

# Financial wellness

A healthy approach to money matters

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## Self-analysis quiz

- ✓ Have you written down short- and long-term financial goals?  
.....
- ✓ Do you know where your financial documents are?  
.....
- ✓ Do you have an up-to-date will and power of attorney?  
.....
- ✓ Do you have a contact list of financial professionals (accountant, attorney, insurance agent, etc.)?  
.....
- ✓ Have you requested a credit report in the last year?  
.....
- ✓ Do you know the balance, interest rate, annual fee, and credit limits on your credit cards?

## Self-analysis quiz

- ✓ Do you have 3–6 months of income in savings for emergencies?  
.....
- ✓ Are you contributing to retirement accounts?  
.....
- ✓ Do you know your income tax bracket?  
.....
- ✓ Do you know how much life insurance you and your family have?  
.....
- ✓ Are the salaries of you and your family members insured?

Women face unique challenges...



Women earn  
**\$407,760**  
less than men in  
their careers.<sup>1</sup>

Women generally  
**live longer**  
than men.<sup>2</sup>

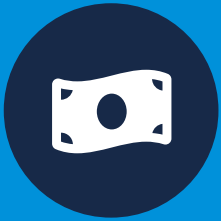
**Just 12%**  
of women are very  
confident they'll have a  
comfortable retirement.<sup>3</sup>

<sup>1</sup> National Women's Law Center Fact Sheet, September 2019 .

<sup>2</sup> World Health Organization, as of November 2019 ([who.int/gho/mortality\\_burden\\_disease/life\\_tables/situation\\_trends\\_text/en/](https://www.who.int/gho/mortality_burden_disease/life_tables/situation_trends_text/en/)).

<sup>3</sup> Transamerica Center for Retirement Studies, November 2019.

