young financial planners.**

The Ernst & Young planners at the MyFRS Financial Guidance Line are available from 9:00am to 8:00pm ET, Monday through Friday, (except holidays).

When you call the Ernst & Young planners at the MyFRS Financial Guidance Line you are calling one of the largest personal financial planning counseling groups in the U.S. Ernst & Young is committed to providing you with the highest quality financial planning services.

You can feel confident that the information and guidance you receive is appropriate for your needs because Ernst & Young's financial planners are objective and independent.

**When you call the MyFRS Financial Guidance Line for financial planning assistance you should expect:**

- ü Confidential assistance from highly qualified planners, who average seven years of experience in the financial planning industry
- ü Phones that are answered promptly by experienced planners who will assist you with your personal financial planning needs. If you are prompted to leave a message, a planner will return your call as soon as possible
- ü Action-oriented guidance based on your personal information and goals
- ü Planners who are knowledgeable about FRS retirement plans
- ü An up-to-date record of prior interactions so that you are not starting each call from scratch
- ü The ability to ask for the same planner each time you call the MyFRS Financial Guidance Line

**What topics can you discuss with the financial planners at the MyFRS Financial Guidance Line?**

- ü Investment considerations and asset allocation
- ü Retirement planning and actions to get or stay on track
- ü FRS retirement plan information, projections and comparisons
- ü Ways to reduce debts and increase cash flow
- ü Tax planning and recent law changes

**The Financial Guidance Line pledge to you:** Your decisions are kept confidential and will not be made available to your employer or to any other organization or person outside of the Ernst & Young Employee Financial Education and Counseling practice. Calls are monitored for quality assurance purposes only.

**NOTICE TO EMPLOYEES**

Dear Employee:

The FRS has engaged Ernst & Young LLP to provide financial planning education workshops to its employees. We expect that you will find Ernst & Young's services to be valuable, but we think it is also important that you understand the scope of these services. The following explains what financial education workshops can and cannot do for you, particularly as regards investment planning.

**General Financial Planning Considerations**

Here are points to understand regarding your personal financial planning and your participation in financial planning workshops:

- Ernst & Young has prepared certain financial planning materials and is providing other services for your personal use as an employee of the FRS.
- The financial education program includes historical financial information and well-accepted financial planning strategies. It may also include information on Social Security benefits and your company benefit plans. This information is based on sources that Ernst & Young believes to be reliable. However, Ernst & Young cannot guarantee its accuracy.
- Past performance, which may be referenced in the program, is not a guarantee or even necessarily an indication of future results.
- The financial planning materials you receive will not change or affect your rights under your company benefit plans. In all cases, the company's plans govern.
- As you plan your financial future, you will need to make assumptions about future financial trends (such as inflation and rates of return), laws and regulations, and apply these to your particular circumstances. Your results can be significantly affected by even small changes in your assumptions, your individual circumstances or laws and regulations, as well as the extent to which your assumptions ultimately vary from actual financial conditions. You may need to reevaluate your financial planning strategy and your decisions from time to time to determine if any changes have occurred that would necessitate amendments to your assumptions or plan.
- A financial education program provides only some of the resources for assisting you in preparing your financial planning strategies. Financial education does not provide accounting, tax or legal advice and does not involve recommendation of specific investments.
- You need to decide on your own whether to consult with a financial advisor or other professional regarding your personal circumstances. If you do, please be aware, you may incur additional costs.
- In providing financial education, Ernst & Young may help you decide on your asset allocation or help you make informed assumptions about rates of return and other investment issues. While Ernst & Young will help you understand what you need to do, you are responsible for making and acting on these decisions. Ernst & Young cannot provide you with all information that may be relevant nor can any materials provided address every possible scenario in connection with such decisions.
- Neither Ernst & Young nor your employer will make any financial planning decisions for you or assume any responsibility for decisions you make.
- Ernst & Young may provide audit or other accounting services to the investments or service providers discussed. The provision of other services will not be a determining factor whether to discuss or recommend an investment or service provider.

**Appendix B (continued)**

**Privacy of Information Provided to Ernst & Young**

In the event Ernst & Young collects nonpublic personal information about you from you or other sources authorized by you, Ernst & Young will not disclose such information to third parties, except as permitted by law or as otherwise authorized by you. Ernst & Young maintains physical, electronic, and procedural safeguards to guard your nonpublic personal information.

