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What your accountant,
banker, broker &
financial adviser
might not tell you



Weeks to Prosperity

Ask:



Peggy
Doviak



SYNDICATED RADIO HOST, SPEAKER & CERTIFIED FINANCIAL PLANNERTM

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The information in this book is educational, not investment advice. Please talk to your financial planner, attorney, and CPA before you implement any ideas. Past performance is not an indication of future performance. Investing is risky, and you can lose money. Updates can be found at www.PeggyDoviak.com.

Throughout this book the financial planner designation is reserved for a CERTIFIED FINANCIAL PLANNER™ practitioner.

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Chapter 1

Cash Flow: Financial Planning Is More than Stocks

The Woman Who Wasn't Sure What She Needed

A woman had been working with a financial adviser for several years, and at first, the relationship was great. The adviser helped her make investment decisions and even assisted her with her insurance needs.

She was happy with the choices they had made, but she had some concerns. In one of her earlier meetings, she had mentioned that she had credit card debt, but the adviser hadn't seemed concerned, nor did he respond when she asked about the wisdom of saving some money for emergencies. When she asked him about taxes, he told her to ask her accountant, and when she asked him about beneficiaries to her retirement account, he told her to ask an attorney.

Stranger still, when she asked her financial adviser about how to maximize the benefits from her job, he said she should talk to her plan administrator.

The woman began to wonder if there was someone who could work with her more holistically. The Chinese philosopher and poet Lao Tzu once observed, "The journey of a thousand miles begins with a single step." But unless you are also an ancient Chinese philosopher, you might well have had trouble taking that first step—no matter how much you want to get your finances in order.

Improving your prosperity in a year may sound like a great idea, but what we know about human nature tells us that for most of us, it would be so much easier to start that journey in six months, three months, next week, or even tomorrow—any day but today. That's because tackling a long-term goal—any long-term goal—can be intimidating.

You might have some apprehension: What if you can't do it? What if it doesn't work for you? Let me assure you that taking the time to begin this journey toward a more prosperous life will be worth it, and you can do it.

If you dedicate a full year—52 weeks—to understanding your money and making financial decisions based on the financial education you will gain here, you will make great progress this year.

So let's take that first step, shall we . . .

When people think about the work of a financial adviser, they usually think in terms of someone managing some kind of investment account, holding stocks and bonds or funds for, say, a child's future education. That's far from a complete picture. Financial planning is much more than handling investments. Ideally, it also includes:

- * setting your financial goals
- * managing cash flow
- * addressing education funding
- * dealing with insurance and risk management
- * overseeing retirement funding
- * spearheading tax strategies
- * overseeing estate planning.

That's because every investment you make should be done in the context of meeting a particular goal or goals in your life, such as paying off your student loans, saving enough for a honeymoon, being insured in case of a fire or medical emergency, or having your house paid for by the time you retire.

Rarely would an investment portfolio be created with the sole goal of "beating the market" all the time. Instead, prudent financial planning helps you understand your money as it exists—and comes into play—in all areas of your life. Because good financial planning tries to be holistic in its approach, the financial data you will need in the coming weeks is located in all kinds of documents.

Therefore, Step 1 is to have you gather all these documents. Most of them—pay stubs, insurance policies, house deeds—are provided to you. You receive a pay stub regularly, and you can find copies of your tax return and insurance policies. It might take you a while, but once you have

gathered these documents, you will be able to lay your hands on them at a moment's notice going forward.

Once they have been gathered, your documents, check registers, and receipts need to be organized. Embrace this part of the process. It is critical. Many times, people try to tell me how much they think they have invested or how much they think they spend on groceries during a meeting. Sadly, they are never right. They usually think they have more money than they have and spend less than they do.

This kind of thinking can lead to a financial disaster if you base a financial plan on faulty numbers. Don't be afraid to get organized. Simply finding all your financial documents is a great first step.

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Ashley: Wow, I never tried to locate all my money documents before! I wonder where my bank statement is.



