



This Paper is Killing Me:

A Guide to Simplifying Your Financial Life

Presented by:

Roger G. Ward, CPA/PFS, CFP

September 30, 2008



Tarpley & Underwood

Financial Advisors, LLC

Topics

- Understanding the Costs of Financial Clutter
- The Issues of Financial Simplification
- A Paperless Action Plan
- Next Steps

Advantages of Financial Paper Control

- Performance measurement
- Goal attainment measurement
- Simplify process for survivors
- Peace of mind about where things are
- Preparedness for disaster

“Costs” of Financial paper Clutter

- Confusion about financial affairs.
 - What do I own?
 - Where is it?
- Difficulty for those you leave behind.
 - He never wanted to talk about financial matters.
Now what do I do?

A Process to Consider

- Simplify and consolidate
- Have a management plan for what is left
- Have a protection plan for your financial affairs

Simplify and Consolidate

- Custodians
- Accounts
- Investments
- Insurance
- Liabilities
 - Credit Cards

Simplify and Consolidate -Custodians

- Custodians are the regulated institutions where your money is held:
 - Banks
 - Brokerage firms
 - Credit Unions
- You do not need to diversify by custodian

Simplify and Consolidate -Custodians

- Custodians have various account protections:
 - FDIC
 - SIPC

Simplify and Consolidate -Investment Accounts

- You do not need multiple accounts of various types:
 - *Brokerage accounts*
 - *IRA accounts*
 - *Traditional*
 - *Rollover*
 - *SEP IRA*
 - *Roth IRA accounts*
 - *401K Plans*
 - *Pension Plans*
 - *529 Plans*

Simplify and Consolidate -Insurance

- Consolidate agents by line.
 - *Property & Casualty*
 - *Disability*
 - *Professional*
 - *Life*
- Evaluate life insurance for consolidation and improvement