**Further Considerations**

All services are provided “as is,” and there are no warranties of any kind or nature, whether express or implied, including but not limited to warranties of merchantability or fitness for a particular purpose or use. In addition, neither Ernst & Young nor its affiliates nor any of their partners, officers, directors or employees shall be liable to you for any services performed or omitted or for any errors of judgment, or for consequential, incidental, indirect, punitive or special damages in connection with providing the services described above. Federal securities laws impose liabilities under certain circumstances on certain persons, even those who act in good faith, and therefore nothing in this notice constitutes a waiver or limitation of any rights that you may have under these laws.
--

If you should have any kind of claim or dispute with Ernst & Young as a result of this program, these will be resolved in accordance with Ernst & Young’s Alternative Dispute Resolution Procedures (“Procedures”) in effect on the date of this notice. You may receive a copy of the Procedures by requesting them from the Compliance officer of Ernst & Young, at the following address:

200 Plaza Drive  
Suite 2222  
Secaucus, NJ 07094

\* \* \* \* \*

If, after considering the issues discussed above, you do not want to participate in financial education and counseling in conjunction with this program, please contact your Human Resource Professional for the FRS, as soon as possible.

**Appendix B (continued)**

# FOR INFORMATIONAL PURPOSES ONLY

## DISCLOSURE STATEMENT

**Ernst & Young LLP**  
**Ernst & Young Investment Advisers LLP**  
***Employee Financial Services***

**Please note that this disclosure statement provides a summary of the investment advisory services provided by Ernst Young LLP. Please note that a full copy of ADV Part 2A can be located at this link [www.adviserinfo.sec.gov/IAPD/Content/Search/iapd\\_Search.aspx](http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx)<sup>1</sup>**

Ernst & Young LLP (“EY”), under the supervision of Ernst & Young Investment Advisers LLP (“EYIA”), provides Employee Financial Services (“EFS”), including investment education and counseling services to employees, members of associations, unions or other large groups (“Participants”) pursuant to engagements by corporate employers, pension plan trustees, or other entities formed for the benefit of such Participants (“Sponsors”). Such services are provided through EY’s Personal Financial Services Practice, a functional specialty within the firm’s Tax Department. EYIA is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”) and maintains its main office at 200 Plaza Drive, Suite 2222, Secaucus, NJ 07094 (telephone: 800-273-0588).

### **Employee Financial Services (“EFS”)**

EY’s services to Participants are rendered to such persons in a manner determined by their Sponsors. EY services to Participants may include some or all of the following:

1. Enabling Participants to access a toll-free “*EY Financial Planner Line®*”, staffed by EY planners or consultants, for assistance with personal financial planning matters.
2. Designing or presenting workshops for Participants concerning the financial planning process and alternatives available under the Sponsor’s benefit plans.
3. Providing access to a financial planning website (“*EY Financial Planning Center®*”) for use by Participants.
4. Providing various personal finance and tax-related publications, in print form or by audio or other visual means.
5. Making available to Participants and survivors of Participants, financial education and counseling assistance with respect to retirement plan distributions; company benefit and compensation plans; estate settlements and planning; life insurance policies; and other related issues.
6. Providing in-person personal financial advisory services to Participants pursuant to an engagement by a Sponsor.

As part of the personal financial advisory services, both in-person and via the EY Financial Planner Line®, EY may prepare personal asset allocation targets (based on modern portfolio theory and using EY’s own or other approved financial planning tools) for such Participants after obtaining and evaluating information concerning their individual circumstances provided by each Participant in

---

<sup>1</sup> From this webpage follow these steps to view the most current Form ADV: a) select Firm, b) enter CRD #110921, c) click Investment Adviser Firm, d) click SEC, e) Brochure link is on the left under Part 2.

### **Appendix B (continued)**

response to an EY questionnaire. Participant specific advice (i.e., personal asset allocation targets) will generally be confirmed in writing.

EY does not recommend, and should not be deemed to have recommended, any particular investment as an appropriate investment for the Participants and discussions of various investments should not be construed as such a recommendation.

EY's advisory services also may be offered by a Sponsor to Participants in tandem with the personal advisory services of another registered investment adviser designated by the Sponsor that is not affiliated with EY ("Other Adviser"). In some EFS engagements, the Sponsor contemplates that EY will refer individual Participants to the Other Adviser for specific recommendations and/or implementation of the Participant's investment decisions. Such referrals by EY do not constitute a recommendation of the Other Adviser by EY to Participants, and, in such cases, EY does not perform any quantitative or qualitative screening procedures with respect to the Other Adviser.

