

# CATHOLIC ENGAGED ENCOUNTER

**Financial  
Fidelity**



# Financial Fidelity

- ▣ My Background
  
- ▣ God Is Aware of Money
  - There are over 2,300 bible verses on Money and Possessions
  - Only 500 on Prayer or Faith
  
- ▣ Three Main Goals For Today
  - Develop a Plan
  - Communicate with your Spouse
  - Build & Maintain an Emergency Savings Account

# Financial Fidelity

## ▣ Plan

- What are your family's Goals?
- What is your present financial condition?
- What are your current spending habits?

# Financial Fidelity

- ▣ Communication
  - Family Of Origin
  - Joint or Individual Accounts?
  - Tax Filing as Married/Filing Jointly or Individual?

# Financial Fidelity

- ▣ Emergency Savings Account
  - Six to Nine Months of Spending In Cash
  - Credit Cards Are NOT Included
  - Start with \$1,000 right away

# Financial Fidelity

- ▣ Where Should You Start
  - Write Out Your Goals
  - Who Do You Owe Money To?
  - Net Worth – Assets & Liabilities
  - Spending Habits
  - Monthly Budget
  - Investments

# Financial Fidelity

## Financial Goals

Date: \_\_\_\_\_

### Giving Goals

We would like to give \_\_\_\_\_% of our income.

Other giving goals: \_\_\_\_\_  
\_\_\_\_\_

### Debt Repayment Goals

We would like to payoff the following debts first:

Creditor	Amount
_____	_____
_____	_____
_____	_____

### Educational Goals

We would like to fund the following education:

Person	School	Annual Cost	Total Cost
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

### Lifestyle Goals

We would like to make the following major purchases: (home, auto, travel, etc)

Item & Reason	Amount
_____	_____
_____	_____
_____	_____

# Financial Fidelity

## Savings and Investment Goals

Date: \_\_\_\_\_

### Savings Goals

We would like to save \_\_\_\_\_% of our income.

Other saving goals: \_\_\_\_\_  
\_\_\_\_\_

### Investment Goals

We would like to make the following investments:

Investment & Reason	Amount
_____	_____
_____	_____
_____	_____

### Starting A Business

We would like to invest in or begin /my/our own business: \_\_\_\_\_  
\_\_\_\_\_

### Goals For This Year

I believe the Lord wants me/us to achieve the following goals this year:

Priority	Financial Goal	Our Part	God's Part
1	_____	_____	_____
2	_____	_____	_____
3	_____	_____	_____
4	_____	_____	_____
5	_____	_____	_____



# Financial Fidelity

## Debt List

Date: \_\_\_\_\_

Creditor	Describe What Was Purchased	Monthly Payment	Balance Due	Scheduled Pay-Off Date	Interest Rate	Payments Past Due
Sears	Miscellaneous	\$ 25.00	\$ 1,400.00	Jan-15	18.0%	0
Visa	Miscellaneous	\$ 125.00	\$ 7,500.00	Dec-17	10.9%	1
Sallie Mae	School Loans	\$ 150.00	\$ 17,000.00	Dec-40	3.8%	0
<b>Total</b>		<b>\$ 300.00</b>	<b>\$ 25,900.00</b>			

Auto Loans	Monthly Payment	Balance Due	Scheduled Pay-Off Date	Interest Rate	Payments Past Due
Car Loans	\$ 282.00	\$ 14,000.00	Feb-16	4.0%	0

Home Mortgage	Monthly Payment	Balance Due	Scheduled Pay-Off Date	Interest Rate	Payments Past Due
Capital Federal - 1st Mortgage	\$ 1,397.00	\$ 94,000.00	Dec-32	6.3%	0
<b>Total</b>	<b>\$ 1,979.00</b>	<b>\$ 133,900.00</b>			

