

# PERSONAL FINANCIAL PLAN

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Creating the Path to a  
Sunny Retirement Horizon

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## Introduction

Financial literacy is an essential part of life that ultimately dictates how financially successful a person will be in the future. Through my involvement with financial literacy outreach efforts, my eyes have been opened wide to the poor state of financially literacy. With the average American spending \$1.22 for every \$1 they earn<sup>1</sup> and only 32% of Americans creating a budget<sup>2</sup>, it is clear that Americans can greatly benefit from one very important phrase: “Let your savings dictate your spending, not the other way around.” As a result, I am very fortunate to have the ability to implement a solid budget into my life from a young age. Building a solid budget will allow me to establish a strong financial investment base, which will help lead to a successful financial future.

My financial plan is based upon my career aspirations upon graduation. My initiation date is the first day of work as a financial analyst for an investment firm in Pittsburgh, PA. In order to establish my starting salary, I utilized data from the Bureau of Labor Statistics website for Financial Analyst's wages in the Pittsburgh metropolitan area<sup>3</sup>. Since I will be sitting for my CFP exam in July and CFA Level I upon graduation in June of 2018, I assumed a slight inflation in my starting salary. Following graduation, I plan to work in financial analysis for the first 5 years within either an institutional investing or wealth management firm. In order to establish a plan to meet my individual goals, I established an individual budget for years 1, 3 and 5 of my career. The overall goal of my financial plan is save aggressively and pay off all of my current debts within the first 5 years of working, so that I am able to invest a substantial amount of money while I am young. By establishing a solid investment portfolio at a young age, I will be able to reap the benefits of compounding interest as time progresses.

## Year 1

### Goals

My top priority for year 1 of my plan is to invest 25% of my income for year one. While this seems like a large savings goal, it is attainable through devoted budgeting and self-discipline. I will invest the 25% using multiple tax-advantaged accounts in order to create a diversified investment base. In addition, I want to save an additional \$2,400 towards building my emergency fund. Building an emergency fund is crucial to preparing myself for any potential unexpected financial issue that arises.

### Job/Salary

As discussed previously, I plan to work in investments as a financial analyst in the greater Pittsburgh area<sup>3</sup>. I am assuming that I will earn a starting salary of \$56,000, which is slightly higher than the 25<sup>th</sup> percentile for the Pittsburgh metropolitan area. My starting salary is justified by the fact that I will likely have passed the CFP examination and will be sitting for the CFA Level 1 examination upon graduation. For this reason, I assumed \$56,000 as a justifiable salary.

### Taxes

Upon graduation, I will not be married, so I will file using the “Single” IRS filing status. Although my projected salary is \$56,000, my taxable income will likely be much less. First, I will take advantage of saving into a deferred tax retirement account, such as a 401k, which will lower my taxable income. In addition, I will claim the standard deduction for single of \$6,350, as well as the personal exemption amount of \$4,050. After applying the previous deductions, my overall taxable income will be \$37,100, meaning that I will be in the 15% marginal tax bracket<sup>4</sup>. In addition to federal income tax, I will also need to pay FICA<sup>5</sup>, state<sup>6</sup> and local<sup>7</sup> income tax. A detailed breakdown of my taxes is shown in Appendix A.

## Investments

With my top goal for year one being to invest 25% of my income, it is important to choose the right allocation and investment vehicles. If I save 25% of my projected income, I will have \$14,000 to invest in year one. First, I want to diversify the taxability of my investment contributions, so that I have better liquidity available in the future. For this reason, I will maximize my contributions to my Roth IRA of \$5,500. Investing in a Roth IRA will allow me to build up an investment account that I will not have to pay taxes on the returns of, while also giving me complete autonomy to choose my own investments. Since I will likely be in a much higher tax bracket near retirement, it is important to build up a retirement account in which I can make tax-free withdrawals in the future. This will give me much more financial flexibility in the future. I will invest the additional \$8,500 in my 401k. Since the 401k is a tax-deferred retirement account, I will be able to deduct it from my gross income to lower my taxable income. In addition, I will likely have an employer match. Assuming that my investor is willing to match the median 3% of my income<sup>8</sup>, I will add \$10,180 to my 401k during year one. By creating a substantial investment base in year one, I will be able to take full advantage of compounding interest over a significant amount of time.

## Debt & Expenses

Fortunately, I will graduate college with very little debt. Assuming I continue receive scholarship money in my senior year, I will graduate with \$2,500 in student debt. In addition to my student debt, I will have \$12,113.40 in auto loans. A detailed breakdown of my debt amounts at the beginning of year is shown in Appendix B.

As a result of my very low debt, I will have the financial flexibility to reach my lofty savings goals. Although I have the flexibility to meet my goals though, it will require a disciplined savings behavior. During year 1, I plan to live at home and commute to work, which will significantly lower my living expenses. Since I projected my income as pre-tax monthly, I included the Federal, State, Municipal and FICA taxes as expenses on my budget. Furthermore, I will need to pay for auto insurance and short-term disability insurance. Another significant expense category that I have is “Food, Clothes & Car.” Finally, my tithing and miscellaneous expenses include church donations, golf, haircuts, and vacation money. Appendices C & D show my budget and net cash flows for each month of year one. The following percentages show the breakdown of expenses:

- Investments & Savings: 29.51%
- Taxes: 19.46%
- Debt & Rent Payments: 17.14%
- Utilities: 3.96%
- Insurance: 2.46%
- Food, Clothes & Car: 13.93%
- Tithing & Miscellaneous: 13.54%

## Year 3

### Goals

My top priority for year three of my plan is to continue to invest 25% of my income for year three. I will continue to invest the 25% using a 401k and Roth IRA as my investment savings vehicle. Aside from my building my investment portfolio, my other main goal is to rent an apartment in Cranberry Township. In addition, I want to continue saving \$200 per month towards building my emergency fund. By focusing upon building up an investment portfolio and emergency fund, I will establish excellent financial positioning at a young age. Renting an apartment instead of purchasing a home will also allow me to avoid the burden of mortgage debt, as well as allow me to save up for a nicer home in the future.