# What we'll cover today:



Improving your  
spending habits



Protecting what's  
important



Making the most  
of the money  
you have



Saving for  
long-term goals



# Improve your spending habits

Managing your  
cash flow & debt





## Building a budget

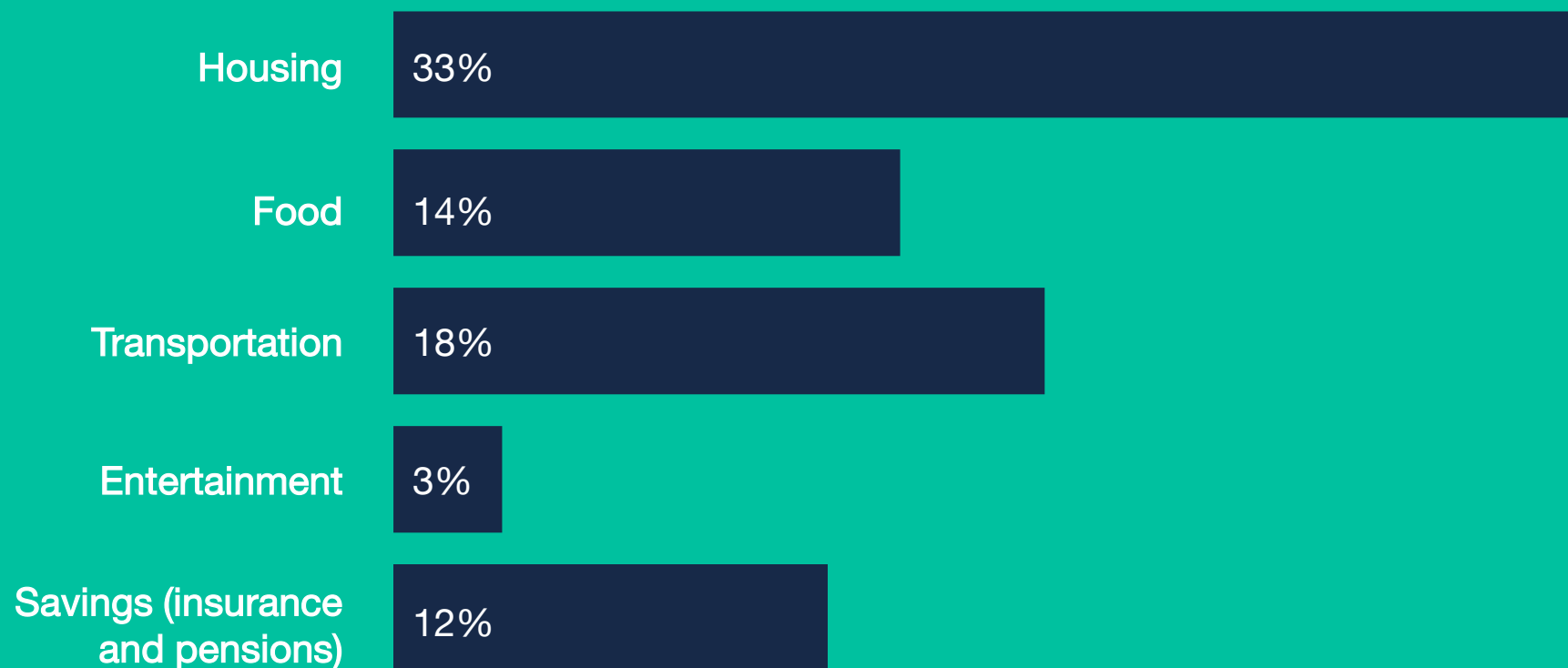
# Rein in your living expenses

- ✓ Take a close look at what your monthly income and expenses are
- ✓ Track all expenditures, such as dining out or shopping
- ✓ Use cash rather than credit or debit cards



## Building a budget

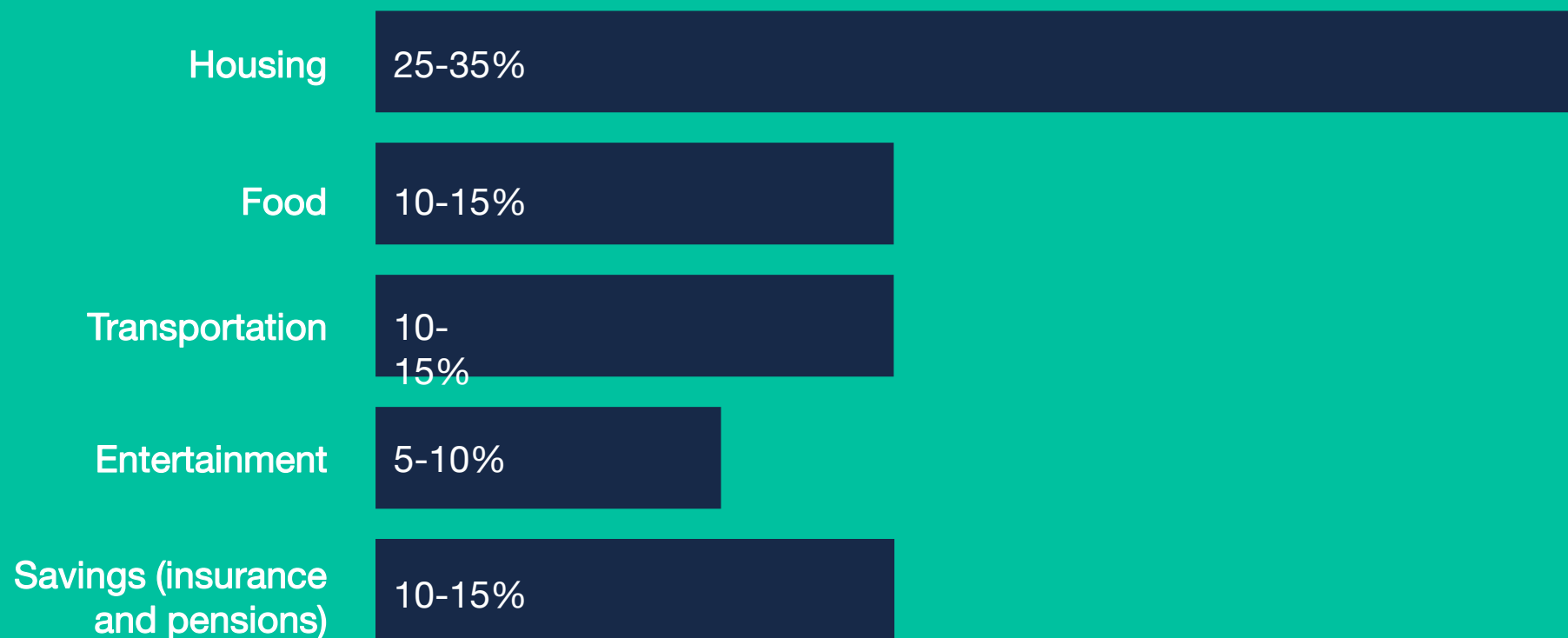
# Budget allocations for typical household