# Financial Fidelity

## Personal Financial Statement - Net Worth

Date: \_\_\_\_\_

### Assets (Present Market Value)

Cash/Checking	\$ 500
Savings	\$ 1,500
Stocks/Bonds	\$ 3,500
Cash Value of Life Insurance	\$ 3,000
Coins	\$ -
Home	\$ 120,000
Other Real Estate	\$ -
Notes Receivable	\$ -
Business Valuation	\$ -
Automobiles	\$ 20,000
Furniture	\$ 5,000
Jewelry	\$ -
Other Property	\$ 2,000
Pension/Retirement	\$ 25,000
Other Assets	\$ -

### Total Assets

**\$ 180,500**

### Liabilities (Current Owed Amount)

Credit Card Debt	\$ 8,900
Auto Loans	\$ 14,000
Home Mortgage	\$ 94,000
Personal debt to Relatives	\$ -
Business Loans	\$ -
Educational Loans	\$ -
Medical Loans	\$ -
Life Insurance Loans	\$ -
Bank Loans	\$ 17,000
Other Debts and Loans	\$ -

### Total Liabilities

**\$ 133,900**

### Net Worth (Assets minus Liabilities)

**\$ 46,600**

# Financial Fidelity

Date					
Month	Day	Description	Method of Spending	Amount of Spending	Amount of Income
Jan	1	Bob's Salary	Auto Credit		\$ 1,750
Jan	1	Tithe	Check	\$ 500	
Jan	2	Savings	Check	\$ -	
Jan	3	Groceries	Check	\$ 275	
Jan	5	Haircut	Check	\$ 25	
Jan	8	Mortgage Payment	Check	\$ 1,397	
Jan	10	Home Repairs	Check	\$ -	
Jan	13	Clothing	Cash	\$ 150	
Jan	14	Electric Bill	Auto Debit	\$ 185	
Jan	15	Bob's Salary	Auto Credit		\$ 1,750
Jan	17	Dining Out	Cash	\$ 75	
Jan	17	Gas	Check	\$ 60	
Jan	17	Water	Check	\$ 45	
Jan	17	Cell Phone	Check	\$ 110	
Jan	17	Cable TV	Check	\$ 55	
Jan	19	Credit Cards	Check	\$ 150	
Jan	19	Car pmt	Check	\$ 282	
Jan	20	cash	Cash	\$ 200	
<b>Total</b>				<b>\$ 3,509</b>	<b>\$ 3,500</b>
				<b>Surplus (Deficit)</b>	<b>\$ (9)</b>

# Financial Fidelity

## Estimated Monthly Budget

<b>Gross Monthly Income</b>		<b>\$ 5,400</b>
Salary	\$ 5,400	
Interest		
Dividends		
Other Income		
<b>Less</b>		
1 Tithe/Giving	\$ 540	
2 Taxes	\$ 1,350	
<b>Net Spendable Income</b>		<b>\$ 3,510</b>

### Living Expenses

<b>3 Housing</b>		<b>\$ 1,787</b>
Mortgage/Rent	\$ 1,197	
Insurance	\$ 100	
Property Taxes	\$ 100	
Electric Bill	\$ 95	
Gas	\$ 60	
Water	\$ 45	
Trash	\$ 25	
Telephone	\$ 110	
Maintenance		
Cable TV	\$ 55	
Other		
<b>4 Food</b>		<b>\$ 350</b>
Groceries	\$ 275	
Dining Out	\$ 75	
<b>5 Transportation</b>		<b>\$ 582</b>
Auto Payments	\$ 282	
Fuel	\$ 200	
Maintenance		
Insurance	\$ 100	
Registration		
Other		
<b>6 Insurance</b>		<b>\$ 250</b>
Life		
Health	\$ 250	
Other		
<b>7 Debts (not Auto/Home)</b>		<b>\$ 300</b>