## Job/Salary

I plan to continue working in investments as a financial analyst in the greater Pittsburgh area. During my first three years, I will be studying for the CFA examinations. I am assuming that I will pass Levels I and

II of the CFA exam, which will lead to an increase in pay. According to a survey of CFA candidates<sup>9</sup>, passing Level II of the CFA exam leads to an average pay increase of 20%. Therefore, I am assuming that I will earn a salary of \$69,216. This salary reflects the appropriate increase related to passing the Level II exam.

## Taxes

Since I currently am not in a relationship, I am assuming that I will not be married in three years. Thus, I will file using the “Single” IRS filing status. Although my projected salary is \$59,216, my taxable income will likely be much less. First, my 401k contributions will significantly lower my taxable income. In addition, I will claim the standard deduction for single of \$6,350, as well as the personal exemption amount of \$4,050. After applying the previous deductions, my overall taxable income will be \$47,012, meaning that I will be in the 25% marginal tax bracket<sup>4</sup>. In addition to federal income tax, I will also need to pay FICA<sup>5</sup>, state<sup>6</sup> and local<sup>7</sup> income tax. A detailed breakdown of my taxes is shown in Appendix E.

## Investments

With my top goal for year one being to invest 25% of my income, it is important to choose the right allocation and investment vehicles. If I save 25% of my projected income, I will have \$17,304 to invest in year three. First, I want to diversify the taxability of my investment contributions, so that I have better liquidity available in the future. For this reason, I will continue to maximize my Roth IRA contributions at \$5,500. Continuing to invest in my Roth IRA will allow me to invest in individual stocks and earn a higher potential return, while also increasing the pool of money that will be eligible for future tax-free withdrawals. I will invest the additional \$11,804 in my 401k. Since the 401k is a tax-deferred retirement account, I will be able to deduct it from my gross income to lower my taxable income. Assuming my employer continues to match the median<sup>8</sup> amount of 3%, I will add \$13,880.48 to my 401k in year three. Continuing to build my investment base at a young age will help me to take even better advantage of compounding investment returns.

## Debt & Expenses

Since I had such low student debt, I will no longer owe any money on my loans by year three. Using a loan amortization schedule for my auto loan and paying more than the minimum monthly payment will allow me to quickly deplete my auto loan debt. In the beginning of year three, I will owe only \$5,721. If I continue to pay more than the minimum, I will pay off my debt four months sooner than my original term length.

During year three, I plan to rent an apartment in Cranberry Township. To lower my expenses, I plan to co-rent my apartment with a friend. After researching, apartments near Cranberry Township, I determined that I can find a quality apartment for \$850 per month<sup>10</sup>. All individual budget account names remained the same as in year one. Appendices F & G show my budget and net cash flows for each month of year three. The following percentages show the breakdown of expenses:

- Investments & Savings: 29.21%
- Taxes: 21.29%
- Debt & Rent Payments: 19.94%
- Utilities: 3.21%
- Insurance: 2.22%
- Food, Clothes & Car: 11.27%
- Tithing & Miscellaneous: 12.86%

It is important to note that the majority of expenses categories have fallen in percentage. The decrease in percentage is due to the fact that my income is projected to grow at a much faster rate than my expenses. My major goal is to maximize savings when I am young, which means that I want to keep my standard of living stagnant even as my income increases to maximize my net worth.

## Year 5

### Goals

My top priority for year five of my plan is to continue to invest 25% of my income for year five. I will continue to invest the 25% using a 401k and Roth IRA as my investment savings vehicle. In addition to investing, I want to save \$500 per month for a down payment on a home. Also, I want to continue saving \$200 per month towards building my emergency fund. Letting my savings dictate my spending has allowed me to develop my budget in a manner that I can realistically reach my savings goals.

### Job/Salary

I plan to continue working in investments as a financial analyst in the greater Pittsburgh area. In year five of my plan, I plan to have passed all three levels of the CFA examination. According to the earlier survey of CFA candidates<sup>9</sup>, passing Level III of the CFA exam leads to an average additional pay increase of 34% from the baseline starting salary. Therefore, I am assuming that I will earn a salary of \$77,291.20. This salary is slightly above the average for the financial analyst in the Pittsburgh metropolitan area<sup>3</sup>, which is a conservative estimate, as CFA's tend to earn more than the average financial analyst salary.