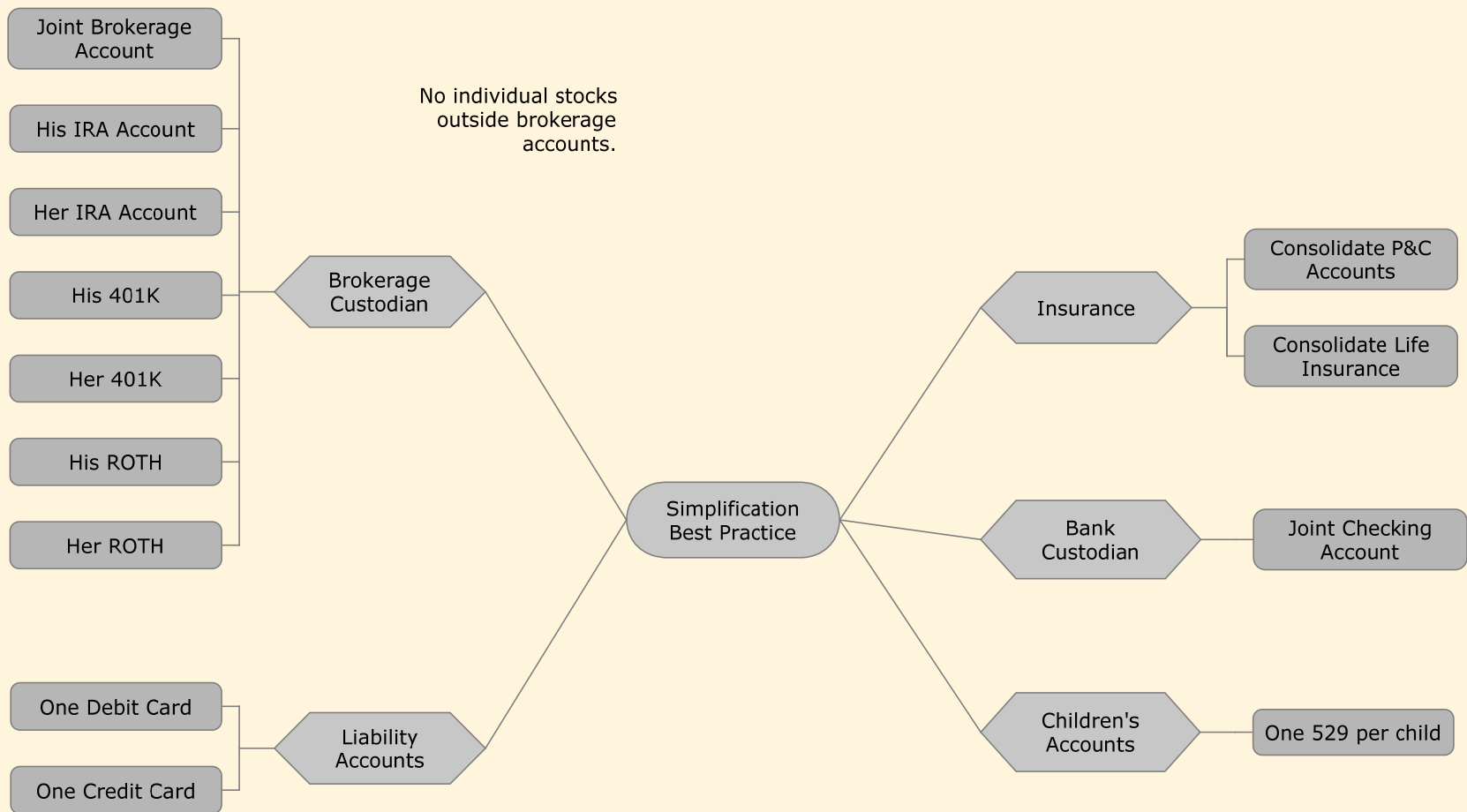
Simplify and Consolidate -Liabilities

- Simplify and consolidate, to the extent possible, liability accounts.
- Credit card accounts specifically should be consolidated to the extent possible.