## Building a budget

# Recommended budget allocations





# Set effective goals

- ✓ Make them realistic and measurable
- ✓ Set obtainable deadlines
- ✓ Break your goals into bite-size pieces
- ✓ Reward yourself when you reach your goals



## Building a budget

# Be a smart consumer

Shop around

Dine out less

Resist impulse buying

Review phone & cable

Buy a used car

Budget for holidays

Pay as you go





## Building a budget

# Set savings goals

**Short-term**  
(0–5 years)



**Long-term**  
(5+ years)

Vacation

Gifts (for holidays, anniversaries, etc.)

Car purchase

Home purchase

Appliances

Retirement

College

Dream vacation

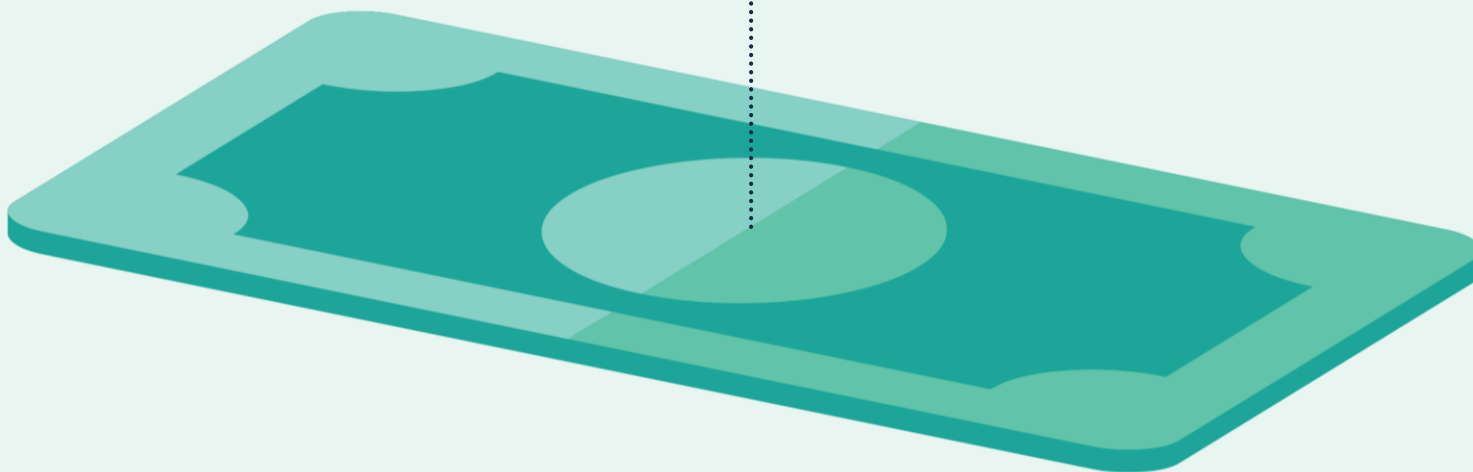
Second home purchase



## Building an emergency fund

**Save first**

**At least 6 months' worth of income is recommended for your emergency fund.**





## Building an emergency fund

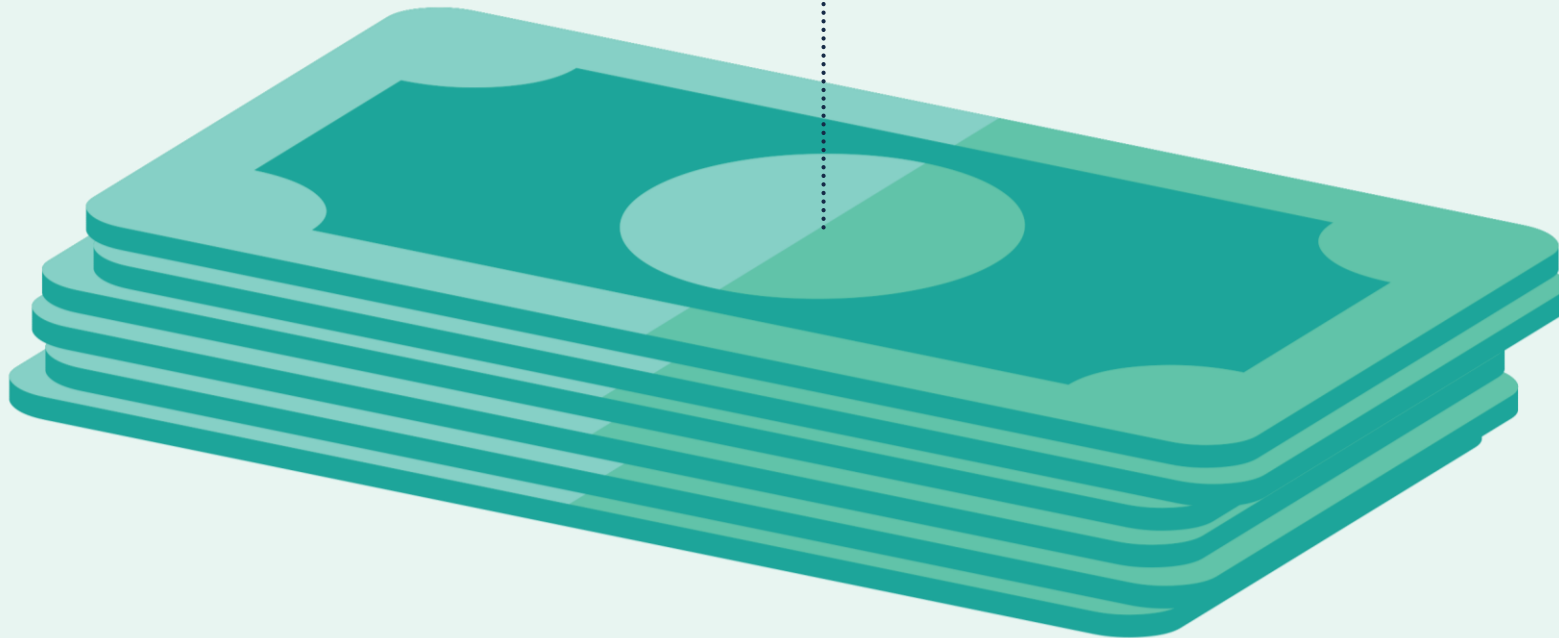
# How to build your emergency savings

Use automatic payroll deduct

Make your savings account “inconvenient”

Put money from raises, promotions, or bonuses toward savings

Use secure investments







## Credit and debt



Debt = no more than  
36% of income



# Manage your debt

Take inventory

Pay off

Pay down

Consolidate

Refinance

Monitor



# Credit cards: pros & cons

## Advantages

Safer than cash

Protection from theft and fraud

Good for travel-related expenses

Build credit history

Get points/rewards



## Disadvantages

Interest

Easy to lose control

Misuse can negatively  
affect credit history



## The impact of interest

**\$10K** ▶  ▶ **\$13.5K**

5 years @ 12.5%



## Credit and debt

# Why does my credit score matter?





## Credit and debt

# Ways to build your credit and boost your score

Keep your oldest credit line

Start small and build

Pay bills on time

Be aware of what accounts you open

Establish checking and savings accounts in your own name

Include your name on all utility bills

Open one or two credit cards in your own name

Check your credit report annually at [annualcreditreport.com](https://annualcreditreport.com)