### Taxes

Although I plan to have a fiancé in by year five, I am assuming that I will not get officially married in year five; thus, I will file using the “Single” IRS filing status. Although my projected salary is \$77,291.20, my taxable income will likely be much less. First, my 401k contributions will significantly lower my taxable income. In addition, I will claim the standard deduction for single of \$6,350, as well as the personal exemption amount of \$4,050. After applying the previous deductions, my overall taxable income will be \$53,068, meaning that I will be in the 25% marginal tax bracket<sup>4</sup>. In addition to federal income tax, I will also need to pay FICA<sup>5</sup>, state<sup>6</sup> and local<sup>7</sup> income tax. A detailed breakdown of my taxes is shown in Appendix H.

### Investments

If I save 25% of my projected income into tax-advantaged accounts, I will have \$19,322.80 to invest in year five. I will continue to maximize my Roth contributions at \$5,500. I will invest the addition \$13,822.80 in my 401k. Assuming my employer continues to match the median<sup>8</sup> amount of 3%, I will add \$16,141.54 to my 401k in year five.

### Debt & Expenses

In year five, I will be completely debt free, so I will no longer have the obligation to make debt payments. Since I will be debt free, I intend to start saving \$500 per month for a home down payment, which is included in “Investment & Savings.”

I intend to continue co-renting my apartment in Cranberry Township. Aside from saving for a home, all other expense account names remained the same. Appendices I & J show my budget and net cash flows for each month of year three. The following percentages show the breakdown of expenses:

- Investments & Savings: 38.97%
- Taxes: 22.14%
- Debt & Rent Payments: 13.20%
- Utilities: 2.87%
- Insurance: 1.99%
- Food, Clothes & Car: 10.09%
- Tithing & Miscellaneous: 12.56%

It is important to note that the majority of expenses categories have fallen in percentage. The decrease in percentage is due to the fact that my income is projected to grow at a much faster rate than my expenses. My major goal is to maximize savings when I am young, which means that I want to keep my standard of living stagnant even as my income increases to maximize my net worth.

### Financial Positioning

After creating a budget, it is essential to assess how the intermediate decisions will affect my overall financial positioning. In order to accurately assess my financial positioning, I developed a balance sheet for

the beginning and end of each year that I analyzed. My balance sheet reflects my savings and investment accounts as assets, while showing my outstanding debts as liabilities. The asset values increase using the projected annual contributions from my monthly budgets, while the debt values refer to the loan amortization schedules for my debts. Using the balance sheets, I am able to gauge my change in net worth. The beginning and ending balance sheet for years one through five are shown in Appendix K. If I abide by my financial plan, I will have a net worth of \$150,231.

## ***Shelter from Destruction—Protection against Risk***

Although it is not enjoyable to think about, many risks could potentially destroy an entire financial plan. Fortunately, it is possible to manage potential downside risks and avoid a financial disaster. I established two major risk management strategies in my first five years: establishing an emergency fund and purchasing adequate insurance. An emergency fund is essential, as it is impossible to predict a surprise expense that may randomly arise. While an emergency fund seems logical, 63% of Americans do not have enough savings to pay a \$500 emergency bill<sup>11</sup>. To prevent myself from having the same problem, I saved \$200 each month for 5 years to establish my emergency fund. Additionally, I assumed purchasing a short-term disability policy, which will help me cover my expenses until I surpass my work's long-term disability elimination period. My emergency fund savings and insurance premium only cost \$328 combined per month. When considering the amount of downside protection provided, it is definitely worth the price.

## ***Eyes on the Prize—Retirement Positioning***

Throughout my five-year plan, I aggressively saved in order to establish a sizeable investment portfolio to prepare for retirement in the future. At the end of year five, I projected to have an investment portfolio value of \$133,609. Of the total investment portfolio, I will have \$73,186 in 401k and \$41,278 in my Roth IRA. Therefore, I will have achieved my goal of diversifying the taxability of my future withdrawals. A full retirement projection value is shown in Appendix L. Although I will establish a great base in my first five years, I must continue to save responsibly in order to enjoy a happy retirement in the future.

## ***Strong Returns Require Strong Stomachs***

Although everybody wants to earn the highest return possible, the truth is—most people simply do not have strong enough stomachs to handle the volatility associated with high return. In order to gauge my risk tolerance, I utilized a Charles Schwab questionnaire<sup>12</sup>. The questionnaire reaffirmed my premonition that I am an aggressive investor. As a result, my portfolios will be mainly comprised of equities, allowing for a higher projected return.

## ***Reality Check—Realistic Expectations Require Realistic Assumptions***

Since the majority of investment planning is based upon expected future rates, it is important to remain conservative with investment return estimates. For this reason, I decided to split up my investment return assumptions by investment vehicle. I anticipate the highest returns for my Roth IRA account. In my Roth IRA, I will have a long time horizon and I will invest in individual securities, both of which are important factors of potential return. I anticipate the lowest returns within my 401k, as I will have a limited pool of investments, which consists of mutual funds. As a result, I plan to invest more conservatively than in my Roth IRA and earn a lower return. My brokerage return will likely return less than my Roth IRA, but more than my 401k due to my time horizon and allocation. In addition, inflation is an important factor to show how much a future value will truly be worth in spending power. My assumed rates are shown in the table below. I heavily considered my risk tolerance when determining the expected returns for each account.

