


# Money Matters

Make it Work for You



A Transamerica Company





No matter your goals, take control of your money now and **make it work for you.**

You have goals and aspirations – such as buying a home, sending a child to college, or retiring when and where you want – most of which require you have a financial strategy in place to help you reach them. But what’s the best strategy? There’s no one way that is right for everyone, but that’s where an agent of World Financial Group Insurance Agency, LLC (WFGIA) comes in. One of our independent licensed financial professionals can assess your specific needs and help you create a strategy for you to use to work toward your goals.

Not only that, your agent will share and help you understand important financial fundamentals to help you be a more informed consumer. At WFGIA, we believe there’s nothing more important than helping individuals and families become more financially secure, and knowledge is a key component to get there.

Take control of your money now and make it work for you. **Money matters. Make it count.**

# Our Product Providers

We don't limit you to one product or provider.

Your WFGIA agent offers a broad array of products and services from many well-known companies to offer you choices that can help you determine your best path forward.

We ask that you carefully consider all the information provided to you and to ask any questions you may have before you make a decision. We want you to be comfortable with the choices you make and have a long-term, rewarding relationship with your agent.

Some of the products available to you include:

- Indexed Universal Life Insurance
- Universal Life Insurance
- Term Life Insurance
- Whole Life Insurance/Final Expense
- Fixed Annuities
- Long Term Care Insurance
- Disability Insurance



Here are some of the companies our licensed agents have access to:



The city and state locations of these companies are: AMS Financial Solutions, Baton Rouge, Louisiana; Crump, Harrisburg, Pennsylvania; Everest Funeral Package, LLC, Houston, Texas; Nationwide Life Insurance Company, Columbus, Ohio; Pacific Life Insurance Company, Newport Beach, California; Transamerica Life Insurance Company, Cedar Rapids, Iowa.

# Challenges

There is usually one or more obstacles that get in the way of planning for your financial future.

Your WFGIA agent will help you build a strategy based on your goals and that addresses your concerns. To help you consider what you would like to focus on, following are some of the challenges that people face.

## Personal Debt

Debt, particularly credit card debit, is a big concern for many families. In June 2020, research showed that the average American household has \$5,700 in debt, and households who carry debt average a total of \$9,333.<sup>1</sup> Are you concerned about the amount of debt you owe?

## College Costs

Even if a student can obtain grants, scholarships or other type of aid, without proper planning the cost of college can put a strain on savings. The average cost for the 2019-2020 school year was \$41,426 at private colleges, and at public colleges the cost for in-state residents was \$11,260 and \$27,120 for out-of-state students.<sup>2</sup>

It's important to plan ahead since prices can increase each year. For example, if you currently have a 1-year-old child, and the cost of college increases by only 5% each year, when he/she reaches college age, if you must pay 100% of the total, it could cost \$211,872 to send your child to a 4-year program at an in-state, public college or university.<sup>3</sup>

## Retirement Confidence

According to the 2020 Retirement Confidence Survey, 69% of workers are confident they will live comfortably in retirement. However, 7 in 10 workers say their level of non-mortgage debt is a problem when it comes to saving for retirement or for emergencies. And roughly half say that it has impacted their ability to participate in a workplace retirement plan or other employee benefits.<sup>4</sup>

## Social Security

Social Security may not be a reliable source of income in the future. A recent Social Security trustees report noted that the combined trust fund reserves began to decline in 2020 with the expectation that the reserves will become depleted in 2035. When looked at separately, the Disability Insurance Trust Fund reserves become depleted in 2052 and the Old-Age, Survivors, and Disability Insurance Trust Fund reserves become depleted in 2034.<sup>5</sup>



## Rising Cost of Living

Often people fail to consider the rising cost of living when creating a strategy for their future. To show how this can affect you, consider this: If you and your spouse are each 45 years old, earn \$100,000 per year and plan to retire in 20 years and inflation averages 4.5% during the next two decades, you will need more than \$241,000 a year to equal your current \$100,000 annual income.

## Unexpected Loss

If you should die unexpectedly, without proper planning that includes life insurance and/or emergency savings, your family could face serious financial issues due to funeral costs, credit card bills, mortgage costs, education tuition and more.