**Aim for a score  
greater than**

**725**



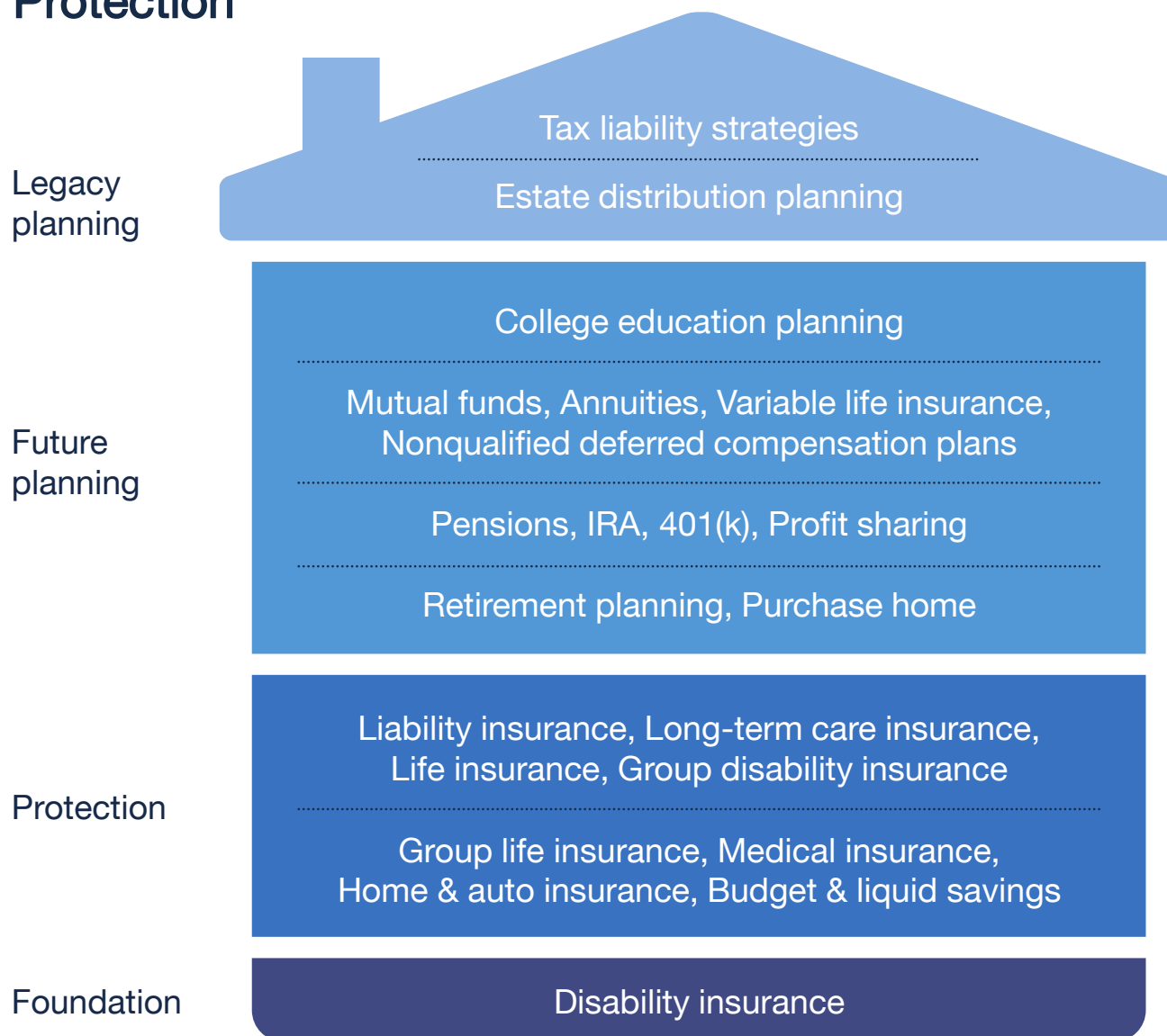
# Protect what's important

Safeguarding your health, wealth & more





## Protection



# Getting your financial house in order

Like a good home,  
financial security starts  
with a solid foundation.