	Roth IRA	401k	Brokerage	Inflation
Annual Return	7.50%	6.00%	6.50%	3.50%

## Appendix A – Tax Year 1

Salary	\$ 56,000.00
401k Contribution	\$ 8,500.00
Standard Deduction	\$ 6,350.00
Personal Exemption	\$ 4,050.00
Taxable Income	\$ 37,100.00

Tax Rate	Taxable Income @ Rate	Federal Income Tax
10%	\$ 9,275.00	\$ 927.50
15%	\$ 27,825.00	\$ 4,173.75
25%	\$ -	\$ -
28%	\$ -	\$ -
33%	\$ -	\$ -
35%	\$ -	\$ -
39.60%	\$ -	\$ -

Federal		\$	5,101.25
FICA	7.65%	\$	4,284.00
State	3.07%	\$	1,138.97
Local	1%	\$	371.00
Total		\$	10,895.22

## Appendix B – Initial Debt Year 1

<b>Current Liabilities</b>		
<i>Auto Loan</i>	\$	12,113
<i>Student Loan</i>	\$	2,500
<i>Mortgage</i>	\$	-
<b>Total Current Liabilities</b>	<b>\$</b>	<b>14,613</b>

# Appendix C –Budget Year 1

<b>Income</b>			
Before-Tax Salary	\$	4,666.67	
Other Income	\$	-	
<b>Total Monthly Income</b>		\$ 4,666.67	
<b>Savings</b>			
401 k	\$	708.33	
Roth IRA	\$	458.33	
Emergency Fund	\$	200.00	
Savings Account	\$	10.40	
Brokerage	\$	-	
<b>Total Monthly Savings</b>		\$ 1,377.07	
<b>Expenses</b>			
<b>Taxes</b>			
Federal Income Tax	\$	425.10	
FICA Tax	\$	357.00	
State Income Tax	\$	94.91	
Local Income Tax	\$	30.92	
<b>Total Taxes Paid</b>		\$ 907.94	
<b>Debt &amp; Rent</b>			
Student Debt	\$	100.00	
Auto Loan	\$	300.00	
Rent Payment	\$	400.00	
<b>Total Debt &amp; Rent Paid</b>		\$ 800.00	
<b>Utilities</b>			
Cable	\$	30.00	
Water	\$	20.00	
Gas	\$	25.00	
Electric	\$	45.00	
Internet	\$	25.00	
Cell Phone	\$	40.00	
<b>Total Utilities Paid</b>		\$ 185.00	
<b>Insurance</b>			
Auto	\$	50.00	
Disability	\$	65.00	
Homeowner's/Renter's	\$	-	
Life	\$	-	
<b>Total Insurance Paid</b>		\$ 115.00	
<b>Food, Clothes &amp; Car</b>			
Groceries	\$	200.00	
Dining Out	\$	150.00	
Clothes	\$	50.00	
Gasoline	\$	200.00	
Auto Maintenance	\$	50.00	
<b>Total Food, Clothes &amp; Car</b>		\$ 650.00	
<b>Tithing &amp; Miscellaneous</b>			
Tithing/Church Donation	\$	466.67	
Golfing	\$	100.00	
Hair Cuts	\$	15.00	
Vacation	\$	50.00	
<b>Total Tithing &amp; Miscellaneous</b>		\$ 631.67	
<b>TOTAL EXPENSES</b>		\$ 3,289.60	

## Appendix D –Net Cash Flow Year 1

Net Cash Flow		Budgeted Spending	
Total Monthly Income	\$ 4,666.67		
Total Monthly Savings	\$ 1,377.07		
Cash Remaining for Expenses	\$ 3,289.60		
Cash Remaining for Expenses	\$ 3,289.60		
Total Monthly Expenses	\$ 3,289.60		
Net Cash Flow	\$ (0.00)		

## Appendix E – Tax Year 3

Salary	\$ 69,216.00
401k Contribution	\$ 11,804.00
Standard Deduction	\$ 6,350.00
Personal Exemption	\$ 4,050.00
Taxable Income	\$ 47,012.00

Tax Rate	Taxable Income @ Rate	Federal Income Tax
10%	\$ 9,275.00	\$ 927.50
15%	\$ 28,375.00	\$ 4,256.25
25%	\$ 9,362.00	\$ 2,340.50
28%	\$ -	\$ -
33%	\$ -	\$ -
35%	\$ -	\$ -
39.60%	\$ -	\$ -

Federal		\$	7,524.25
FICA	7.65%	\$ 69,216.00	\$ 5,295.02
State	3.07%	\$ 47,012.00	\$ 1,443.27
Local	1%	\$ 47,012.00	\$ 470.12
Total		\$	14,732.66