Michael: Since my 401(k) plan issues only one statement a year, I think I will use my online summary.



Lisa: I thought financial planning was my investment return. Jane, a gal in my yoga class, uses a financial planner. I wonder if she had to do this.



James: I remember the first time I tried to organize everything. Took me a week just to find the tax return!

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WEEK 1 ACTIVITY

This week, I want you to gather all of the documents on the following list that pertain to you. You might not have every single one—if you don't

own a business for example, you won't have any of the business documents.

Put all the documents for you and your family in one place where they are easy for you to find. I don't care if it's all electronic or all paper copies. If you think of something that is not on my list, please add it to your stack, and let me know via social media.

You will use these documents to help you complete the rest of this book—and I promise that you will feel better when all your important papers are in one spot and easy to access!

Basic Documents

- _____ adoption papers
- _____ birth certificates
- _____ divorce documents
- _____ educational/training certificates
- _____ graduation certificates
- _____ passports

Financial Documents

- _____ advance directive
- _____ bank statements
- _____ brokerage statements and other investment accounts
- _____ business documents (if you own a business)
- _____ business plan (whether you have or hope to start one)
- _____ buy-sell agreements (if you own a business)
- _____ estate documents
- _____ investment documents
- _____ leases (car or home/apartment)
- _____ living will
- _____ pension statements
- _____ powers of attorney/durable powers
- _____ Social Security statements
- _____ succession plan (if you own a business)
- _____ trusts (family, literary, etc.)
- _____ wills

Insurance Documents

- _____ auto

- _____ disability
- _____ health (including Medicare, Medicaid, supplemental)
- _____ home (including flood, etc.)
- _____ life
- _____ long-term care

Latest Tax Return(s)

Cash-flow Document(s)

- _____ appliance/electronic equipment/etc. warranties
- _____ bank transactions (ATM)
- _____ pay stubs
- _____ receipts
- _____ recurring bills (including credit card statements)

Net-worth Documents

- _____ current liabilities (loans, notes), interest rates, payoff
- _____ current value of major assets

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Ask Peggy

Question: Peggy, what is the single most important takeaway from this chapter?

Peggy: Financial planning is more than your investment portfolio and a life insurance policy.

Chapter 2

Cash Flow: Setting Financial Goals & Dreams

The Complacent College Student

A young man was nearing graduation and had no idea what to do next. He had been active in his fraternity and played college ball, but not well enough to go pro. He hadn't gone to college seeking a specific career, so now that he was about to graduate, he had no idea what he wanted to do with his life. So he got an office job. Although he did fairly well, he never enjoyed it.

Days turned into months, and months turned into years. He married a couple of times but not successfully because he never knew what he wanted in a wife. He retired as soon as he could, only to discover that his plans to travel in his twilight years just didn't work financially.

Having never had a dream he had pursued and because he had never planned, even the few desires he did have now were out of reach.

Are you a dreamer? Do you like to imagine how things could be better if you could just accomplish a few things—maybe get that GED or master's degree or learn a new language or skill? Do some of your dreams involve money or the things money could provide for you? Do you dream about being prosperous?

I have always been a dreamer and a believer in other people's dreams. And I'm here to tell you that financial planning supports dreams, especially when they are carefully created. Dreams are important. Some Native American cultures hang "dream catchers" over the bed. Made of a willow frame, sinew webbing, and dangling feathers, a dream catcher filters dreams, allowing only the good dreams to reach the person sleeping beneath it.

The less romantic name for a specific dream is a goal. I like to think of goals as dreams with more detail. Dreams tend to be vague: I want to own a

business. I want to make more money. Goals are specific: I will take that accounting class so that in two years, I can be a tax preparer. I will give up my daily fancy coffee and put the money into an emergency account instead as a financial safety net.

Too often, people fail at their financial plans because they never make the transition from dream to goal, from general to specific. I see this frequently with clients. Consider this conversation I had with a client:

Me. How much money do you think you'll need in your retirement?