## Long-term care insurance

Protect your longevity

**Most people**  
turning 65 today will need long-term  
care during their lifetime.<sup>1</sup>

Annual cost of private room in  
nursing home:

**\$102,200.**<sup>2</sup>



## Long-term care insurance

Protect your longevity



**Most people**  
turning 65 today will need long-term  
care during their lifetime.<sup>1</sup>

Women at age 65 can expect  
to live, on average, until  
**age 86.5.**<sup>2</sup>

<sup>1</sup> LongTermCare.gov, Who Needs Care?, as of November 2020.

<sup>2</sup> Social Security Administration, as of November 2019 (ssa.gov/planners/lifeexpectancy.html).



Secure your identity

# Protect your identity



PINs

Passwords

Account numbers

Credit report

Vigilance



# Make the most of the money you have

Taking a strategic approach  
to investing & taxes



Investing

# Investment risks

Market risk

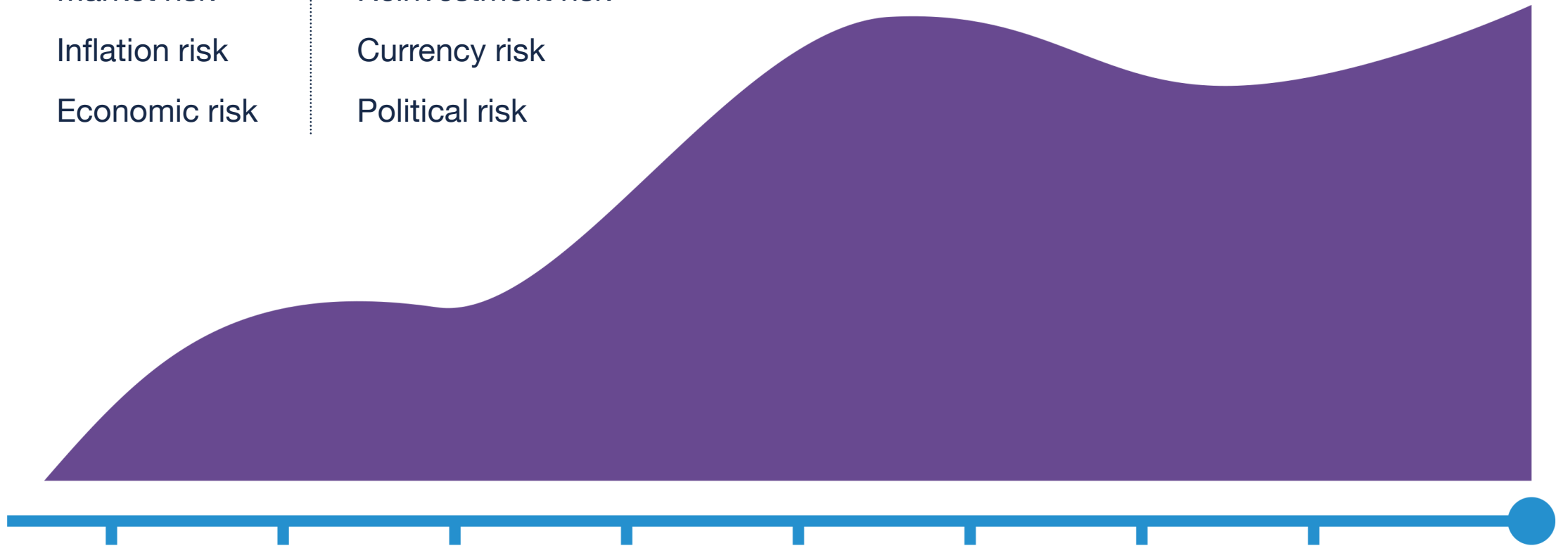
Inflation risk

Economic risk

Reinvestment risk

Currency risk

Political risk





# Investment options

## Short-term (0–5 years)



## Long-term (5+ years)

Savings accounts

Money market accounts/funds

Short-term  
certificates of deposit  
(CDs)—for 3, 6, 9, or 12 months

Long-term CDs

Annuities (fixed or variable)