# Our Solution: The WFG Financial Needs Analysis



## Cash Flow

- Earn additional income
- Manage expenses



## Debt Management

- Consolidate debt
- Strive to eliminate debt



## Emergency Fund

- Save at least 3-6 months' income
- Prepare for unexpected expenses



## Proper Protection

- Protect against loss of income
- Protect family assets



## Build Wealth

- Strive to outpace inflation and reduce taxes



## Preserve Wealth

- Reduce taxation
- Build a family legacy

The WFG Financial Needs Analysis is based on the accuracy and completeness of the data provided by the client. The analysis uses sources that are believed to be reliable and accurate, although they are not guaranteed. Discuss any legal, tax or financial matter with the appropriate professional. Neither the information presented nor any opinion expressed constitutes solicitation for the purchase or sale of any specific product or financial service.



# Understanding Cash Flow

An important part of a financial strategy is determining how much money is available to you and, when possible, increasing that amount.

This money, often referred to as cash flow, can help you accomplish many things including reducing or eliminating debt and increasing savings.

To increase cash flow, it's important to manage and reduce expenses. Here are a few ideas on how to accomplish both:

- Create a budget and stick to it by weighing your monthly income and expenses, and determining needs versus wants
- Spend less money than you earn - although this seems obvious, it's not always easy to accomplish without a plan and/or budget
- Consider raising deductibles on your auto, homeowners and other insurance policies, which can help lower premiums
- Look for ways to reposition money that is currently in low-interest savings accounts
- If your mortgage includes Private Mortgage Insurance (PMI), drop it as soon as the equity in your home reaches 20% of your home's value

If it's necessary to increase your household income to improve your cash flow, you can consider:

- Starting a second career or a part-time opportunity to earn additional income
- Adjusting your W-2 allowances if you are expecting a tax refund, but consult with your tax professional before making this change

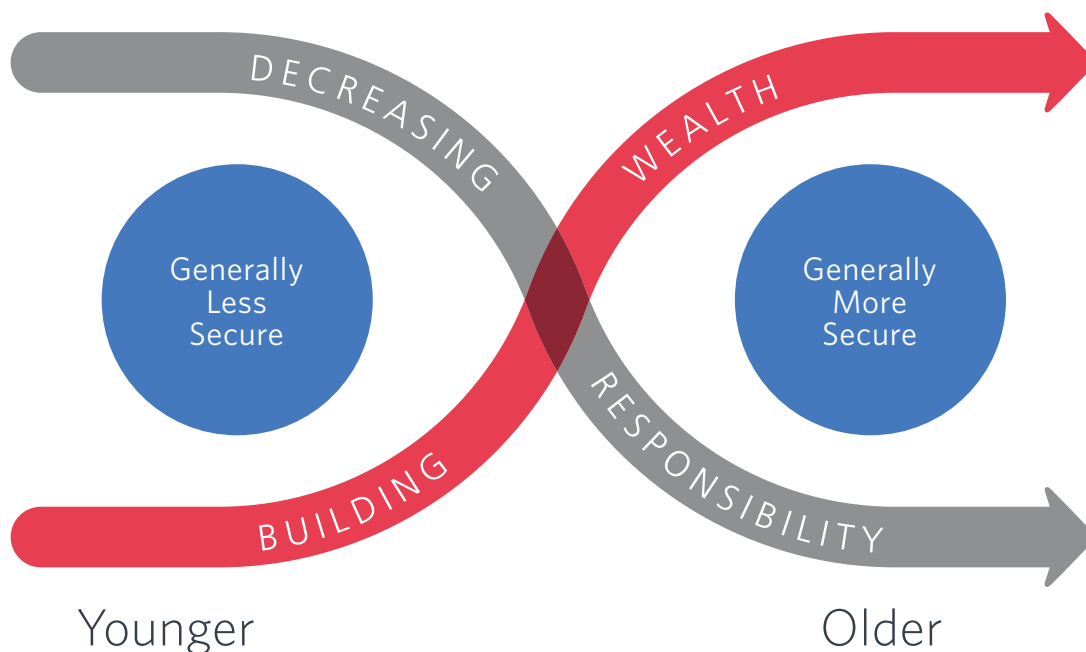
## Proper Protection

A key component to building a sound financial strategy is to use life insurance to help protect your beneficiaries in the event of your death.