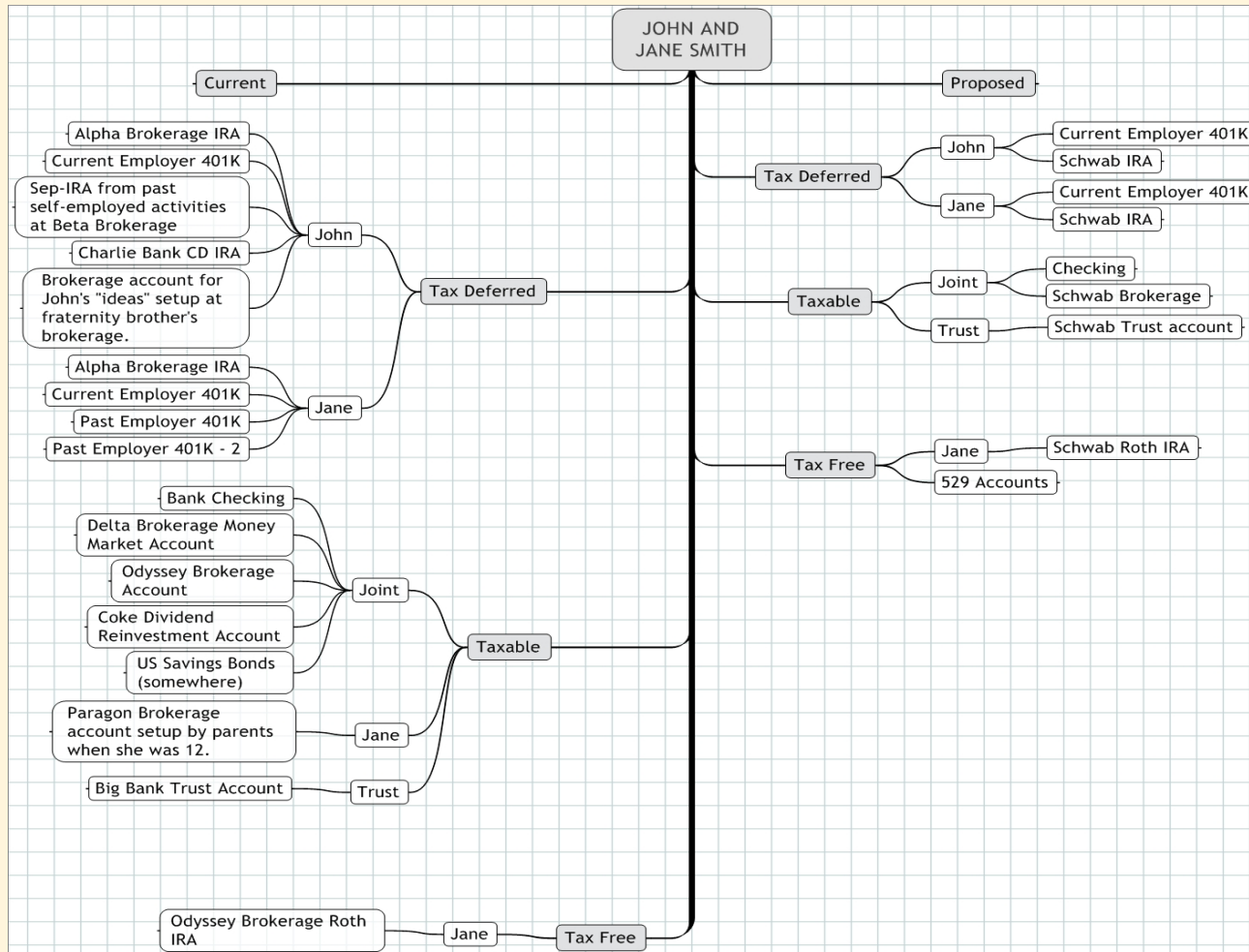
Simplify and Consolidate -Investments

- Individual stock certificates should be placed in street name in a brokerage account.
- Savings bonds

Simplification Best Practice



Simplify



Management Plan

- Bill payment
- System for management
- Record keeping and retention system

Management Plan – Bill Payment

- Bill payment needs to be customized to how you would like to interact with the bill payment process and your lifestyle.
- Items to consider:
 - Frequency of payment
 - As occurs
 - Monthly
 - Bi Monthly

Management Plan – Bill Payment

Bill Payment Items to consider:

- Nature of payment
 - Electronic
 - Paper

Management Plan – Bill Payment Best Practice

- Electronic Payment
 - Recurring payments setup to automatically pay
- Frequency Payment
 - For non recurring payments, setup electronic payment as soon as bill is received.

Management Plan – System for Management

System considerations:

- Paper vs. Electronic
- Uses for both.

Management Plan – System for Management

Tools for ongoing system management:

- Electronic bill paying system
- Record keeping system
- Financial Organizer
- Document Binder
- Safe deposit box/Fire Safe

Management Plan – Record Keeping System

- Quicken
- Microsoft Money

Management Plan – Financial Organizer

A Financial Organizer is a notebook in which you store financial information of a non monthly/quarterly basis. See separate sheet for sample notebook tabs.

Management Plan – Statement Notebook

The Statement Notebook is a notebook organized with one tab for each of the twelve months of the year. Place within each month the monthly billing and account statements received that month.

Management Plan – Safe Deposit Box/Fire Safe

See listing in Family Record Organizer of which items to keep in a fireproof safe and which to keep in an offsite safe deposit box.

Management Plan – Record Keeping and Retention System

- What records to keep
- Where to keep them.
- How long to keep them

Management Plan – Record Keeping and Retention System

- Resources
 - Handout
 - www.t-u.com – resources
 - <http://www.lifeorganizers.com/office/records-retention.htm>

Identity Theft Protection

- Monitor accounts
- Review credit reports regularly
- Safe computing practices
- Paperwork destruction
- Account Freezes
- Identity monitoring and protection services

Identity Theft Protection – Monitor Accounts

- At a minimum, review your monthly and quarterly statements for any unusual activity.
- If possible, review your financial accounts online on a daily or weekly basis.

Identity Theft Protection – Review Credit Reports Regularly

- Use a revolving four month cycle to request your credit reports from the three credit reporting agencies:
 - TransUnion (www.transunion.com) - 800.888.4213
 - Equifax (www.equifax.com) – 800.685.1111
 - Experien (www.experien.com) – 888.397.3742
 - www.annualcreditreport.com

Identity Theft Protection – Safe Computing Practices

- Use and keep security software up to date.
- Don't access any financial account through a link in an e-mail.
- Use a well constructed password.