EY, in certain circumstances, is contracted solely to help train employees of financial institutions seeking to offer financial and tax planning services to clients. Such services do not involve EY providing advice directly to the clients of such financial institutions, but rather entails training a financial institution's counselors on financial and tax planning topics and such other support as is mutually agreed upon by EY and the financial institution.

#### **All Selections and Investments Are Made Solely by the Participating Employee**

EY's investment education and counseling does not include recommendations concerning the purchase or sale of particular investments or particular industry sectors. EY may provide counseling on the purchase or sale in the context of providing tax, compensation and benefits, or estate planning services, but that counseling does not reflect a view as to the intrinsic merits of the investment. All decisions to invest in or dispose of particular investments are made solely by the participating Participant in the exercise of his or her own discretion.

#### **Fees**

Fees for EFS Services generally are negotiated between EY and the Sponsors of such groups on a case-by-case basis. They usually are based upon (i) a "per capita" eligible employee or member amount, (ii) a "usage by Participants" amount, (iii) the volume of calls by Participants to the *EY Financial Planner Line®*, (iv) the number of workshops designed and presented by EY, or (v) other negotiated factors. EY's fees in such engagements may be paid wholly or partially either by the Sponsor or by Participants, whose payments for services received (if any) may be collected by the Sponsor through payroll deductions and remitted to EY. Participants also may incur expenses for fees to any other investment adviser they may consult and will be responsible for transaction charges imposed by broker-dealers through or with whom they effect transactions for their accounts. Generally EY's contracts with Sponsors for services to Participants are terminable by either party in accordance with a specified notice period. In addition, Participants receiving advisory services by EY (including a Participant who pays in whole or in part for the services rendered to such Participant) may terminate participation at any time. If such a contract or participation is terminated at a time other than the end of the quarter, a pro rata portion of any quarterly or other fee paid in advance is refunded.

#### **Investment Advisers**

All personal investment advice, and most impersonal investment advice, typically is given only by EY Financial Planners. Financial Planners are persons who spend all or substantial portions of their time on financial planning. Typically, all of these professionals have at least a degree from a four-year college or university and must meet such other standards as EYIA may establish from time to time. Those standards may include participation in continuing education programs each year and maintaining what EY regards as significant involvement in financial counseling engagements. Moreover, Financial

### **Appendix B (continued)**

Planners must satisfy applicable State investment adviser representative registration requirements or pass the Series 65 Uniform Investment Adviser Exam of the National Association of Securities Dealers, Inc. In some instances, EY may retain consultants to assist in providing workshops and staffing the *EY Financial Planner Line®*. Generally, consultants are subject to the same requirements as EY Financial Planners. However, consultants are not subject to the same public accounting independence requirements as EY Financial Planners and their continuing education programs differ in some respects.

#### **Monitoring, Reviews and Reports**

In the case of EFS engagements that extend beyond one year and involve the provision of personal advisory services to Participants, Participants are asked questions concerning any changes in their relevant individual circumstances. EY will take into account the changed circumstances of any Participant of which it has notice in the event that Participant seeks additional personal advisory services from EY.

#### **Miscellaneous**

Clients and prospective clients of EY also should be aware of the following additional information concerning EY and EYIA:

Custody of Securities or Funds. EY does not manage participant accounts on a discretionary basis and does not take custody of participant securities or participant funds.

Other Financial Industry Activities. As noted above, EYIA is responsible for supervising the investment advisory services provided by EY. EY and Ernst & Young (U.S.) are general partners of EYIA. In consideration of EYIA's supervising the rendering of investment planning services provided by EY, EY provides EYIA with office and filing space, staff and other assistance. All of EYIA's time is spent supervising the compliance and operations of the investment planning services provided by EY.

Other Business Activities. EY is a public accounting firm which spends substantially all of its time providing accounting, audit, tax, and business advisory services.

Education and Business Background. Below are the backgrounds and five year business histories of each EYIA Advisory Board member: (1) Name, (2) year of birth, (3) education and (4) business background for preceding five years of EYIA Advisory Board members:

1. Glenn H. Hascher – (Chair)/2. 1961
3. B.S., Economics, Rutgers University, New Brunswick, NJ
4. November 1988 to date, Ernst & Young LLP

1. R. Lynn Pettus/2. 1968
3. B.A., Accounting, Converse College, Spartanburg, SC
4. 1997 to date, Ernst & Young LLP

1. Kym M. Hubbard/2. 1957
3. B.A., Accounting, Bradley University, Peoria, IL
4. 2004-2007 Illinois State Board of Investment, 2007-2008 Illinois Finance Authority, 2008 to date, Ernst & Young LLP