## **Appendix F – Budget Year 3**

Income			
Before-Tax Salary	\$	5,768.00	
Other Income	\$	-	
<b>Total Monthly Income</b>		\$	<b>5,768.00</b>
Savings			
401 k	\$	983.67	
Roth IRA	\$	458.33	
Emergency Fund	\$	200.00	
Savings Account	\$	15.00	
Brokerage	\$	28.00	
<b>Total Monthly Savings</b>		\$	<b>1,685.00</b>
Expenses			
Taxes			
Federal Income Tax	\$	627.02	
FICA Tax	\$	441.25	
State Income Tax	\$	120.27	
Local Income Tax	\$	39.18	
<b>Total Taxes Paid</b>		\$	<b>1,227.72</b>
Debt & Rent			
Student Debt	\$	-	
Auto Loan	\$	300.00	
Rent Payment	\$	850.00	
<b>Total Debt &amp; Rent Paid</b>		\$	<b>1,150.00</b>
Utilities			
Cable	\$	30.00	
Water	\$	20.00	
Gas	\$	25.00	
Electric	\$	45.00	
Internet	\$	25.00	
Cell Phone	\$	40.00	
<b>Total Utilities Paid</b>		\$	<b>185.00</b>
Insurance			
Auto	\$	50.00	
Disability	\$	65.00	
Homeowner's/Renter's	\$	13.00	
Life	\$	-	
<b>Total Utilities Paid</b>		\$	<b>128.00</b>
Food, Clothes & Car			
Groceries	\$	200.00	
Dining Out	\$	150.00	
Clothes	\$	50.00	
Gasoline	\$	200.00	
Auto Maintenance	\$	50.00	
<b>Total Food, Clothes &amp; Car</b>		\$	<b>650.00</b>
Miscellaneous			
Tithing/Church Donation	\$	576.80	
Golfing	\$	100.00	
Hair Cuts	\$	15.00	
Vacation	\$	50.00	
<b>Total Miscellaneous</b>		\$	<b>741.80</b>
<b>TOTAL EXPENSES</b>		\$	<b>4,082.52</b>

## **Appendix G – Net Cash Flow Year 3**

Net Cash Flow		Budgeted Spending		
Total Monthly Income	\$ 5,768.00			
Total Monthly Savings	\$ 1,685.00			
Cash Remaining for Expenses	\$ 4,083.00			
Cash Remaining for Expenses	\$ 4,083.00			
Total Monthly Expenses	\$ 4,082.52			
Net Cash Flow	\$ 0.48			

## **Appendix H – Tax Year 5**

Salary	\$ 77,291.20
401k Contribution	\$ 13,822.80
Standard Deduction	\$ 6,350.00
Personal Exemption	\$ 4,050.00
<hr/>	
Taxable Income	\$ 53,068.40

Tax Rate	Taxable Income @ Rate	Federal Income Tax
10% \$	9,275.00	\$ 927.50
15% \$	28,375.00	\$ 4,256.25
25% \$	15,418.40	\$ 3,854.60
28% \$	-	\$ -
33% \$	-	\$ -
35% \$	-	\$ -
39.60% \$	-	\$ -

Federal		\$	9,038.35
FICA	7.65%	\$	77,291.20
State	3.07%	\$	53,068.40
Local	1%	\$	530.68
Total		\$	17,111.01

# Appendix I – Budget Year 5

<b>Income</b>			
Before-Tax Salary	\$	6,440.93	
Other Income	\$	-	
		<b>Total Monthly Income</b>	\$ 6,440.93
<b>Savings</b>			
401 k	\$	1,151.90	
Roth IRA	\$	458.33	
Emergency Fund	\$	200.00	
Home Savings	\$	500.00	
Brokerage	\$	200.00	
		<b>Total Monthly Savings</b>	\$ 2,510.23
<b>Expenses</b>			
<b>Taxes</b>			
Federal Income Tax	\$	753.20	
FICA Tax	\$	492.73	
State Income Tax	\$	135.77	
Local Income Tax	\$	44.22	
		<b>Total Taxes Paid</b>	\$ 1,425.92
<b>Debt &amp; Rent</b>			
Student Debt	\$	-	
Auto Loan	\$	-	
Rent Payment	\$	850.00	
		<b>Total Debt &amp; Rent Paid</b>	\$ 850.00
<b>Utilities</b>			
Cable	\$	30.00	
Water	\$	20.00	
Gas	\$	25.00	
Electric	\$	45.00	
Internet	\$	25.00	
Cell Phone	\$	40.00	
		<b>Total Utilities Paid</b>	\$ 185.00
<b>Insurance</b>			
Auto	\$	50.00	
Disability	\$	65.00	
Homeowner's/Renter's	\$	13.00	
Life	\$	-	
		<b>Total Utilities Paid</b>	\$ 128.00
<b>Food, Clothes &amp; Car</b>			
Groceries	\$	200.00	
Dining Out	\$	150.00	
Clothes	\$	50.00	
Gasoline	\$	200.00	
Auto Maintenance	\$	50.00	
		<b>Total Food, Clothes &amp; Car</b>	\$ 650.00
<b>Miscellaneous</b>			
Tithing/Church Donation	\$	644.09	
Golfing	\$	100.00	
Hair Cuts	\$	15.00	
Vacation	\$	50.00	
		<b>Total Miscellaneous</b>	\$ 809.09
		<b>TOTAL EXPENSES</b>	\$ 4,048.01

## Appendix J – Net Cash Flow Year 5

Net Cash Flow		Budgeted Spending	
<b>Total Monthly Income</b>	\$ 6,440.93		
<b>Total Monthly Savings</b>	\$ 2,510.23		
<b>Cash Remaining for Expenses</b>	\$ 3,930.70		
<b>Cash Remaining for Expenses</b>	\$ 3,930.70		
<b>Total Monthly Expenses</b>	\$ 4,048.01		
<b>Net Cash Flow</b>	\$ (117.31)		
		<b>Total Monthly Savings</b>	\$ 2,510.23 38.97%
		<b>Total Taxes Paid</b>	\$ 1,425.92 22.14%
		<b>Total Debt &amp; Rent Paid</b>	\$ 850.00 13.20%
		<b>Total Utilities Paid</b>	\$ 185.00 2.87%
		<b>Total Insurance Paid</b>	\$ 128.00 1.99%
		<b>Total Food, Clothes &amp; Car</b>	\$ 650.00 10.09%
		<b>Total Tithing &amp; Miscellaneous</b>	\$ 809.09 12.56%

