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Welcome to our intellicast!

We will start at 12pm CST.



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financial planning for young families



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meet your intellicents team

Landon Vander Leest
Personal Financial Wellness Consultant



Designation and license background:

- FINRA Securities exam: Series 7 and 66
- Life and Accident/Health Insurance



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David Busselman CFP®
Personal Financial Wellness Consultant



Designation and license background:

- Certified Financial Planner- CFP®
- FINRA Securities exam: Series 7 and 66
- Life and Accident/Health Insurance



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Lindsay Stout
Financial Advisor



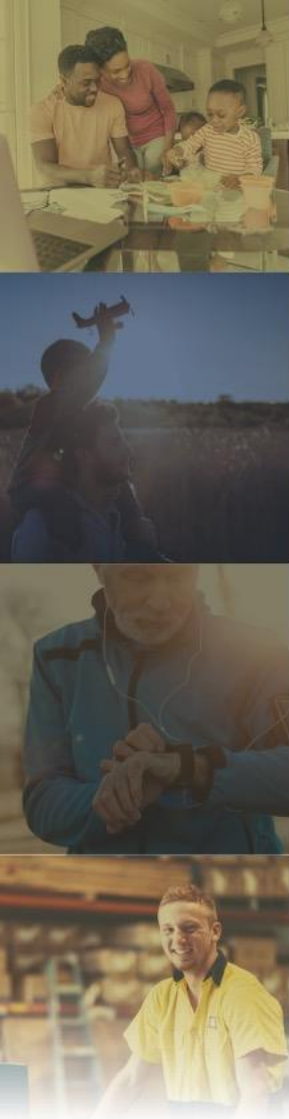
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budgeting targets



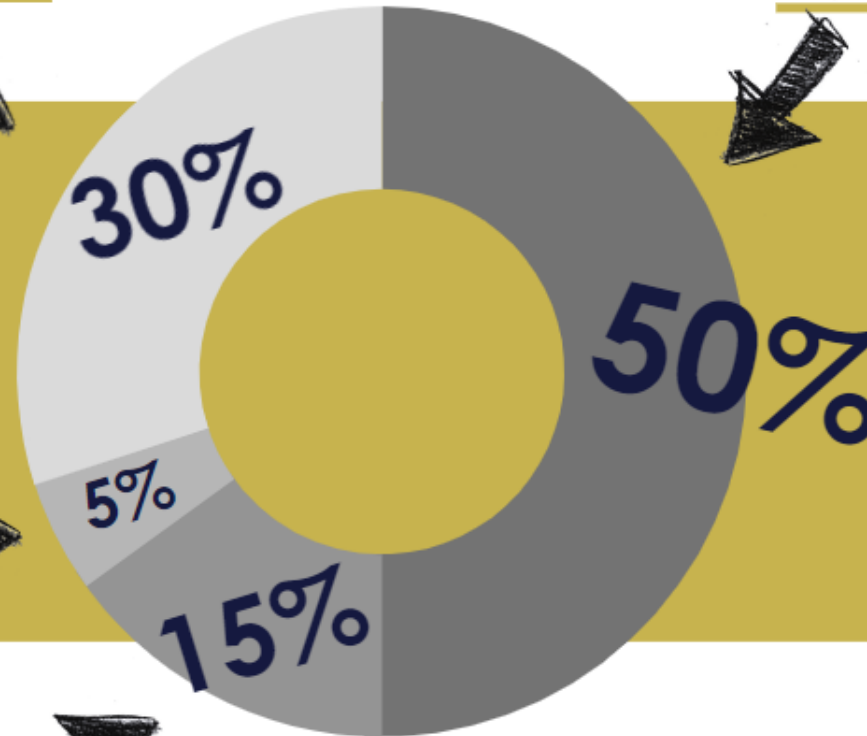
Scan for budget spreadsheet

Lifestyle Spending

- Dining Out
- Entertainment
- Vacations
- Hobbies
- Gifts

Short Term Savings

Retirement Savings



Essentials

- Housing
- Utilities
- Transportation
- Car Insurance
- Student Loans
- Groceries
- Phone Bill