1. Robert J. Porter/2. 1964
3. B.S., Siena College, Loudonville, NY
4. 1998 to date, Ernst & Young LLP

1. Greg Rosica/2. 1964
3. University of Florida, Gainesville, FL, BS Accounting with Honors 1986; University of Florida, Gainesville, FL, MS Accounting 1988
4. 2002 to date, Ernst & Young LLP; 1988 to 2002 Arthur Andersen LLP

**Appendix B (continued)**

1. James G. Wolf/2.1955
3. University of Notre Dame, South Bend, IN, BBA Finance; University Of Texas, Austin, TX, MBA
4. 1985 to date, Ernst & Young LLP

1. David E. Boyle / 2. 1955
3. B.S., Georgetown University, 1977; The University of Michigan, MBA, 1979
4. November 1988 to date, Ernst & Young LLP

**CASH FLOW WORKSHEET**

	<b>Monthly</b>		<b>Annual</b>	
<b><u>Income</u></b>				
Salary	\$		\$	
Bonuses				
Dividends				
Capital gains				
Interest				
Net rents and royalties				
Self-employment income				
Social Security				
Distributions from trusts or partnership				
Pension income				
Other income _____				
<b>Total cash available (A)</b>	\$	<b>(A)</b>	\$	



**CASH FLOW WORKSHEET**

	Monthly		Annually	
<b>Expenditures</b>				
Home mortgage (or apartment rent)	\$		\$	
Utilities				
Gas/oil				
Electricity				
Water				
Sewer				
Home maintenance				
Property taxes				
Car payments				
Car/commuting expenses				
Maintenance and repairs				
Gas				
Commuting fees/tolls				
Credit card/loan payments				
Insurance premiums				
Life				
Health				
Disability				
Car				
Home				
Liability				
Other				
Income taxes				
Employment taxes (Social Security & Medicare)				
Clothing				
Child care				
Food				
Medical expenses				
Education				
Vacations				
Entertainment				
Alimony				
Charitable contributions				
Gifts				
Personal items				
Savings/investments				
Company savings plans				
Emergency fund				
Investment fund				
Other payments _____				
<b>Total cash expenditures</b>	\$	<b>(B)</b>	\$	
<b>Net cash inflow/(outflow)</b>	\$	<b>(A-B)</b>	\$	

## SPENDING WORKSHEET

Spending Worksheet as of \_\_\_\_\_

*You can adapt this spending worksheet to reflect your particular circumstances. The worksheet will help you organize regular expenses as well as those incurred less frequently.*

### Fixed, variable and discretionary expenses.

The spending worksheet breaks out your expenses into three categories – fixed, variable and discretionary. Categorizing your expenses in this manner will help you to determine exactly where you can immediately cut back and where you simply cannot redirect spending right away.

- Fixed required expenses include regular living expenses which remain constant, for example, rent or mortgage payments, tuition, car payments, insurance payments, etc.
- Variable required expenses include expenses incurred regularly, but the amount varies, for example, clothing, groceries, gifts, haircuts, your telephone bill, etc.
- Discretionary expenses are those that you have complete immediate control over, for example, entertainment, books and CDs, decorating, etc.

Often, the lines get blurred over which expenses are fixed, which are variable and which are discretionary. For instance, if a telephone bill remains roughly the same amount each month, it would be a fixed expense. If the telephone bill changes substantially each month, it would be a variable expense. Any amounts represented by special features like call waiting, would be discretionary expenses.

To understand where you can cut spending, write down your expenses and label each one as fixed, variable or discretionary. Suggestion: Make copies of this worksheet and update it as your spending habits change.

Savings	Amount	Fixed	Variable	Discretionary
401(k), 403(b) or 457 account	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
_____	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Savings Total	\$ .....			

**Appendix D (continued)**

Housing	Amount	Fixed	Variable	Discretionary
Rent	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Maintenance fees	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Lawn care	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repairs	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home improvements	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Utilities: phone, electric, heat, and water	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property taxes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Homeowner's insurance	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Housing Total</b>	<b>\$ .....</b>			

Other housing (home furnishings)	Amount	Fixed	Variable	Discretionary
Bedding: sheets, pillows, blankets, etc.	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kitchen appliances	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cookware	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decorating	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Furniture	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Electronic equipment	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Other Housing Total</b>	<b>\$ .....</b>			

Food	Amount	Fixed	Variable	Discretionary
Regular grocery shopping	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restaurant meals	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
School lunches	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coffee, vending machines, snacks	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Food Total</b>	<b>\$ .....</b>			