# Appendix K – Balance Sheets Years 1-5

Balance Sheet (Beginning of Year 1)			
As of 6/1/2018			
Assets		Liabilities & Equity	
Assets		Liabilities	
<b>Cash &amp; Savings Account</b>			
Cash in Safe	\$ 350	Auto Loan	\$ 12,113
Checking Account- 1	\$ 750	Student Loan	\$ 2,500
Checking Account- 2	\$ 2,000	Mortgage	\$ -
Savings Account- 1	\$ 1,000	<b>Total Current Liabilities</b>	<b>\$ 14,613</b>
Savings Account- 2	\$ 3,000		
Emergency Fund	\$ 500		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 7,600</b>		
<b>Investments</b>			
401k	\$ -		
Roth IRA	\$ 6,500		
Brokerage	\$ 4,000		
<b>Total Investments</b>	<b>\$ 10,500</b>		
<b>Total Assets</b>	<b>\$ 18,100</b>	<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 18,100</b>

Balance Sheet (End of Year 1)			
As of 6/1/2019			
Assets		Liabilities & Equity	
Assets		Liabilities	
<b>Cash &amp; Savings Account</b>			
Cash in Safe	\$ 350	Auto Loan	\$ 8,988
Checking Account- 1	\$ 750	Student Loan	\$ -
Checking Account- 2	\$ 2,000	Mortgage	\$ -
Savings Account- 1	\$ 1,125	<b>Total Current Liabilities</b>	<b>\$ 8,988</b>
Savings Account- 2	\$ 3,000		
Emergency Fund	\$ 2,900		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 10,125</b>		
<b>Investments</b>			
401k	\$ 10,180		
Roth IRA	\$ 12,488		
Brokerage	\$ 6,660		
<b>Total Investments</b>	<b>\$ 29,328</b>		
<b>Total Assets</b>	<b>\$ 39,452</b>	<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 39,452</b>

<b>Balance Sheet (End of Year 2)</b>			
<b>As of 6/1/2020</b>			
<b>Assets</b>		<b>Liabilities &amp; Equity</b>	
<i>Assets</i>			
Cash & Savings Account			
Cash in Safe	\$ 350	Current Liabilities	
Checking Account- 1	\$ 750	Auto Loan \$ 5,721	
Checking Account- 2	\$ 2,000	Student Loan \$ -	
Savings Account- 1	\$ 1,250	Mortgage \$ -	
Savings Account- 2	\$ 3,000	Total Current Liabilities \$ 5,721	
Emergency Fund	\$ 5,300		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 12,650</b>		
Investments		<i>Equity</i>	
401k	\$ 21,441	Net Worth	
Roth IRA	\$ 18,924		
Brokerage	\$ 9,493	Total Net Worth \$ 56,786	
<b>Total Investments</b>	<b>\$ 49,858</b>		
<b>Total Assets</b>	<b>\$ 62,508</b>	<b>Total Liabilities &amp; Shareholder's Equity</b> \$ 62,508	

<b>Balance Sheet (End of Year 3)</b>			
<b>As of 6/1/2021</b>			
<b>Assets</b>		<b>Liabilities &amp; Equity</b>	
<i>Assets</i>			
Cash & Savings Account			
Cash in Safe	\$ 350	Current Liabilities	
Checking Account- 1	\$ 750	Auto Loan \$ 2,306	
Checking Account- 2	\$ 2,000	Student Loan \$ -	
Savings Account- 1	\$ 1,430	Mortgage \$ -	
Savings Account- 2	\$ 3,000	Total Current Liabilities \$ 2,306	
Emergency Fund	\$ 7,700		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 15,230</b>		
Investments		<i>Equity</i>	
401k	\$ 36,608	Net Worth	
Roth IRA	\$ 25,843		
Brokerage	\$ 12,510	Total Net Worth \$ 87,885	
<b>Total Investments</b>	<b>\$ 74,961</b>		
<b>Total Assets</b>	<b>\$ 90,191</b>	<b>Total Liabilities &amp; Shareholder's Equity</b> \$ 90,191	

Balance Sheet (End of Year 4)			
As of 6/1/2022			
Assets		Liabilities & Equity	
Assets		<i>Liabilities</i>	
<b>Cash &amp; Savings Account</b>			
Cash in Safe	\$ 350	Auto Loan	\$ -
Checking Account- 1	\$ 750	Student Loan	\$ -
Checking Account- 2	\$ 2,000	Mortgage	\$ -
Savings Account- 1 (Home)	\$ 2,870	Total Current Liabilities	\$ -
Savings Account- 2	\$ 3,000		
Emergency Fund	\$ 10,100		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 19,070</b>		
<b>Investments</b>			
401k	\$ 53,816		
Roth IRA	\$ 33,282		
Brokerage	\$ 15,723		
<b>Total Investments</b>	<b>\$ 102,820</b>		
<b>Total Assets</b>	<b>\$ 121,890</b>	<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 121,890</b>