Make sure you are identifying any out of pattern expenses (holiday gifts, car maintenance, home repair and so on)



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acceptable levels of debt

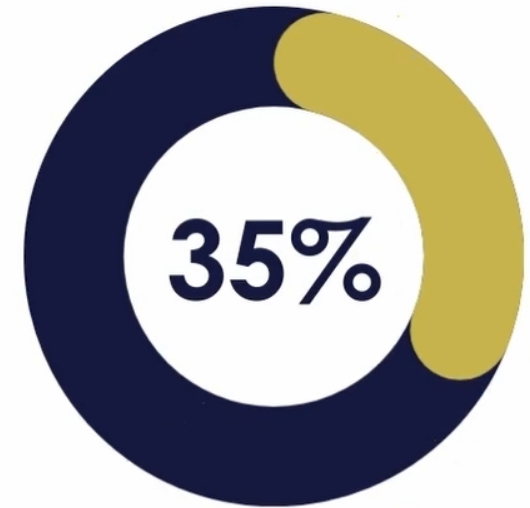
Debt Service Ratio

Total monthly income payments

Monthly gross income



Keep it under

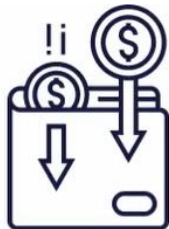


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For Illustrative Purposes Only

debt service ratio



Monthly Gross Income: \$6,500

Mortgage (or Rent)	\$1,200
Auto Loan	\$300
Credit Cards	\$150
Student Loans	\$100
<hr/>	
Total	\$1,750

\$1,750 / \$6,500

= 27%



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For Illustrative Purposes Only

considerations when paying off debt



- Organize and identify all outstanding debts



- Have an adequate amount saved in an Emergency Savings Fund



- Continue to contribute to your retirement plan



- Follow the QR Code on your screen to use our "Debt Snowball Spreadsheet."



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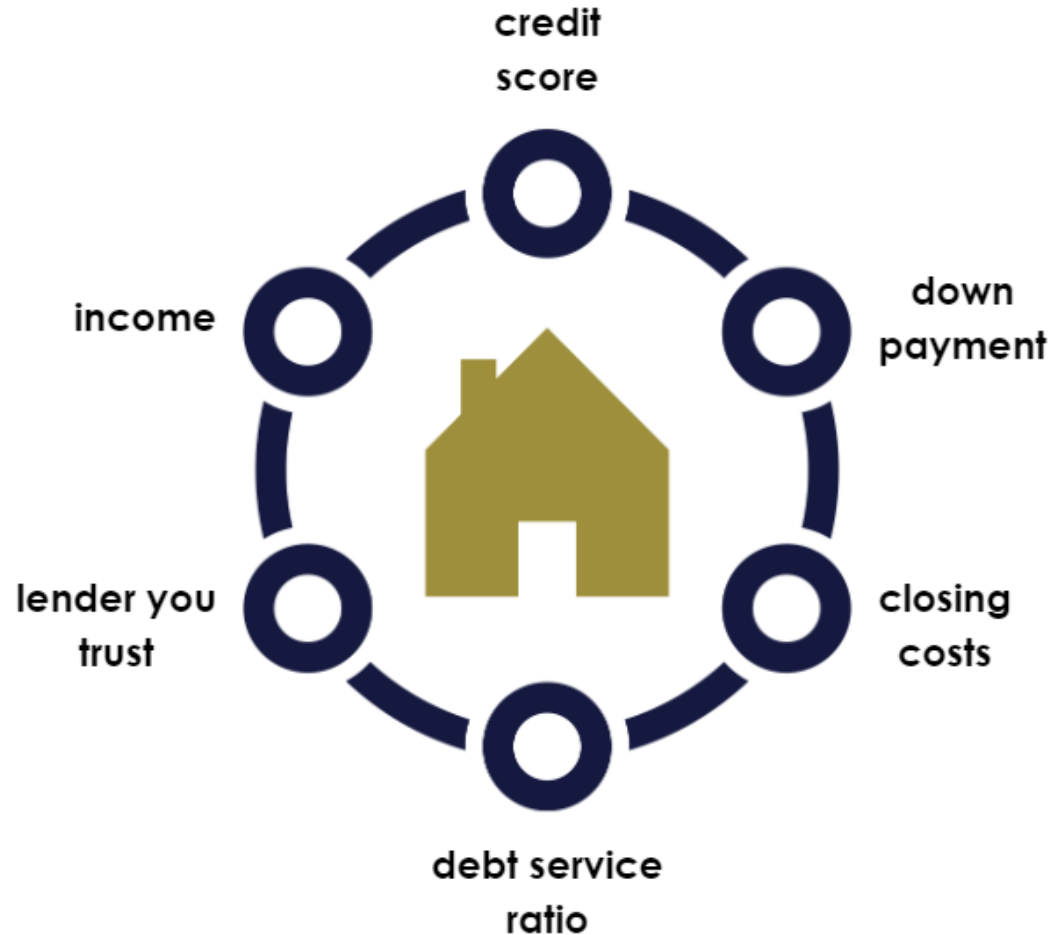
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buying your first home