Identity Theft Protection – Paperwork Destruction

- Shred any paperwork that has any personal information on it.
- Shred all financial junk mail.
- Shred utility bills, bank statements and credit card receipts

Identity Theft Protection – Account Freezes

Identity Theft Protection – Account Monitoring and Protection Services

Disaster Recovery Practices

- Think about these two scenarios:
 - You have 15 minutes to evacuate your house. What are you going to grab?
 - Your house is gone. How quickly can you recover from the loss of your financial record?

Disaster Recovery Practices

- What is necessary to continue finances functioning.
- What would you absolutely hate to lose.

Simplification Action Plan

- Make a list of all financial accounts and information.
- Consolidate and simplify as much as possible.
- Convert accounts and information to digital format as much as possible.
- Maintain what you need to keep
- Backup what you need to keep
- Destroy or stop what you don't need to keep

Simplification Action Plan- Make a List of All Accounts and Information

- Gather all current statements and account information.
- List information in summary Family Records Organizer (a survivors' document)

Simplification Action Plan – Consolidate and Simplify

- Consolidate custodians
- Consolidate accounts
- Consolidate investments

Simplification Action Plan – Digitize as Much as Possible

- Statements
- Confirmations
- Bill Paying

Simplification Action Plan – Backup

What You Need to Keep

- Do an offsite backup of digital information.
 - www.mozy.com
 - www.carbonite.com
 - www.yahoo.com
 - www.google.com
- If you don't do an offsite backup, do a CD/DVD/Flash Disk backup and keep offsite.
- Make an inventory of assets and store in safe deposit box.

Simplification Action Plan – Maintain What You Need to Keep

- Setup a bill paying process
- Setup a financial organizer
- Setup a statement notebook
- Setup a record retention process

Simplification Action Plan – Destroy or Stop What You Don't Need to Keep

- Stop the paper from coming
 - Stop junk mail
 - www.proquo.com
 - www.catalogchoice.org
 - www.the-dma.org

Summary – Minimum Next Steps

- Organize all active account paperwork in one place
- Shred old paperwork
- Check credit reports
- Backup important documents (including photos)
- Create a survivors document

Questions?

