

IEC WIP Presents: How to Protect and Grow our Financial Houses Webinar Recap

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Cash Flow is the Foundation

- The **most important financial resource is cash flow**, not just savings or investments.
- Cash flow fuels:
 - Asset-building (investments, savings)
 - Debt repayment
 - Lifestyle choices
- **Protecting income and maintaining steady cash flow** should be a top priority.
- Major Threats to Cash Flow:
 - Job loss
 - Illness or injury
 - Premature death
 - Retirement (voluntary)
- **Key Insight:** Financial planning should prioritize protecting against **involuntary risks first**, not just retirement.

Balance Over Extremes

- Save **while** paying down debt (not one before the other)
- Invest while **maintaining liquidity**
- **Plan for the future** while protecting today
- Avoid common pitfalls:
 - Over-saving in retirement accounts with no accessible emergency funds
 - Keeping too much money in low-growth checking accounts
 - Ignoring insurance and risk protection

Understand Your Money Personality

- What is your **relationship** with money?
 - Spender (Carpe Diem): Tends to overspend on wants
 - Money Guru: Balanced between needs, wants, and savings
 - Penny-Pincher: Conservative with money, saves more than spends
- Understanding your tendencies helps:
 - Improve decision-making
 - Align financial habits with goals
 - Navigate financial discussions with partners

Build Your Financial Team

- Financial success requires coordination across multiple professionals:
 - CPA or tax advisor
 - Financial advisor
 - Insurance providers
 - Attorney (estate and business)
 - Mortgage/loan specialist
- You are at the **center** of this “wheel.” Know who is managing your money and ask **informed** questions.

Get Organized First

- Many people manage finances across **12-15 different accounts or institutions**, leading to confusion.
- Action Steps:
 - Know where all accounts and debts are located
 - Understand interest rates, fees, and ownership details
 - Track what your name is legally tied to (loans, property, etc.)
- Financial organization is the first step toward control.
- **Financial House Framework**
- Foundation: Cash Flow
 - Income, expenses, savings rate, and taxes
- Walls: Assets & Liabilities
 - Assets: savings, investments, and real estate
 - Liabilities: loans, credit cards, and debt
- Roof: Protection
 - Often the most overlooked area but the most critical
- **Key Protection Areas**
- Insurance Coverage
 - Home, auto, business liability limits
 - Umbrella insurance (extra protection beyond standard policies)
- Health & Disability
 - Health insurance
 - Long-term disability = income protection
- Legal Documents
 - Will
 - Power of attorney
 - Healthcare proxy
- Life Insurance
 - Term (temporary coverage)
 - Permanent (lifetime + cash value)
- **Real Impact:** Without proper protection, a single event (lawsuit, illness, disaster) can wipe out years of financial progress.

Emergency (Opportunity) Fund

- **Goal:** 3-6 months of essential expenses
- Should be:
 - Liquid (easy to access)
 - Not tied to market fluctuations
- Best options:
 - High-yield savings accounts
 - Money market accounts
- This fund prevents reliance on credit cards or retirement withdrawals during emergencies.

Investing: Start Early & Stay Consistent

- **Time** is the most powerful factor due to compound growth
- Delaying investing significantly increases required monthly contributions

Rate of Savings vs. Rate of Return

- Your rate of savings matters **more** than your rate of return.
- Increasing savings from 10% → 20% can create more wealth than doubling investment returns
- Savings rate is fully **within your control**
- **Target Goal:** Save 20-25% of gross income over time

Smart Asset Allocation

- Diversify where your money is held across three key categories:
- **Retirement Accounts (401k, IRA)**
 - Tax advantages
 - Long-term growth
 - Limited access before age 59½
- **Brokerage (Investment) Accounts**
 - Flexible and liquid
 - Ideal for mid-term goals
- **Liquid Savings**
 - Emergency funds
 - Low risk
- **Balance** is essential; don't over-concentrate funds in one category.

Budgeting & Goal Setting

- Track **essential** expenses (housing, food, insurance, etc.) and **discretionary** spending (travel, dining, subscriptions, etc.)
- Make **incremental** improvements rather than drastic cuts
- **Write down goals**; this doubles the likelihood of achieving them.

Actionable Next Steps

- Complete a monthly **budget review**
- Build or expand an **emergency fund**
- Conduct a **protection audit** (insurance + legal)
- Review **retirement accounts** and old 401(k)s
- Evaluate **risk tolerance** and investment alignment
- Increase **savings rate** incrementally
- Open or utilize a **high-yield savings account**

Actionable Next Steps

- Financial success is not achieved through one "perfect" move; it's built through:
 - Organization
 - Consistency
 - Balance
 - Small, intentional improvements over time
- There's no magic fund or stock; just **consistent, holistic decision-making**.