This coverage can help replace lost income and help preserve your family's standard of living.

You may think that life insurance isn't necessary when you're young, but if you have a family you may need it more than ever. Should you die at a young age the death benefit from a life insurance policy can help pay debts, education costs, childcare, and more. When you are older, life insurance may help your family protect the assets you have accumulated.

The graphic below shows that, in general, when you're young, you have many responsibilities and are only in the beginning stages of building wealth. And conversely, as you grow older, you have fewer responsibilities and have probably accumulated more wealth.



## How Much Life Insurance Do You Need?

The amount of life insurance coverage needed is different for everyone and is based on a variety of factors including your:

- Age
- Health
- Number of dependents
- Income/current financial situation

Based on these considerations, a basic rule of thumb is to have enough life insurance to provide about 10 times your annual family income. For example, if your current household income is \$50,000, you may want to consider having \$500,000 in life insurance protection.

But there are many variables that can affect your life insurance needs. Consider these questions:

- How much long- and/or short-term debt do you have?
- What are your long-term goals?
- How much of the insured's income will be needed and over how many years?
- How much do you want to set aside for funeral costs and/or an emergency fund?
- What assets do you have that may be able to cover these costs?

To ensure that you have the right type and amount of insurance, make sure to consult with an experienced life insurance agent for a thorough evaluation of your needs.



# Debt Management

One of the biggest obstacles to a sound financial future is consumer debt. It's important to have a strategy that can help reduce and eliminate debt or at least consolidate debt.

## Pay Off Your Debt

Revolving high-interest credit card debt is one of the worst types of debt because it can quickly grow into an unhealthy financial situation. Here's an example of the true cost of using a credit card.

Beginning Balance	\$5,000
Credit Card Interest Rate	18%
Monthly Payment	\$200
Time to Pay Off Credit Card	32 months
<b>Total Debt Paid</b>	<b>\$8,000</b>

In the above scenario, you end up paying \$3,000 in interest. However, if you commit to paying slightly more each month, you can pay off the card's balance in much less time and pay only \$1,666.67 in interest.

Beginning Balance	\$5,000
Credit Card Interest Rate	18%
Monthly Payment	\$300
Time to Pay Off Credit Card	19 months
<b>Total Debt Paid</b>	<b>\$6,666.67</b>

This shows you why it's important to strive to pay off credit card and high-interest loan debt sooner rather than later. Here are some ideas on how you can achieve this goal:

- Itemize all your outstanding credit card debt or loans from the highest to the lowest interest rate, and list the monthly payments for each
- Pay more than the minimum - as much as possible within your budget - on the credit card/loan with the highest interest rate, then, once you pay off that credit card/loan, begin paying off the next highest interest rate credit card/loan
- Quit charging: Put your credit cards away so you don't consider charging on them while you're paying down your debt or after it's paid off

If you are a homeowner, you can also consider the possibility of taking out a low-interest home equity loan to pay off your debt. Although a home equity loan is still debt, the interest may be tax deductible.

## Refinance Your Mortgage

When current interest rates for home mortgages are low, it may be prudent to consider refinancing. However, before you refinance, it's important to consider:

- The type of mortgage
- The mortgage amount
- Refinancing fees
- The number of years you plan to live in the home

The bottom line in deciding if refinancing will reduce your debt? Determine how long it will take to recoup the expenses associated with refinancing.



# Emergency Fund

No matter how well you plan in life, the unexpected happens.

To prepare for life's little "disasters," set up an emergency fund to help pay for any resulting expenses. To determine how much you should have in your emergency fund, consider setting aside at least three to six months of your income.

Don't think you need an Emergency Fund? Consider these potential expenses and scenarios:



Major car repairs



Major home repairs



Major appliance repairs or replacement



Loss of a job



Serious illness or hospitalization



Extended elder care or long term care



# Build Wealth

When developing financial goals, it's important to have a long-term asset accumulation strategy in place.