**Appendix D (continued)**

<b>Clothing</b>	<b>Amount</b>	<b>Fixed</b>	<b>Variable</b>	<b>Discretionary</b>
Work clothes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Casual clothes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Formal wear	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Accessories: handbags, wallets, belts, etc.	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coats	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shoes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sneakers	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hosiery/socks	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Underwear/sleepwear	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dry cleaning	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
School uniforms	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports clothes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Clothing Total</b>	<b>\$ .....</b>			

<b>Insurance</b>	<b>Amount</b>	<b>Fixed</b>	<b>Variable</b>	<b>Discretionary</b>
Life (Person 1)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Life (Person 2)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Excess liability	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term care (Person 1)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term care (Person 2)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability (Person 1)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Disability (Person 2)	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Insurance Total</b>	<b>\$ .....</b>			

<b>Transportation</b>	<b>Amount</b>	<b>Fixed</b>	<b>Variable</b>	<b>Discretionary</b>
Gas	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tolls	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vehicle insurance	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trains/buses	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loan or lease payments	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Car maintenance, washes, etc.	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Transportation Total</b>	<b>\$ .....</b>			

**Appendix D (continued)**

Medical & Dental	Amount	Fixed	Variable	Discretionary
Insurance	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Co-payments	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Amounts not covered	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Prescriptions	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Over-the-counter medicine	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vision	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Medical &amp; Dental Total</b>	<b>\$ .....</b>			

Debt	Amount	Fixed	Variable	Discretionary
Education loans	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Home equity loans	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Credit card: balances, interest, etc.	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other personal loans	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortgage	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Car	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Debt Total</b>	<b>\$ .....</b>			

Children	Amount	Fixed	Variable	Discretionary
Daycare	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tuition payments	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music and dance lessons	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sports	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other after school activities	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Day Camp/ Sleep-away camp	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Allowance	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Clothing	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Children Total</b>	<b>\$ .....</b>			

**Appendix D (continued)**

Entertainment	Amount	Fixed	Variable	Discretionary
Movies, videos	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Theater	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Amusement parks	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Music CDs/music downloads	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Books	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Subscriptions/dues	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cable T.V.	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Vacations	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Entertainment Total</b>	<b>\$ .....</b>			

Gifts	Amount	Fixed	Variable	Discretionary
Holidays	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Birthdays	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Anniversaries	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mother's Day/Father's Day	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valentine's Day	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weddings	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Bridal showers	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
House warming	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Charities	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Gifts Total</b>	<b>\$ .....</b>			

Personal	Amount	Fixed	Variable	Discretionary
Haircuts	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Special hair styling	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Manicures/pedicures	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cosmetics	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contact lens fluid	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Health club	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Personal Total</b>	<b>\$ .....</b>			

**Appendix D (continued)**

Pets	Amount	Fixed	Variable	Discretionary
Food	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supplies	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Boarding	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Grooming	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Veterinarian bills	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Pets Total</b>	<b>\$ .....</b>			

Taxes	Amount	Fixed	Variable	Discretionary
Federal income taxes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State taxes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Local taxes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social Security taxes	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Taxes Total</b>	<b>\$ .....</b>			

Miscellaneous	Amount	Fixed	Variable	Discretionary
Bank fees	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Annual credit card fees	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Luggage	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Travel	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
	\$ .....	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
<b>Miscellaneous Total</b>	<b>\$ .....</b>			

**FINANCIAL GOALS WORKSHEET**

	Short-Term (0-1 yr.)	Medium-Term (1-5 yrs.)	Long-Term (5-10 yrs.)	Longest-Term (> 10 yrs.)
<b>Goals</b>				
Pay for education expenses				
Reduce debt				
Set aside an emergency fund to cover 6 months of expenses				
Buy a house				
Make home improvements				
Buy a car				
Make any other large purchases (e.g., boat, plane, art)				
Take a dream vacation				
Minimize income taxes				
Change careers				
Buy a vacation home				
Become financially independent				
Have adequate retirement income				
Have children				
Increase level of charitable giving				
Buy a retirement home				
Have adequate disability income				
Provide for survivor in event of my death				
Be protected against inflation				
Take early retirement				
Start a business				
Other				