Mutual funds

Stocks

Bonds





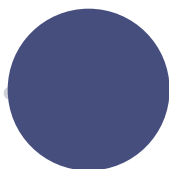
# Risk and return

**Lower risk**

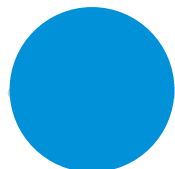
Lower potential return

**Higher risk**

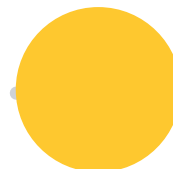
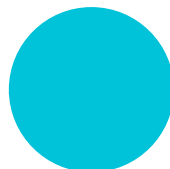
Higher potential return



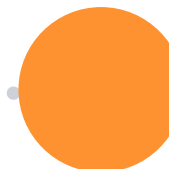
Cash  
alternatives



Fixed  
interest



Bonds



Stocks



# How can you manage investment risk?

- ✓ Diversification
- ✓ Dollar-cost averaging
- ✓ Rebalancing
- ✓ *Not* through market timing





# Save for long-term goals

Planning for  
retirement & college





# Just 23% of workers

feel very confident in their ability  
to live comfortably in retirement.\*



## Retirement planning

Women face unique challenges...



**55%**

of women expect  
to retire after age 65  
or not retire at all.

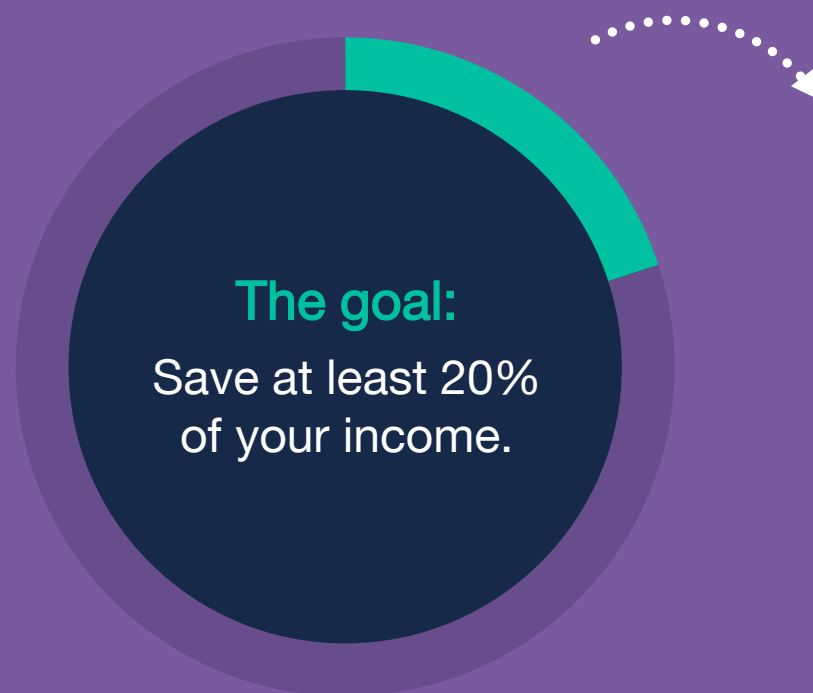
**32%**

of women expect  
Social Security to be their main  
source of retirement income.



## Retirement planning

# Strategies for retirement savings



Pay yourself first.

Take advantage of matching employer contributions

Use automatic plan features for your savings.

Diversify your savings and retirement investments.

Start sooner and benefit from the potential to compound.

Consider rolling old retirement accounts into IRA or current retirement plan

Meet with financial professional.