A long-term asset accumulation strategy should have the potential to outpace inflation and take into consideration how different products and account types are taxed. When determining the best strategy for you, it's important to determine how long you may live in retirement and how much it will cost to live comfortably during those years. Your licensed WFGIA agent can help you develop a strategy based on your needs.

## The Rule of 72

The Rule of 72 is a mathematical concept that approximates the number of years it will take to double the principal at a constant rate of return compounded over time. All figures are for illustrative purposes only, and do not reflect the risks, expenses or charges associated with an actual investment. The rate of return of investments fluctuates over time and, as a result, the actual time it will take an investment to double in value cannot be predicted with any certainty. Results are rounded for illustrative purposes. Actual results in each case are slightly higher or lower.

72 ÷ 2% = 36 At 2% money nearly doubles every 36 years		72 ÷ 4% = 18 At 4% money nearly doubles every 18 years		72 ÷ 6% = 12 At 6% money nearly doubles every 12 years	
Years	Amount	Years	Amount	Years	Amount
Initial Amount	\$10,000	Initial Amount	\$10,000	Initial Amount	\$10,000
35	\$19,999	18	\$20,258	12	\$20,122
70	\$39,996	36	\$41,039	24	\$40,489
		53	\$79,941	36	\$81,473
				48	\$163,939

# Preserve Wealth

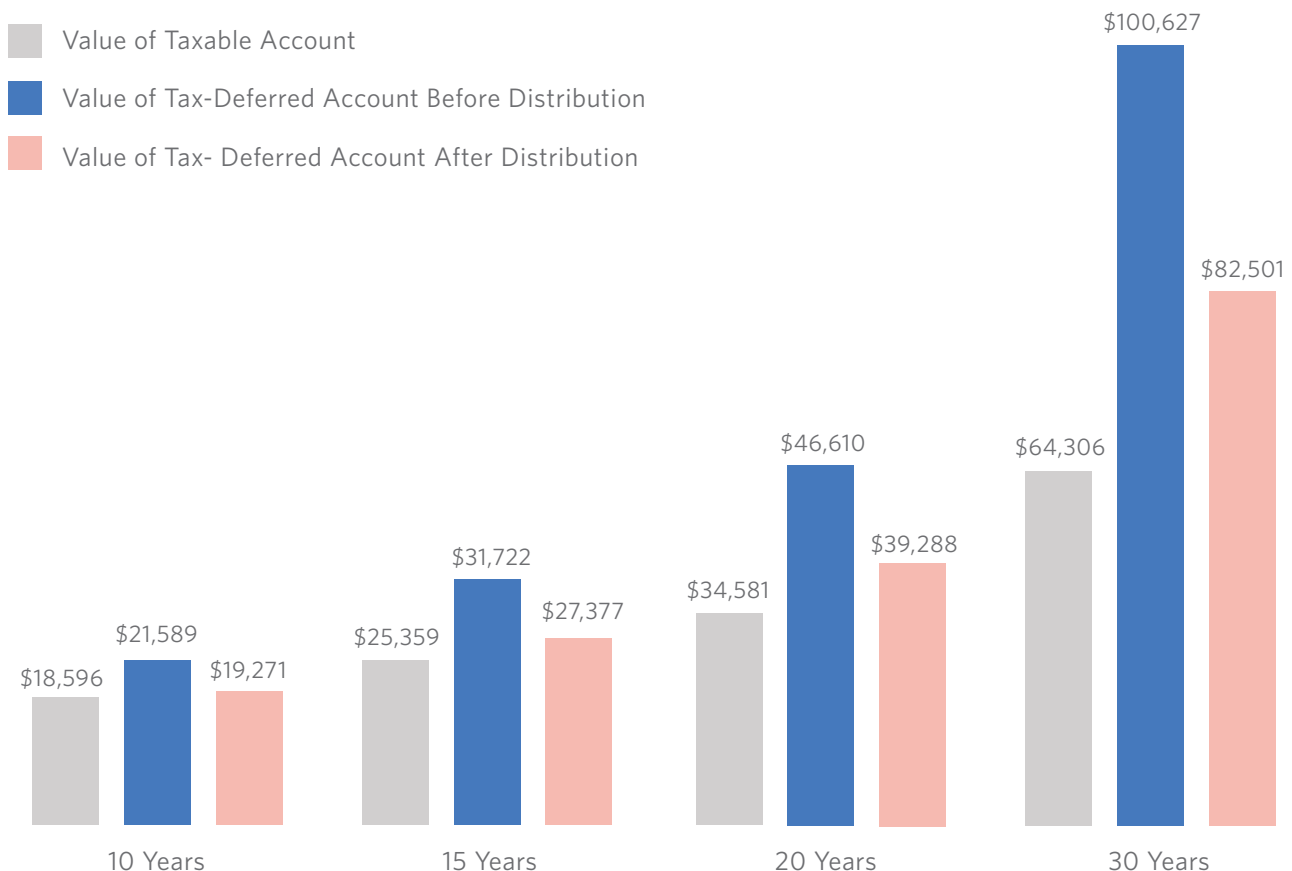
In addition to procrastination, taxation also is an enemy when trying to build and maintain savings.