**RETIREMENT EXPENSE WORKSHEET**

<b>Description</b>	<b>A Current Annual Costs</b>	<b>B Additional or Reduced Costs Anticipated for Retirement (in current year dollars)</b>	<b>C Estimated Cost At Retirement Column A + B</b>
<b><u>HOUSING</u></b>			
Mortgage/Rent	\$	\$	\$
Property Taxes			
Homeowners Insurance			
Repairs & Maintenance			
Electricity			
Gas/Oil			
Cable/Internet			
Water			
Telephone			
Other Utilities			
Yard Maintenance			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>HOUSEHOLD</u></b>			
Food	\$	\$	\$
Miscellaneous Supplies			
Laundry			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>TRANSPORTATION</u></b>			
Car Payments	\$	\$	\$
Car Repairs/Maintenance			
Car Registration/License			
Commuting			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>PLEASURE</u></b>			
Eating Out	\$	\$	\$
Vacation			
Entertainment			
Club Expenses			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**Appendix F (continued)**

<b>Description</b>	<b>A Current Annual Costs</b>	<b>B Additional or Reduced Costs Anticipated for Retirement (in current year dollars)</b>	<b>C Estimated Cost At Retirement Column A + B</b>
<b><u>HEALTH</u></b>			
Medical Insurance	\$	\$	\$
Doctors/Dentists			
Deductibles/Co-Pays			
Prescriptions			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>PERSONAL CARE</u></b>			
Clothing	\$	\$	\$
Barber/Beautician			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>TAXES</u></b>			
Federal Income	\$	\$	\$
State Income			
Social Security			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>MISCELLANEOUS</u></b>			
Charity	\$	\$	\$
Gifts			
Loans			
Life Insurance			
Savings			
Investments			
Education			
Other			
<b>Total</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>TOTAL</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>

**S.H.R.E.W.D. SPENDING TIPS**

<b>S.H.R.E.W.D. Household Spending</b>	
<b>Shift</b>	<ul style="list-style-type: none"> <li>• Purchase front-load clothes washer</li> <li>• Purchase curtains to alleviate heating/cooling</li> <li>• Install plastic storm-windows</li> <li>• Caulk window and door frames</li> <li>• Weather-strip doors</li> <li>• Use low-watt light bulbs when possible</li> </ul>
<b>Halt</b>	<ul style="list-style-type: none"> <li>• Don't let the hot water run while shaving or rinsing dishes</li> <li>• Don't daydream while staring at an open fridge</li> <li>• Don't let the water run while brushing your teeth</li> <li>• Turn outdoor lights off overnight</li> </ul>
<b>Restructure</b>	<ul style="list-style-type: none"> <li>• Purchase checks from manufacturer rather than from bank</li> <li>• Run the dishwasher, clothes washer and clothes dryer only when full</li> <li>• Cook as many things in the oven at one time as possible and open the oven door as little as possible</li> </ul>
<b>Exchange</b>	<ul style="list-style-type: none"> <li>• Use fans instead of air conditioners</li> </ul>
<b>Wait</b>	
<b>Decrease</b>	<ul style="list-style-type: none"> <li>• Purchase items at an estate sale/auction or yard sale</li> <li>• Turn lights and the TV off when you leave the room</li> <li>• Set thermostat to 68 degrees and lower to 60 degrees at night and when no one is in the house</li> <li>• Place an insulation blanket on your water heater</li> <li>• Keep radiators and air outlets clean</li> <li>• Dust the coils on the refrigerator</li> </ul>
<b>S.H.R.E.W.D. Dining Out Spending</b>	
<b>Shift</b>	<ul style="list-style-type: none"> <li>• Pay cash when dining out</li> </ul>
<b>Halt</b>	<ul style="list-style-type: none"> <li>• Avoid restaurants in tourist areas</li> </ul>
<b>Restructure</b>	
<b>Exchange</b>	<ul style="list-style-type: none"> <li>• Form a dinner club with friends</li> </ul>
<b>Wait</b>	
<b>Decrease</b>	<ul style="list-style-type: none"> <li>• Order restaurant specials</li> <li>• Do not over tip</li> <li>• Limit drinks to one per person</li> <li>• Pack a lunch for school or work</li> <li>• Eat at home whenever possible</li> </ul>

**Appendix G (continued)**

S.H.R.E.W.D. Clothing Spending	
Shift	<ul style="list-style-type: none"> <li>Bring only the cash needed to purchase the clothes on your list</li> </ul>
Halt	<ul style="list-style-type: none"> <li>Avoid malls</li> <li>Avoid trendy fashions</li> </ul>
Restructure	
Exchange	<ul style="list-style-type: none"> <li>Buy clothes that can mix and match</li> <li>Buy quality</li> </ul>
Wait	<ul style="list-style-type: none"> <li>Shop the change of season sales</li> </ul>
Decrease	<ul style="list-style-type: none"> <li>Return clothes that will not be worn</li> <li>Shop at outlets                             <ul style="list-style-type: none"> <li>Discount, Factory, or Irregular</li> </ul> </li> <li>Shop with a written list</li> <li>Always try clothes on before you buy</li> </ul>