Balance Sheet (End of Year 5)			
As of 6/1/2022			
Assets		Liabilities & Equity	
Assets		<i>Liabilities</i>	
<b>Cash &amp; Savings Account</b>			
Cash in Safe	\$ 350	Auto Loan	\$ -
Checking Account- 1	\$ 750	Student Loan	\$ -
Checking Account- 2	\$ 2,000	Mortgage	\$ -
Savings Account- 1 (Home)	\$ 8,870	Total Current Liabilities	\$ -
Savings Account- 2	\$ 3,000		
Emergency Fund	\$ 12,500		
<b>Total Cash &amp; Savings Account</b>	<b>\$ 27,470</b>		
<b>Investments</b>			
401k	\$ 73,186		
Roth IRA	\$ 41,278		
Brokerage	\$ 19,145		
<b>Total Investments</b>	<b>\$ 133,609</b>		
<b>Total Assets</b>	<b>\$ 161,079</b>	<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>\$ 161,079</b>

## Appendix L – Retirement Analysis

### \*Future Values if no additional Investments

Roth IRA	
Account Value	\$ 41,277.74
Payments	\$ -
Number of PMTS	40
Return	7.50%
Value @ Retirement	\$744,825.43

401k	
Account Value	\$ 73,186.12
Payments	\$ -
Number of PMTS	40
Return	6.00%
Value @ Retirement	\$752,771.83

Brokerage	
Account Value	\$ 19,145.08
Payments	\$ -
Number of PMTS	40
Return	6.50%
Value @ Retirement	\$237,706.80

Roth IRA	\$744,825.43
401k	\$752,771.83
Brokerage	\$237,706.80
Total Future Value	\$1,735,304.06

Total Future Value	\$1,735,304.06
Inflation Discount Factor	3.50%
Years to Discount	\$45.00
Present Value	\$369,028.44

## Appendix M – Auto Loan Amortization

Annual Interest 4.44%  
 PMT \$300  
 Principal \$15,830.14  
 Interest 0.37%

	<b>Month</b>	<b>Beginning Principal</b>	<b>Payment</b>	<b>Interest</b>	<b>PMT</b>	<b>Principal PMT</b>	<b>Ending Principal</b>
	1	\$15,830.14	\$300	\$58.57	\$241.43	\$15,588.71	
Mar-17	2	\$15,588.71	\$300	\$57.68	\$242.32	\$15,346.39	
Apr-17	3	\$15,346.39	\$300	\$56.78	\$243.22	\$15,103.17	
May-17	4	\$15,103.17	\$300	\$55.88	\$244.12	\$14,859.05	
Jun-17	5	\$14,859.05	\$300	\$54.98	\$245.02	\$14,614.03	
Jul-17	6	\$14,614.03	\$300	\$54.07	\$245.93	\$14,368.10	
Sep-17	7	\$14,368.10	\$300	\$53.16	\$246.84	\$14,121.27	
Oct-17	8	\$14,121.27	\$300	\$52.25	\$247.75	\$13,873.51	
Nov-17	9	\$13,873.51	\$300	\$51.33	\$248.67	\$13,624.85	
Dec-17	10	\$13,624.85	\$300	\$50.41	\$249.59	\$13,375.26	
Jan-18	11	\$13,375.26	\$300	\$49.49	\$250.51	\$13,124.75	
Feb-18	12	\$13,124.75	\$300	\$48.56	\$251.44	\$12,873.31	
Mar-18	13	\$12,873.31	\$300	\$47.63	\$252.37	\$12,620.94	
Apr-18	14	\$12,620.94	\$300	\$46.70	\$253.30	\$12,367.64	
May-18	15	\$12,367.64	\$300	\$45.76	\$254.24	\$12,113.40	
Jun-18	16	\$12,113.40	\$300	\$44.82	\$255.18	\$11,858.22	
Jul-18	17	\$11,858.22	\$300	\$43.88	\$256.12	\$11,602.09	
Aug-18	18	\$11,602.09	\$300	\$42.93	\$257.07	\$11,345.02	
Sep-18	19	\$11,345.02	\$300	\$41.98	\$258.02	\$11,087.00	
Oct-18	20	\$11,087.00	\$300	\$41.02	\$258.98	\$10,828.02	
Nov-18	21	\$10,828.02	\$300	\$40.06	\$259.94	\$10,568.08	
Dec-18	22	\$10,568.08	\$300	\$39.10	\$260.90	\$10,307.18	
Jan-19	23	\$10,307.18	\$300	\$38.14	\$261.86	\$10,045.32	
Feb-19	24	\$10,045.32	\$300	\$37.17	\$262.83	\$9,782.49	
Mar-19	25	\$9,782.49	\$300	\$36.20	\$263.80	\$9,518.68	
Apr-19	26	\$9,518.68	\$300	\$35.22	\$264.78	\$9,253.90	
May-19	27	\$9,253.90	\$300	\$34.24	\$265.76	\$8,988.14	
Jun-19	28	\$8,988.14	\$300	\$33.26	\$266.74	\$8,721.40	
Jul-19	29	\$8,721.40	\$300	\$32.27	\$267.73	\$8,453.67	
Aug-19	30	\$8,453.67	\$300	\$31.28	\$268.72	\$8,184.95	
Sep-19	31	\$8,184.95	\$300	\$30.28	\$269.72	\$7,915.23	
Oct-19	32	\$7,915.23	\$300	\$29.29	\$270.71	\$7,644.52	
Nov-19	33	\$7,644.52	\$300	\$28.28	\$271.72	\$7,372.80	
Dec-19	34	\$7,372.80	\$300	\$27.28	\$272.72	\$7,100.08	
Jan-20	35	\$7,100.08	\$300	\$26.27	\$273.73	\$6,826.35	
Feb-20	36	\$6,826.35	\$300	\$25.26	\$274.74	\$6,551.61	
Mar-20	37	\$6,551.61	\$300	\$24.24	\$275.76	\$6,275.85	
Apr-20	38	\$6,275.85	\$300	\$23.22	\$276.78	\$5,999.07	
May-20	39	\$5,999.07	\$300	\$22.20	\$277.80	\$5,721.27	
Jun-20	40	\$5,721.27	\$300	\$21.17	\$278.83	\$5,442.44	
Jul-20	41	\$5,442.44	\$300	\$20.14	\$279.86	\$5,162.57	
Aug-20	42	\$5,162.57	\$300	\$19.10	\$280.90	\$4,881.67	
Sep-20	43	\$4,881.67	\$300	\$18.06	\$281.94	\$4,599.74	
Oct-20	44	\$4,599.74	\$300	\$17.02	\$282.98	\$4,316.75	
Nov-20	45	\$4,316.75	\$300	\$15.97	\$284.03	\$4,032.73	
Dec-20	46	\$4,032.73	\$300	\$14.92	\$285.08	\$3,747.65	
Jan-21	47	\$3,747.65	\$300	\$13.87	\$286.13	\$3,461.51	
Feb-21	48	\$3,461.51	\$300	\$12.81	\$287.19	\$3,174.32	
Mar-21	49	\$3,174.32	\$300	\$11.74	\$288.26	\$2,886.07	
Apr-21	50	\$2,886.07	\$300	\$10.68	\$289.32	\$2,596.75	
May-21	51	\$2,596.75	\$300	\$9.61	\$290.39	\$2,306.35	
Jun-21	52	\$2,306.35	\$300	\$8.53	\$291.47	\$2,014.89	
Jul-21	53	\$2,014.89	\$300	\$7.46	\$292.54	\$1,722.34	
Aug-21	54	\$1,722.34	\$300	\$6.37	\$293.63	\$1,428.71	
Sep-21	55	\$1,428.71	\$300	\$5.29	\$294.71	\$1,134.00	
Oct-21	56	\$1,134.00	\$300	\$4.20	\$295.80	\$838.20	
Nov-21	57	\$838.20	\$300	\$3.10	\$296.90	\$541.30	
Dec-21	58	\$541.30	\$300	\$2.00	\$298.00	\$243.30	
Jan-22	59	\$243.30	\$300	\$0.90	\$299.10	(\$55.80)	