things to consider:



down payment sources:



savings



roth IRAs



brokerage accounts



gifts



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The Cost of Raising a Child:

\$233,610



Not including
the annual cost
of college!

\$45,370
Private

\$20,090
Public

*Includes room
and board.



Where does the money go?

18%
Food

29%
Housing

15%
Transportation

9%
Health Care

6%
Clothing

16%
Child Care
& Education

7%
Misc.

Annual Housing Cost
per Child

Urban
\$3,900

VS

Rural
\$2,400

Annual Food Costs by Age



Cost by Region



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*U.S. average for middle-income, married-couple families. Total costs are from birth through age 17.
Source: Expenditures on Children by Families, 2015.
U.S. Department of Agriculture, Center for Nutrition Policy and Promotion. Misc. Pub. No. 1528-2015.

January 2017
Revised March 2017

USDA is an equal opportunity provider, employer, and lender.

HSAs, FSAs, DCFSAs, oh my!

Health Savings Accounts	Flexible Savings Accounts	Dependent Care Flexible Savings Account
Must be on a high-deductible health plan	Not eligible if on a high-deductible health plan & must be offered by employer	Eligible on any health plan if offered by employer
Tax-deductible contributions via payroll	Tax-deductible contributions via payroll	Tax-deductible contributions via payroll
\$7,750 family contribution limit \$3,850 single contribution limit (additional \$1,000 if over 55)	\$3,050 single contribution limit	\$5,000 family contribution limit
Rolls over from year to year	"Use it or lose it" \$610 carryover allowed	"Use it or lose it"
Investment capability	No investment capability	No investment capability
Use for qualified medical expenses (includes breast pumps & over-the-counter medications prescribed by a doctor)	Use for qualified medical expenses (includes breast pumps & over-the-counter medications prescribed by a doctor)	Used for eligible dependent care services (childcare, preschool, day camp, before/after school care)



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tax savings example

Your Estimated Tax Savings

Without Dependent Care FSA		With Dependent Care FSA	
Gross annual pay (estimate)	\$60,000	Gross annual pay (estimate)	\$60,000
Estimated tax rate (30%)	- \$18,000	Maximum annual Dependent Care FSA contribution	- \$5,000
Net annual pay	= \$42,000	Adjusted gross pay	\$55,000
Estimated annual dependent care expenses	- \$5,000	Estimated tax rate (30%)	- \$16,500
Final take home pay	\$37,000	Final take home pay	\$38,500

Take home this much more

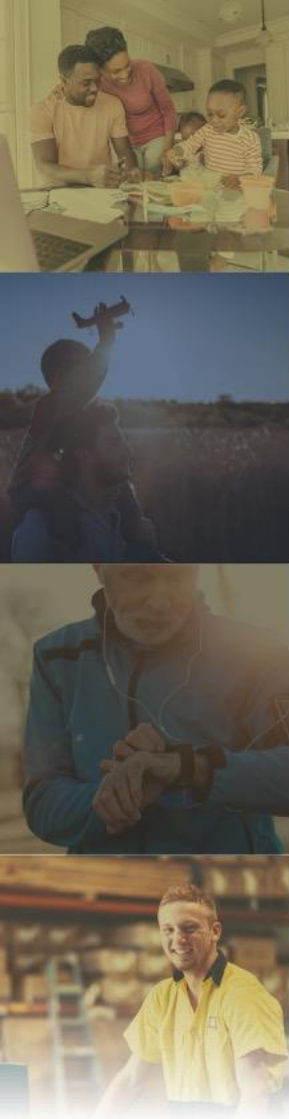
\$1,500



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Source: <https://einvestingforbeginners.com/dependent-care-fsa-gnewl/>