S.H.R.E.W.D. Food Spending		S.H.R.E.W.D. Auto Spending	
Shift	<ul style="list-style-type: none"> <li>Plan a weekly menu</li> </ul>	Shift	
Halt	<ul style="list-style-type: none"> <li>Avoid junk foods</li> </ul>	Halt	<ul style="list-style-type: none"> <li>Avoid car dealers for specialty work</li> </ul>
Restructure		Restructure	
Exchange	<ul style="list-style-type: none"> <li>Buy the store brand</li> </ul>	Exchange	<ul style="list-style-type: none"> <li>Downsize cars for fuel efficient vehicle</li> </ul>
Wait		Wait	<ul style="list-style-type: none"> <li>Drive current car longer</li> </ul>
Decrease	<ul style="list-style-type: none"> <li>Compare prices/check unit values</li> <li>Clip coupons</li> <li>Avoid convenience stores</li> <li>Shop the specials</li> <li>Buy non-food items at a discount store</li> <li>Shop with a written list</li> <li>Bring only the cash needed to purchase groceries on your list</li> <li>Shop alone</li> <li>Shop once a week to avoid impulse buys</li> <li>Double-check grocery cart before check-out</li> <li>Eat before you shop</li> </ul>	Decrease	<ul style="list-style-type: none"> <li>Comparison shop</li> <li>Purchase lower octane gas</li> <li>Use public transportation, car pool, bike or walk</li> <li>Shop for the best gas price</li> <li>Service your car regularly</li> <li>Fix minor problems before they escalate to major problems</li> <li>Combine errand trips</li> <li>Shop around for repair prices and obtain written quotes</li> <li>Get a second opinion for unexpected repairs</li> </ul>

## HOW ARE YOU SPENDING?

Examine the mechanics of your spending. Taking a closer look at how you spend could help to pinpoint any possible trouble areas. As you create a lifetime spending plan, you should reassess whether your current spending methods are the best based on your current needs and spending habits.

If you are like most people, you probably use two or more of the spending methods mentioned below.

Spending Approach		Use for:	Don't use for:
Cash	<ul style="list-style-type: none"> <li>• Cash</li> <li>• Check</li> <li>• ATM</li> <li>• Debit Card</li> <li>• Electronic Funds Transfer</li> <li>• Charge Card</li> </ul>	<ul style="list-style-type: none"> <li>• Day-to-day expenses</li> <li>• Big ticket items</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items you cannot afford over a short period of time – e.g., buying a home</li> </ul>
Borrow	<ul style="list-style-type: none"> <li>• Loans                             <ul style="list-style-type: none"> <li>○ Home mortgage</li> <li>○ Home equity</li> <li>○ Investment</li> <li>○ Student</li> <li>○ Credit Union</li> </ul> </li> <li>• Credit Card</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items – e.g., home improvements</li> <li>• Education</li> <li>• Items that can be paid off in 12 months or interest free 12 months same as cash</li> <li>• Pay at work is stable or growing</li> </ul>	<ul style="list-style-type: none"> <li>• Daily expenses</li> <li>• When more important goals than what you want to borrow for are not being met</li> <li>• When you think you could lose your job</li> <li>• When your health is poor or concerned about a change in family's situation</li> </ul>
Defer	<ul style="list-style-type: none"> <li>• Before-tax</li> <li>• After-tax</li> </ul>	<ul style="list-style-type: none"> <li>• Big ticket items</li> <li>• Items that you do not wish to borrow for</li> <li>• Items you'll want when you won't be working</li> <li>• If you want to use time and compounding to make the items less expensive</li> </ul>	<ul style="list-style-type: none"> <li>• When you are giving up buying items that are more important to you today</li> </ul>

**Appendix H (continued)**

*The chart below shows the advantages and disadvantages for each spending method listed.*