\$1,814.06

## Appendix N – Student Loan Amortization

Annual Interest	4.50%
PMT	\$100
Principal	\$2,500.00
Interest	0.38%

	Month	Beginning Principal	Payment	Interest PMT	Principal PMT	Ending Principal
Mar-17	1	\$2,500.00	\$100	\$9.38	\$90.63	\$2,409.38
Apr-17	2	\$2,409.38	\$100	\$9.04	\$90.96	\$2,318.41
May-17	3	\$2,318.41	\$100	\$8.69	\$91.31	\$2,227.10
Jun-17	4	\$2,227.10	\$100	\$8.35	\$91.65	\$2,135.46
Jul-17	5	\$2,135.46	\$100	\$8.01	\$91.99	\$2,043.46
Aug-17	6	\$2,043.46	\$100	\$7.66	\$92.34	\$1,951.13
Sep-17	7	\$1,951.13	\$100	\$7.32	\$92.68	\$1,858.44
Oct-17	8	\$1,858.44	\$100	\$6.97	\$93.03	\$1,765.41
Nov-17	9	\$1,765.41	\$100	\$6.62	\$93.38	\$1,672.03
Dec-17	10	\$1,672.03	\$100	\$6.27	\$93.73	\$1,578.30
Jan-18	11	\$1,578.30	\$100	\$5.92	\$94.08	\$1,484.22
Feb-18	12	\$1,484.22	\$100	\$5.57	\$94.43	\$1,389.79
Mar-18	13	\$1,389.79	\$100	\$5.21	\$94.79	\$1,295.00
Apr-18	14	\$1,295.00	\$100	\$4.86	\$95.14	\$1,199.86
May-18	15	\$1,199.86	\$100	\$4.50	\$95.50	\$1,104.35
Jun-18	16	\$1,104.35	\$100	\$4.14	\$95.86	\$1,008.50
Jul-18	17	\$1,008.50	\$100	\$3.78	\$96.22	\$912.28
Aug-18	18	\$912.28	\$100	\$3.42	\$96.58	\$815.70
Sep-18	19	\$815.70	\$100	\$3.06	\$96.94	\$718.76
Oct-18	20	\$718.76	\$100	\$2.70	\$97.30	\$621.45
Nov-18	21	\$621.45	\$100	\$2.33	\$97.67	\$523.78
Dec-18	22	\$523.78	\$100	\$1.96	\$98.04	\$425.75
Jan-19	23	\$425.75	\$100	\$1.60	\$98.40	\$327.34
Feb-19	24	\$327.34	\$100	\$1.23	\$98.77	\$228.57
Mar-19	25	\$228.57	\$100	\$0.86	\$99.14	\$129.43
Apr-19	26	\$129.43	\$100	\$0.49	\$99.51	\$29.91
May-19	27	\$29.91	\$100	\$0.11	\$99.89	(\$69.97)

\$130.03

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