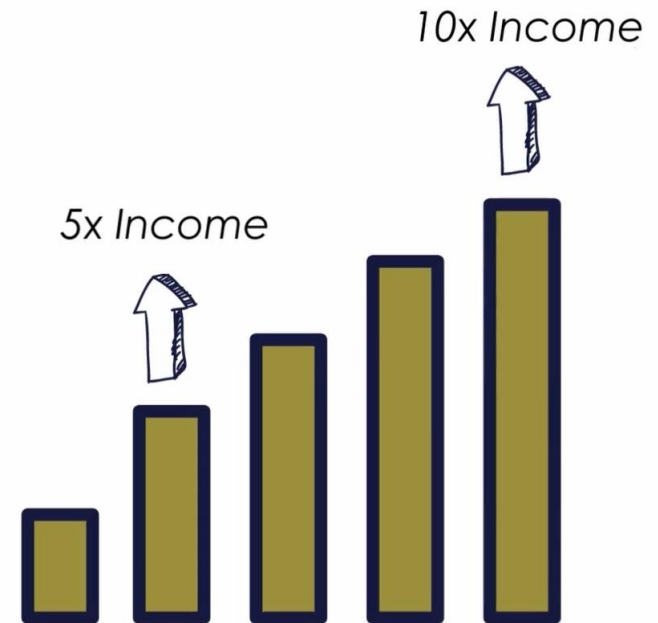
fresh perspective on insurance/employer benefits

You're no longer living just for yourself, but for the young family you've created.

Life Insurance

- Can cover Outstanding Debts
- Help Replace Income
- Pay funeral expenses
- Fund College

Recommended life insurance amount



Where you fall in the range of 5-10 times your income, will depend on your specific situation



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fresh perspective on insurance/employer benefits

You're no longer living just for yourself, but for the young family you've created.

Short + Long-Term Disability

- Covers missing income
- Additional costs that may be related to your disability



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fresh perspective on insurance/employer benefits

You're no longer living just for yourself, but for the young family you've created.

Umbrella Insurance

- Goes above and beyond traditional auto and homeowners' policies to protect your assets against financial fallout from something unforeseen that leads to property damage or injury
- Usually inexpensive although it may require you to hike limits on other policies



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college planning considerations

- Projection for costs depending on type of college. Below are 2022 costs including tuition/fees, room and board, books/supplies, and transportation/personal expenses (you may need to inflate these costs to account for growth over time) per year.



Public in State

\$27,940



Public out of state

\$45,240



Private

\$57,570



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Source: <https://www.collegedata.com/resources/pay-your-way/whats-the-price-tag-for-a-college-education>

college planning considerations

Consider how much of those costs you plan to cover and how.

- Think about the “1/3 Rule” – college costs paid with:

**1/3 paid with
savings account**



**1/3 paid with
earnings while
child is in school**



**1/3 paid via
scholarships, grants, or
student loans**



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college planning considerations

- *Is saving for college is something you should prioritize?*
 - Consider what “*bad debt*” (>~7% interest) is costing you on interest at the expense of putting money away for a future expense that is not certain.
 - Prioritize retirement. Loans, scholarships, and financial aid are available options when paying for college but are not when considering funding retirement.
- Some states offer financial incentives via state tax breaks to use a specific savings account.
- [Savingforcollege.com](https://www.savingforcollege.com) is a great resource for a lot of planning needs.



