A New Look at The Lawyer’s Guide to Financial Planning -

GPSolo Podcasts - Brown Bag Series

Roadmap to Financial Security

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“To Know and Not to Do is Not to Know”

- Dr. Stephen Covey
STAGE ONE - CREATE FINANCIAL PLAN

☐ Complete financial assessment and create budget
☐ Importance of Budgetary Discipline
☐ Identify values and articulate a written financial mission statement.
☐ Set initial goals and designate specific timelines
☐ Structure a realistic financial plan (See Stage Two)
☐ Execute the terms of the plan
☐ Monitor Investments/Reassess Positions

STAGE TWO - DECISIONS REGARDING FINANCIAL MANAGEMENT

☐ Investing in Stocks, Bonds, Cash Equivalents
☐ Do-It-Yourself or Financial Advisor?
☐ Financial Advisor
☐ Ask 8 questions recommended by SEC’s Office of Investor Education and Advocacy
☐ Review credentials
☐ Choose appropriate level of service based on your needs.
☐ Clarify compensation structure.

A. Risk Management
   • Conduct risk assessment
   • Minimize risk (unless you can afford to lose)
   • Asset Allocation

B. Diversification

C. Inflation
D. Real Estate
   • General Considerations
   • Crunch the numbers conservatively. Assume the worst!
   • Special attention to mortgage calculations
   • How does purchase fit into overall financial plan?

E. Personal Residence
   • Analysis regarding purchase vs. rent
   • Avoid PMI
   • Live below your means

F. Investing in Non-Residential Real Estate
   • Vacation home
   • Review numbers with a cool head - preferably off season
   • Rental, Personal or Hybrid Use?
   • Carefully analyze tax rules
   • Lease or Purchase Office Space?
   • Benefits
   • Build equity instead of paying rent
   • Asset (can be used as collateral for expansion or other necessary loans)
   • Business considerations may override potential financial benefit
   • Limits potential growth
   • May be disinclined to move because of ownership stake

G. Investment property close to college campus (Alternative to dorm living)
   • Do you want to be a landlord?
   • What if your child changes schools

H. Other Investment Options/Vehicles
   • REITs (Diversification without the hassle)
I. Law Practice as an Asset
   • Enhance Income
   • Mindset of Building Business to Sell

STAGE THREE - THREE MAJOR LIFE STAGES (FINANCIAL CONSIDERATIONS)

☐ Responsibility/Desire Funding Education (Child or Grandchild)
☐ CLOSE attention to cost considerations
☐ Make a savings plan and stick to it.
☐ Consider pros and cons of UTMA/UGMA accounts
☐ Investigate all Loans, Scholarships & Grants
☐ Tax Benefits for Education
☐ Section 529 Plans
☐ Coverdell Education Savings Accounts (ESAs)
☐ American Opportunity Tax Credit
☐ Lifetime Learning Tax Credit
☐ Obligation in Divorce Context
☐ Updated information: Check out www.savingforcollege.com

J. Retirement Planning
   • Analysis as to where to live
   • Calculate retirement needs. Create a plan early on and stick with it! Many tools available
   • Wait to take social security benefits (unless you need them or have short life expectancy.)
   • Invest in Tax Qualified Plans early. Withdraw at latest possible date taking into account MRD rules.
   • Plan “retirement” far in advance.
• Consider how you will handle the following common post retirement issues:
  ‣ Redefinition of purpose;
  ‣ Assumption of new roles;
  ‣ Change in identity;
  ‣ New life and lifestyle structure

K. Planning for Long Term Care
• Investigate levels of available care in locale
• Determine cost
• Purchase medigap policy when eligible for medicare
• Take advantage of all benefits available through medicare
• Consider long term care insurance
• Reverse Mortgage
• Eligibility for Veterans Benefits
• Medicaid - Plan for qualification far in advance
• Beware of estate recovery

ASSET CONSERVATION STRATEGIES

L. Insurance
• Professional Liability
• Disability
• Umbrella
• Other Products Customized to Individual/Business Needs

M. Minimize Investment Mistakes
• Beware of Wolves in Sheep’s clothing
• Debt Considerations
• Check out credit report/credit score
• Lease or purchase automobile
• Do not carry balances on Credit Cards

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• “Neither a Borrower Nor a Lender Be.”
• Don’t cosign loans.
• Make a plan to eliminate debt (if any) and stick to it!

N. Income Tax Reduction Strategies
• Start planning at beginning of tax year
• Take full advantage of medical expense deductions

DISTRIBUTION STAGE - ESTATE PLANNING

☐ Complete planning process
☐ Execute documents
☐ Appropriate beneficiary designations
☐ Online Accounts
☐ Avoid Common Estate Planning Mistakes
☐ Face the issues with respect to Estate Planning and the Second Marriage
☐ Do you need to have the Talk with “Aging Parent”
☐ Estate and Inheritance Tax Considerations
☐ Consider Role of Life Insurance
☐ Special Needs Planning (in estate planning context as well as tort recovery and other legal arenas)

Are you interested in learning about how to build a successful law practice? Set up a FREE initial consultation with Cynthia Sharp today. Call 609 923 1017.