<b>Spending Method</b>	<b>Advantages</b>	<b>Disadvantages</b>
<b>Cash</b>	You will not be tempted to spend money that you do not have	Provides no record of spending unless you keep receipts
		No protection if property is lost or stolen
<b>Check</b>	Provides a record of spending	Not always accepted
	You will not be tempted to spend money that you do not have	More time consuming
<b>ATM</b>	Provides a record of spending	No protection if property is lost or stolen
	You will not be tempted to spend money that you do not have	ATM user fees
<b>Debit Card</b>	Provides a record of spending	No protection if property is lost or stolen and not reported promptly
	You will not be tempted to spend money that you do not have	
	Overdraft protection if issued by credit holder	
<b>Electronic Funds Transfer</b>	Provides a record of spending	Transfer mistakes
	You will not be tempted to spend money that you do not have	Provides no record of spending unless you receive a confirmation
<b>Home Mortgage Loan</b>	Interest paid may be deductible on your personal income tax return	Potential for significant balance
		Higher interest rate the longer the term of the loan
	Enables you to purchase a home you otherwise could not afford to buy	Tax law limitations on the amount of the interest deduction
<b>Home Equity Loan</b>	Interest paid may be deductible on your personal income tax return	Generally, higher interest rate than home mortgage loans

**Appendix H (continued)**

<b>Home Equity Loan</b>	Enables you to purchase something you otherwise could not afford to purchase	Tax law limitations on the amount of the interest deduction
	Generally lower interest rate than personal loans and/or credit cards	
<b>Investment Loan</b>	Interest paid may be deductible on your income tax return	Interest deduction allowed only to the extent of interest income realized
	Enables you to invest when you otherwise could not afford to	Achieve lower return on investment than the interest rate incurred on the loan to fund such investment
<b>Student Loan</b>	Interest paid may be deductible on your personal income tax return	Potential for significant balance
		Higher interest rate the longer the term of the loan

\* Float: The time period between the date of purchase and the date your payment is due and the potential to earn interest on the funds earmarked to pay off the purchase at it's due date.

## RETIREMENT SAVINGS PLANS

### How Can You Benefit From Your Employer-Sponsored Savings Plan?

High Contribution Limits	<ul style="list-style-type: none"> <li>• \$17,500 in 2014</li> <li>• Catch-up contributions for those age 50+</li> </ul>
Pre-Tax Savings	<ul style="list-style-type: none"> <li>• Reduces current taxes</li> <li>• Helps you save more</li> </ul>
Tax-Deferred Compounding	<ul style="list-style-type: none"> <li>• Savings grow faster</li> </ul>
Payroll Deduction	<ul style="list-style-type: none"> <li>• Automatic savings</li> </ul>
Investment Control	<ul style="list-style-type: none"> <li>• You make investment decisions</li> </ul>
<p><i>Catch-up Provisions – The plans permit you to contribute additional amounts if you are 50 and older. Each plan has other “special catch-up” rules based on the time until retirement or length of service. Contact your plan administrator to see if you qualify.</i></p>	

### How Can You Benefit From an Individual Retirement Account (IRA)?

	Traditional	Roth
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Earned income</li> </ul>	<ul style="list-style-type: none"> <li>• Earned income</li> <li>• Single: \$114,000 - \$129,000</li> <li>• Married: \$181,000 - \$191,000</li> </ul>
<b>Maximum Combined Contributions</b>	<ul style="list-style-type: none"> <li>• \$5,500</li> <li>• \$6,500 for age 50+</li> </ul>	
<b>Deductibility</b>	<ul style="list-style-type: none"> <li>• Single: \$60,000 - \$70,000</li> <li>• MFJ: \$96,000 - \$116,000</li> </ul>	<ul style="list-style-type: none"> <li>• N/A</li> </ul>
<b>Taxation</b>	<ul style="list-style-type: none"> <li>• Pre-tax contributions and earnings are subject to ordinary income tax</li> <li>• 10% penalty may apply if you are not yet age 59 ½</li> </ul>	<ul style="list-style-type: none"> <li>• Contributions are withdrawn tax-free</li> <li>• Income tax and/or 10% penalty on earnings may apply if you are not yet age 59 ½</li> </ul>



*This page intentionally left blank*

# PERSONAL ACTION PLAN

[illegible]

*This page intentionally left blank*

## MyFRS Financial Guidance Line Financial Planner Callback Request

---

If you would like to have an Ernst & Young financial planner call you, please fill out the following information and return it to the workshop presenter:

Name\_\_\_\_\_

Date of Birth\_\_\_\_\_

Phone#\_\_\_\_\_ Best time to call\_\_\_\_\_

Topic(s) you are interested in discussing:

---

---

---

---

---

---

---

---

---

The *MyFRS Financial Guidance Line* is open from 9:00am to 8:00pm ET, Monday through Friday, (except holidays). You can reach a planner at **1-866-446-9377**.