Client: I want to be rich. Make me rich.

Me: How much money does "rich" mean to you?

Client: Lots of money.

Me: How much?

Client: Enough to make me rich.

Maybe the client has the financial resources to become rich, or maybe not. The greater problem is that the goal is just too vague. It hangs on the horizon like a pretty rainbow. Because it can't be captured, it can't be achieved. Eventually, such a vague dream leads to frustration and defeat.

The other thing about vague goals is they don't require you to be accountable. It isn't difficult to say you want to be rich. Financial-services ads capture this well, featuring healthy, silver-haired couples sailing, traveling, or relaxing in a Tuscan villa. Don't buy into such stereotypes and vague descriptions of wealth. You have to be disciplined enough to know what "rich" means to you: Being able to live near family? On the coast? To send the children to college? Being able to travel? Or give to your church or favorite charity? Then, you can take specific steps to try to achieve the goal. In hindsight, I don't believe my client knew what "rich" meant to him.

And that's okay at the start, if you have a good financial planner. You see, it's the job of a financial planner to help you bring your dreams into enough focus that they can become a goal. That might go something like this:

Me. How much money do you think you'll need in retirement?

Client: I don't know—a lot.

Me: How much do you make now?

Client: I make \$5,000 a month now, and my expenses will drop a little. The house and car will be paid off, but I'd like to travel more, so I'm probably not going to live any less expensively.

Me: So you think that having about the same amount as you have now would work?

Client: I think so.

Me: Good, let's start with that assumption. You're still ten years from retirement, so we'll revisit the question each year to make sure you're still on track.

See the difference? This client didn't come in with a specific dream, but with a little guidance he quickly narrowed his wants into a specific financial goal.

Good financial dreams have a purpose (in this case, travel), a length of time in which to accomplish the goal (in this case, ten years), a specific dollar amount (\$5,000 per month), and a length of time for which you need the money.

If you create your financial dreams in such a manner, starting with the general and moving to the specific, you can greatly increase your probability of success. Of course, there is some initial work to do before you can create a specific dream. Much of it involves becoming aware of how you are currently living and the cost of things. We will spend several weeks this year helping you to organize this information.

If you are still a young adult, you might not know all the answers, even at the end of the year. In fact, even if you are fifteen to twenty years from your goal, you still might not be sure of all the specific details. That's okay. Estimate the best you can. There is a reason the profession is called financial *planning*, not financial *planned*. Financial planning is a process, and over time, things that are hazy now will become clear. Your dream-catching financial plan will help you to create clear, achievable goals that will allow you and your family to prosper in all the ways that matter.

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Ashley: I want to save enough money to pay for our wedding and honeymoon! Mom and Dad will help, but I don't want all of it to



fall on them.



Michael: Retirement seems way off, but maybe if I plan now, I can live better in retirement than I do today. I'd like more discretionary income.



Lisa: I would love to wake up every morning in the mountains. Maybe I could purchase a vacation home that becomes a retirement home!



James: We have everything we need, but I would like to leave something for the kids and grand-kids after we're gone. I know our church would appreciate a little money, too! We should look at our plan and decide how much we want to leave as a legacy.

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WEEK 2 ACTIVITY

This week, your assignment is to dream. Where you can, turn the dreams into specific goals. When you don't know details, provide estimates. Remember that you might have many types of dreams: owning a home, buying a car, starting a business, getting out of debt, taking a trip, building a substantial investment portfolio, paying for college for a favorite niece, or leaving an inheritance to a foundation to continue your good works. Remember also, these aren't my dreams or your financial adviser's dreams: They're yours!

Give yourself time this week to talk to the people you love about how you want your future life and financial state to look. During the year, revisit the list. Henceforth, look at the list at least once a year, updating the numbers.

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MY DREAMING PAGE

Dream	Years Until Dream	Cost

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Ask Peggy

Question: Peggy, what is the single most important takeaway from this chapter?

Peggy: Concrete goals may be difficult to achieve, but vague goals can never be realized.

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