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saving for college options

529 Savings Plan

- **Pros**

- Grows tax free if used for qualified education expenses and has potential for tax breaks on contributions as well
- Can be used for K-12 tuition as well (up to 10k)
- Large contribution limits - 16k/year and can front load 5 years at once (80k)
- Financial aid sees this is an account owned by the parent
- Can change beneficiary to a member of the same family as old beneficiary
- Starting in 2024 Secure Act 2.0 allows for rollovers from 529 plans to fund Roth IRA's (subject to limitations).

- **Cons**

- Earnings are taxed as income and a 10% penalty added for nonqualified distributions
- Investment strategies are limited by the plan



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Source: <https://www.savingforcollege.com/article/6-ways-you-can-save-for-college>



saving for college options

Custodial Accounts (UTMA/UGMA)

- **Pros**

- Can be spent on anything if it is for the benefit of the minor
- No limit to how much you can invest
- Can invest in anything you can buy in a standard brokerage account

- **Cons**

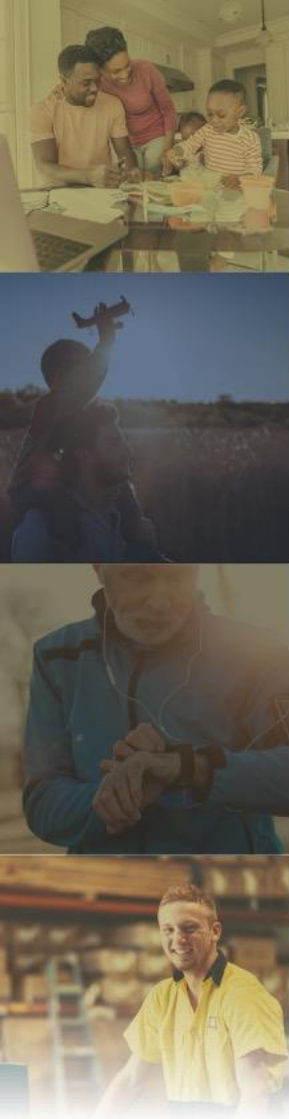
- Earnings and gains are taxed to the minor and subject to the “kiddie tax” – where unearned income over \$2,300 for certain children through age 23 is taxed at the marginal rate applicable to trusts and estates (in 2022).
- The student will gain rights to the account once he or she has reached legal age and can use the money at their own discretion which may differ from the parent’s original intentions.
- Custodial accounts are counted as student assets on the FAFSA, which means they can reduce a student’s aid package by 20% of the account value.



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Source: <https://www.savingforcollege.com/article/6-ways-you-can-save-for-college>



saving for college options

Roth IRA

- **Pros**

- Contributions can be withdrawn tax free at any time for any reason
- The normal 10% early withdrawal penalty on earnings is waived when the funds are spent on qualified higher education expenses.
- There is a broad range of investment options available.
- The value of retirement accounts is not counted as an asset on FAFSA.

- **Cons**

- In 2023, the maximum investment allowed is \$6,500 (\$7,500 for taxpayers 50 and over).
- Only married couples earning less than \$228,000 (in 2023) or individuals earning less than \$153,000 may contribute the maximum amount.
- Withdrawals from a Roth IRA to pay for college are considered base-year income on the FAFSA.



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estate planning

- **Will**
 - Cornerstone of Estate Plan
 - Directs how property will be distributed
 - Names executor and guardian for minor children
 - Can accomplish other estate planning goals (e.g. minimizing taxes)
- **Power of Attorney**
 - Protects property if physically unable or mentally incompetent to handle financial matters
 - Allows someone to pay everyday expenses, collect benefits, file taxes
- **Advance Medical Directives**
 - Provides direction on medical treatment
 - Allows someone to make medical decisions for you if you are unable
- **Living Trust**
 - Create customized instruction for how beneficiaries can spend inheritance
 - Not needed by everyone
 - Primary function is to avoid probate
- **Supplemental Needs Trust/ABLE Accounts**
 - Save and invest without impacting public benefits



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the perfect paper

can you answer "yes" to all of the following:



have an inventory (that you can find) of all of your investment and insurance accounts



have beneficiaries on all your investment and insurance accounts



have wills and power of attorneys that are up to date



have had "the conversation" with your loved ones



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thanks!

if you have any questions,
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