<b>8 Entertainment</b>		<b>\$ 120</b>
Eating Out	\$ 100	
Babysitters		
Activities	\$ 20	
Vacation	\$ -	
Pets		
Other		
<b>9 Clothing</b>		<b>\$ 150</b>
<b>10 Savings</b>		<b>\$ -</b>
<b>11 Medical Expenses</b>		<b>\$ 145</b>
Doctor	\$ 50	
Dentist	\$ 70	
Prescriptions	\$ 25	
Other		
<b>12 Miscellaneous</b>		<b>\$ 213</b>
Toiletries	\$ 38	
Barber	\$ 25	
Laundry	\$ 30	
Allowances		
Subscriptions	\$ 20	
Gifts		
Cash	\$ 100	
Other		
<b>13 School/Child Care</b>		<b>\$ 400</b>
Tuition	\$ 400	
Materials		
Transportation		
Other		
<b>14 Investments</b>		<b>\$ -</b>
<b>Total Living Expenses</b>		<b>\$ 4,297</b>

### Income vs. Living Expenses:

<b>Net Spendable Income</b>	<b>\$ 3,510</b>
<b>Less Total Living Expenses</b>	<b>\$ 4,297</b>
<b>Surplus (Deficit)</b>	<b>\$ (787)</b>

# Financial Fidelity

## Percentage Guide

Gross Income		\$ 15,000	\$ 25,000	\$ 35,000	\$ 45,000	\$ 55,000	\$ 65,000
1	Tithe	10%	10%	10%	10%	10%	10%
2	Taxes*	-8%	13%	19%	20%	21%	25%

Net Spendable**		\$ 14,700	\$ 19,250	\$ 24,850	\$ 31,500	\$ 37,950	\$ 42,250
3	Housing	38%	38%	34%	30%	27%	26%
4	Food	15%	12%	12%	12%	11%	10%
5	Transportation	15%	15%	12%	12%	12%	11%
6	Insurance	5%	5%	5%	5%	5%	5%
7	Debts	5%	5%	5%	5%	5%	5%
8	Entertainment	4%	5%	6%	6%	7%	7%
9	Clothing	4%	5%	5%	5%	6%	6%
10	Savings	5%	5%	5%	5%	5%	5%
11	Medical	5%	5%	4%	4%	4%	4%
12	Miscellaneous	4%	5%	5%	7%	7%	8%
13	School***	10%	8%	6%	5%	5%	5%
14	Investments****	0%	0%	7%	9%	11%	13%
		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

\* Tax includes Social Security, Fed and State estimates. At \$15k income level, Earned Income Credit produces a refund

\*\* Begin figuring 100% from this figure, not from Gross Income. Categories 3-14 should add to 100% of Net Spendable

\*\*\* If you have this expense, it must be deducted from the other categories

\*\*\*\* Used for long-term investment planning such as retirement or college education

# Financial Fidelity

- A person started to save \$1,000 a year at age 21, saved for 8 years, and then completely stopped
- Another person saved \$1,000 a year for 37 years who started at age 29
- Both earned 10% per year on their savings
  
- Who accumulated more savings by age 65? The person who saved \$8,000 or \$37,000?