## Harness the Power of Tax Advantages

The hypothetical example below shows the value of \$10,000 in a tax-deferred and a taxable account, assuming an 8% return and a 20% tax rate on any gains. It also shows the value of the tax deferred account upon distribution.

This example is for illustrative purposes only and doesn't represent a specific strategy nor does it reflect any fees or charges associated with any product, which would lower the listed values. Both the rate of return and the principal value of the account will fluctuate over time, and it is unlikely that any one rate of return is sustainable over long periods of time.\*

## Value of a Tax-Deferred versus a Taxable Account



\*World Financial Group Insurance Agency, LLC and its agents may not provide tax or legal advice. Anyone to whom this material is promoted, marketed, or recommended should consult with and rely on their own independent tax and legal professionals regarding their particular situation and the concepts presented herein.



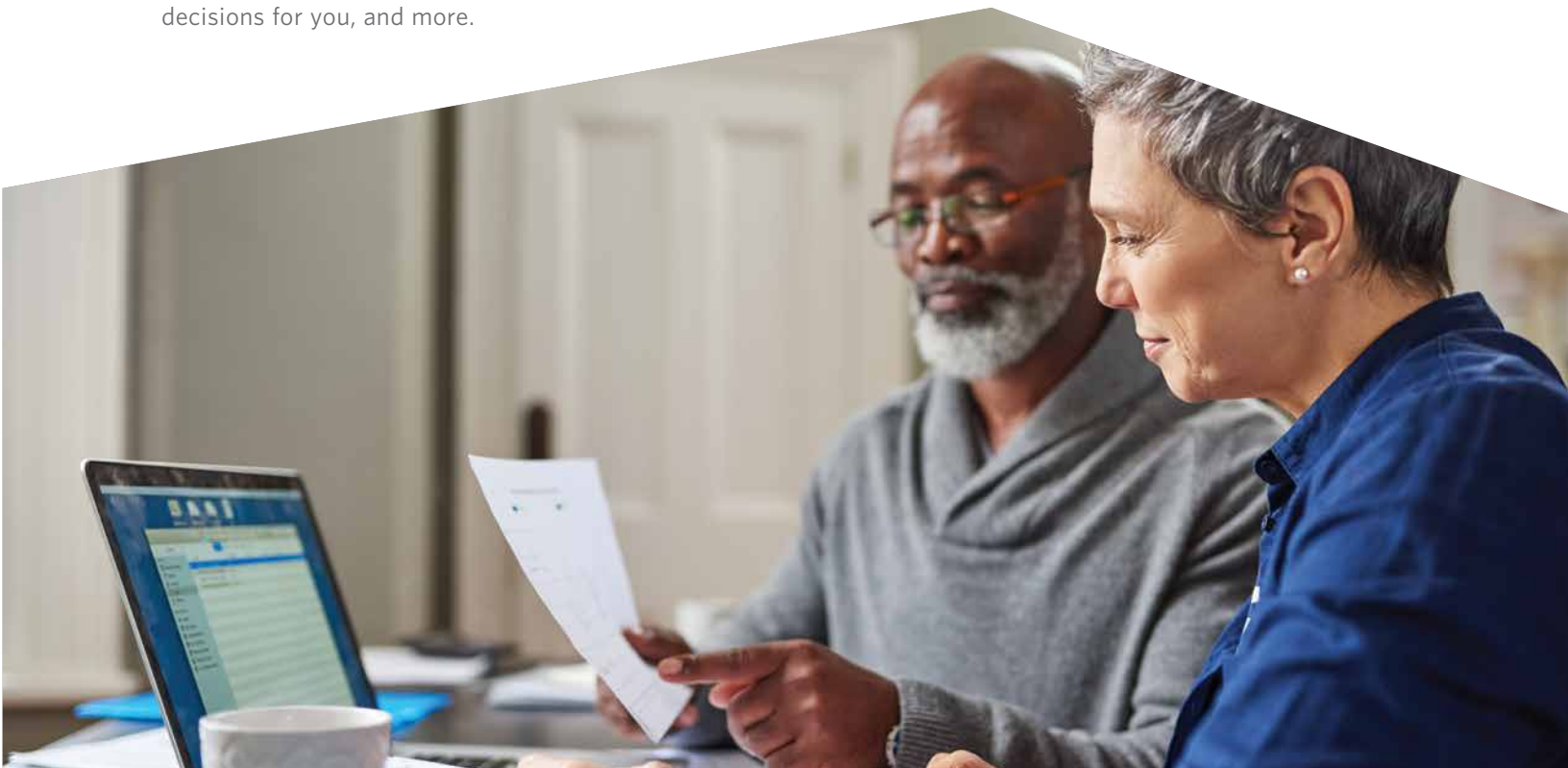
## Have an Adequate Estate Plan

It is important to work with a qualified attorney to put an estate plan in place that meets your individual needs. Following are just few items you can consider addressing in your estate plan.

- How your assets can transfer to your heirs at your death. There are different ways to structure the distribution of your assets so it is important to understand the costs and benefits of each.
- Managing estate taxes. Current tax law exempts estates up to \$11.58 million for an individual and \$23.16 million for married couples.<sup>6</sup>
- Ensuring your legacy reaches your intended heirs, including any life insurance coverage, pensions and annuities.
- Setting up medical and financial powers of attorney so that, should you become incapacitated, someone can take care of your finances, make medical decisions for you, and more.

Estate planning can be an essential part of your financial strategy, helping to ensure that the wealth you accumulated over the years is not marred by the effects of taxes or other unintended consequences. Please consult with your legal professional for guidance regarding your specific circumstances.