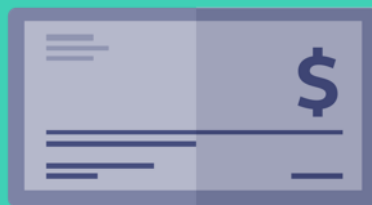


## Retirement planning

# Retirement income sources



Social Security



Defined benefit plans



Part-time work



Retirement planning

# Retirement savings

Qualified savings plans (401(k),  
403(b), IRA, Roth IRA)

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Personal savings

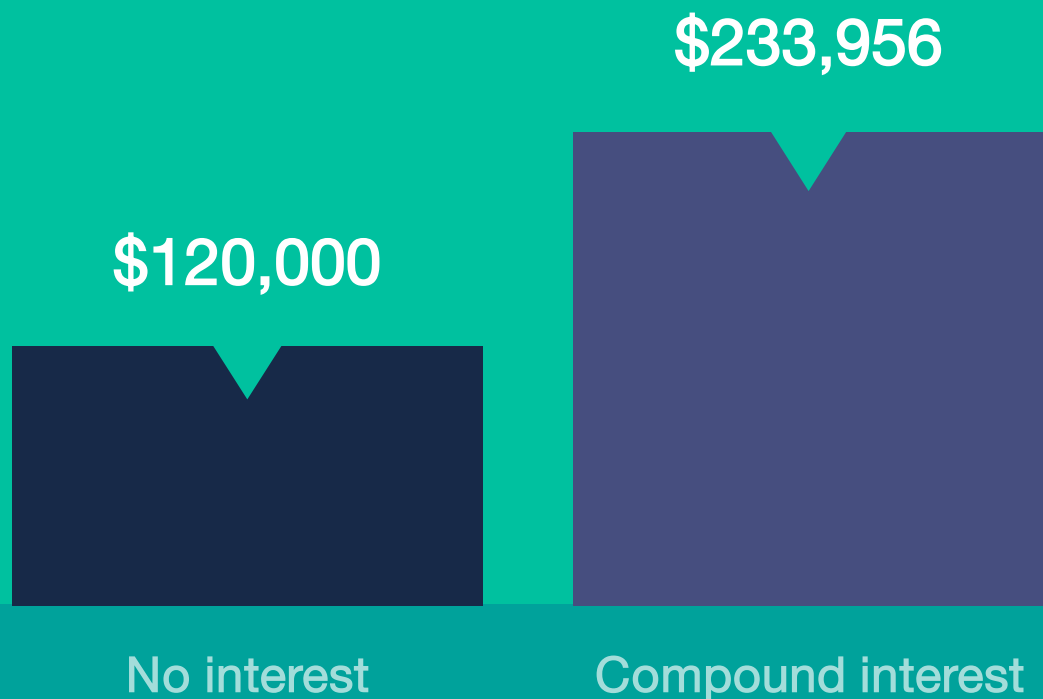




## Retirement planning

# See how it pays to start saving early.

Saving \$6,000 of gross income per year for 20 years with no interest vs. 6% average annual interest:



For illustrative purposes only. The assumed rate of return for the analysis is hypothetical and does not guarantee any future returns nor represent the return of any particular investment. Fees and expenses are not reflected. If such costs were taken into account, the results would be lower. Withdrawals of tax-deferred accumulations are subject to ordinary income tax and prior to age 59½ may be subject to 10% IRS penalty. Lower maximum tax rates on capital gains and dividends would make the investment return for the tax able investment more favorable. Investing involves risk including possible loss of principal. There is no assurance any investment will grow at a steady rate of return. Individual results will vary.



# Social Security basics



Eligibility



Contributions



Retirement  
age



When you can  
start to draw




Spousal  
benefits





## Social Security

# How to maximize Social Security benefits



**57%** of those receiving retirement benefits today are collecting a reduced amount.

Understand your options

Wait to claim benefits

Make sure lower-earning spouse claims benefits before higher-earning spouse

Explore potential benefits related to ex-spouses

Consult with an expert

For a complete guide on how to maximize your Social Security benefits, ask your financial professional.

# Recap



Improving your  
spending habits



Protecting what's  
important



Making the most  
of the money  
you have



Saving for  
long-term goals

For more information, visit: [principal.com/individuals](https://principal.com/individuals)



A woman with brown hair tied back, wearing glasses and a red button-down shirt, is sitting at a desk. She is holding a black pen to her chin and looking off to the side with a thoughtful expression. The background is a blurred office or home workspace with shelves and a plant.

**Your future  
depends on what  
you do today.**

To protect what matters  
most, there's no better  
time to start.

Questions?

# Thank you

Get in touch with any questions.

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