# Financial Fidelity

Individual A			Individual B		
Age	Contribution	Year-End Value		Contribution	Year-End Value
21	\$1,000	\$1,100		0	\$0
22	\$1,000	\$2,310		0	\$0
23	\$1,000	\$3,641		0	\$0
24	\$1,000	\$5,105		0	\$0
25	\$1,000	\$6,716		0	\$0
26	\$1,000	\$8,487		0	\$0
27	\$1,000	\$10,436		0	\$0
28	\$1,000	\$12,579		0	\$0
29	0	\$13,837		\$1,000	\$1,100
30	0	\$15,221		\$1,000	\$2,310
31	0	\$16,743		\$1,000	\$3,641
32	0	\$18,418		\$1,000	\$5,105
33	0	\$20,259		\$1,000	\$6,716
34	0	\$22,285		\$1,000	\$8,487
35	0	\$24,514		\$1,000	\$10,436
36	0	\$26,965		\$1,000	\$12,579
37	0	\$29,662		\$1,000	\$14,937
38	0	\$32,628		\$1,000	\$17,531
39	0	\$35,891		\$1,000	\$20,384
40	0	\$39,480		\$1,000	\$23,523
41	0	\$43,428		\$1,000	\$26,975
42	0	\$47,771		\$1,000	\$30,772
43	0	\$52,548		\$1,000	\$34,950
44	0	\$57,802		\$1,000	\$39,545
45	0	\$63,583		\$1,000	\$44,599
46	0	\$69,941		\$1,000	\$50,159
47	0	\$76,935		\$1,000	\$56,275
48	0	\$84,628		\$1,000	\$63,002
49	0	\$93,091		\$1,000	\$70,403
50	0	\$102,400		\$1,000	\$78,543
51	0	\$112,640		\$1,000	\$87,497
52	0	\$123,904		\$1,000	\$97,347
53	0	\$136,295		\$1,000	\$108,182
54	0	\$149,924		\$1,000	\$120,100
55	0	\$164,917		\$1,000	\$133,210
56	0	\$181,409		\$1,000	\$147,631
57	0	\$199,549		\$1,000	\$163,494
58	0	\$219,504		\$1,000	\$180,943
59	0	\$241,455		\$1,000	\$200,138
60	0	\$265,600		\$1,000	\$221,252
61	0	\$292,160		\$1,000	\$244,477
62	0	\$321,376		\$1,000	\$270,024
63	0	\$353,514		\$1,000	\$298,127
64	0	\$388,865		\$1,000	\$329,039
65	0	\$427,752		\$1,000	\$363,043
<b>Total Investment</b>		<b>\$8,000</b>		<b>Total Investment</b>	
<b>Total Amount Accumulated</b>		<b>\$427,752</b>		<b>Total Amount Accumulated</b>	
				<b>\$363,043</b>	

# Financial Fidelity

Current age	\$50,000	\$75,000	\$100,000	\$150,000	\$200,000	\$250,000	\$300,000	\$400,000
	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)	Checkpoint (x Current Salary)
30	0.4	0.6	1.0	1.7	2.0	2.2	2.4	2.8
35	0.7	1.1	1.5	2.3	2.8	3.0	3.3	3.7
40	1.2	1.6	2.2	3.2	3.7	4.0	4.3	4.9
45	1.7	2.3	3.0	4.2	4.9	5.3	5.7	6.3
50	2.4	3.1	3.9	5.5	6.3	6.8	7.3	8.1
55	3.3	4.2	5.2	7.2	8.1	8.8	9.4	10.4
60	4.4	5.5	6.7	9.2	10.4	11.2	11.9	13.1
65	5.7	7.1	8.6	11.6	13.2	14.1	15.0	16.6

## Model assumptions:

Pre-retirement investment return: 7.0%  
(60% S&P 500/40% BarCap Agg)

Post-retirement investment return: 5.0%  
(30% S&P 500/70% BarCap Agg)

Retirement age: 65

Years in retirement: 30

Wage growth rate: 2.5%

Confidence level represented: 80%

Assumed annual contribution rate: 5%

## How to use:

- Go to the intersection of your current age and your closest current salary.
- Multiply your salary by the checkpoint shown to get the amount you should have saved today, assuming you continue annual contributions of 5% going forward.
- Example: for a 40-year-old making \$100,000:  $\$100,000 \times 2.2 = \$220,000$



# Financial Fidelity

- Write Out Your Financial Goals
- Live Within Your Means
- Set Aside Something From Every Paycheck
- Set Up An Emergency Savings Account
- Keep Records Of Spending and Balances
- Invest Your Excess Income
- Establish Retirement Accounts
- Look For Creative Ways To Increase Your Income
- GET OUT OF DEBT
- Celebrate when you've paid off a debt, no matter how small
- Be Patient
- Don't Give Up
- **Pray about it!**

# Financial Fidelity

- ▣ What Are The Three Main Goals For Today?
  - Plan
  - Communicate
  - Emergency Savings Account

# Financial Fidelity

Questions?