Please note that WFGIA and its agents do not offer tax, legal or accounting advice. This is provided for informational purposes only and should not be construed as such advice. You should rely solely upon your independent tax or legal professionals regarding your particular situation.



# Money Matters: Make it Work For You

Your WFGIA agent is ready to help you make your money work for you.

By walking you through the WFG Financial Needs Analysis (FNA), you and your WFGIA agent can obtain an understanding of where you are now, and where you want and need to be for a better financial future. And, when your life brings changes or challenges, your WFGIA agent is ready to help you update your strategy accordingly.

## Take the Next Step

Procrastination is an enemy to your goals, but it can easily be overcome. By starting your financial strategy now, you can put time on your side.

### To begin today:

- 1 Share information with your WFGIA agent to obtain an FNA
- 2 Set a follow up appointment with your agent to obtain the results of this analysis
- 3 Implement the strategy recommended by your WFGIA agent based on your FNA results
- 4 Include your WFGIA agent in your referral network

Put time on your  
side. **Get started  
now.**



1 "Average Credit Card Debt in America: July 2020," Joe Resendiz, Value Penguin, Updated June 17, 2020.

2 "What You Need to Know About College Tuition Costs," Farran Powell and Emma Kerr, U.S. News & World Report, Sept. 18, 2019.

3 College Cost Calculator, The College Board, Accessed June 2020.

4 2020 Retirement Confidence Survey Summary Report, Employee Benefits Research Institute and Greenwald & Associates, April 23, 2020.

5 "Status of the Social Security and Medicare Programs: A Summary of the 2020 Annual Reports," Social Security and Medicare Boards of Trustees.

6 "IRS Announces Higher Estate And Gift Tax Limits for 2020," Ashlea Ebeling, Forbes.com, Nov. 6, 2019.

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