The Stock Market's Reaction

As Measured by the Dow Jones Industrial Average

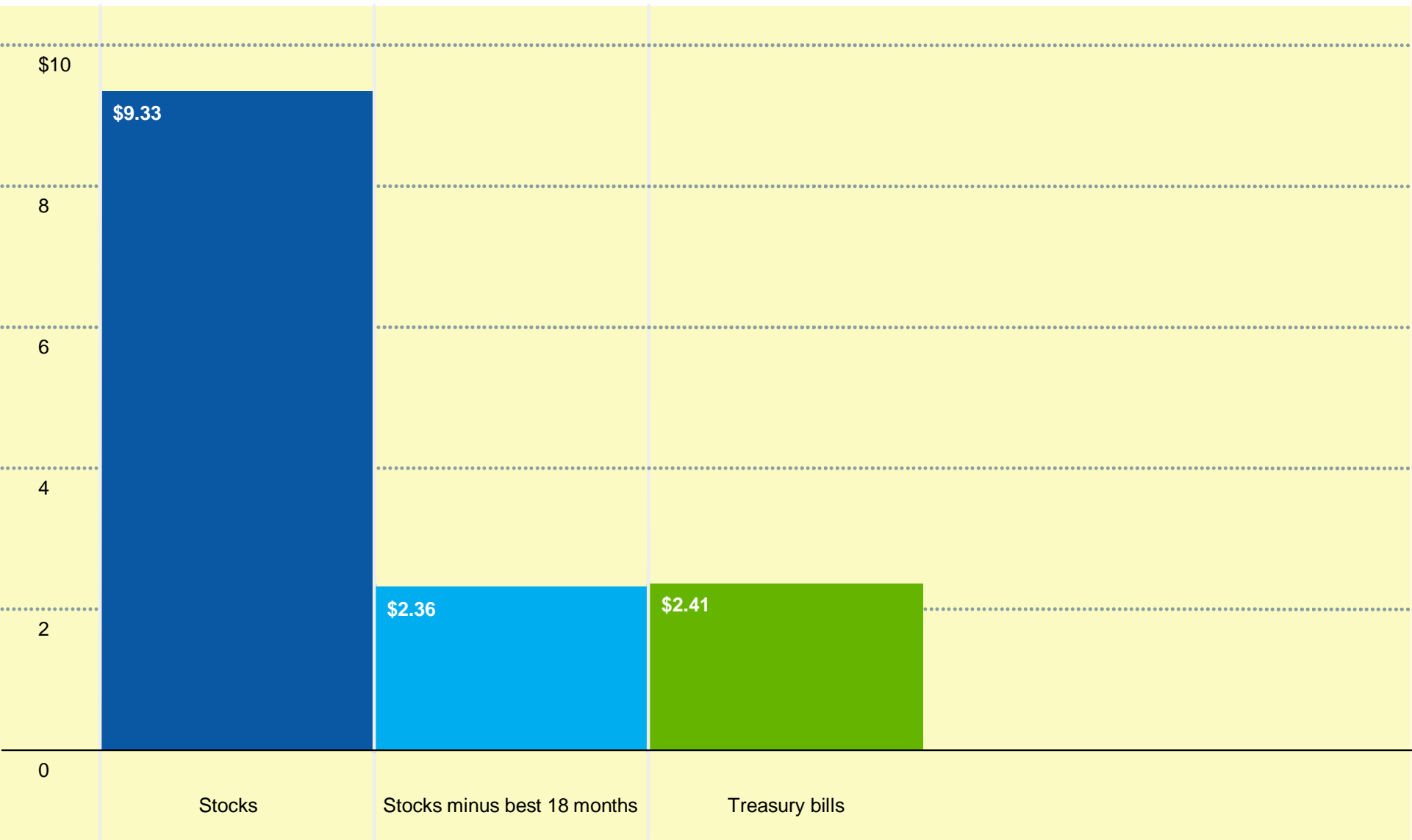
Date	Event	First Trading Session Response				Subsequent Market Behavior		
		Prior Day Close	Close	Change	Percent Change	One Month	Six Months	One Year
September 11, 2001	World Trade Center towers destroyed	9,605.50	8,920.70	-684.80	-7.13%	4.75%	10.47%	-10.66%
January 16, 1991	US launches bombing attack on Iraq	2,508.91	2,623.51	114.60	4.57%	11.77%	14.97%	24.45%
August 2, 1990	Iraq invades Kuwait	2,899.26	2,864.60	-34.66	-1.20%	-8.77%	-3.22%	4.95%
March 30, 1981	President Reagan shot by John Hinckley Jr.	994.78	992.16	-2.62	-0.26%	0.56%	-14.33%	-16.90%
August 9, 1974	President Nixon resigns	784.89	777.30	-7.59	-0.97%	-14.71%	-8.87%	5.98%
November 22, 1963	President Kennedy assassinated in Dallas	732.65	711.49	-21.16	-2.89%	6.57%	15.37%	24.99%
October 22, 1962	Cuban missile crisis	568.60	558.06	-10.54	-1.85%	15.55%	27.41%	33.89%
September 24, 1955	President Eisenhower heart attack	487.45	455.56	-31.89	-6.54%	0.04%	12.48%	5.72%
June 25, 1950	North Korea invades South Korea	224.35	213.91	-10.44	-4.65%	-4.45%	7.36%	15.13%
December 7, 1941	Japan attacks Pearl Harbor, Hawaii	116.60	112.52	-4.08	-3.50%	-0.86%	-6.19%	2.88%

Dow Jones data provided by Dow Jones Indexes.

Past performance is not a guarantee of future results. Values change frequently and past performance may not be repeated. There is always the risk that an investor may lose money.

Dangers of Market Timing

Hypothetical value of \$1 invested from 1988–2007



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008

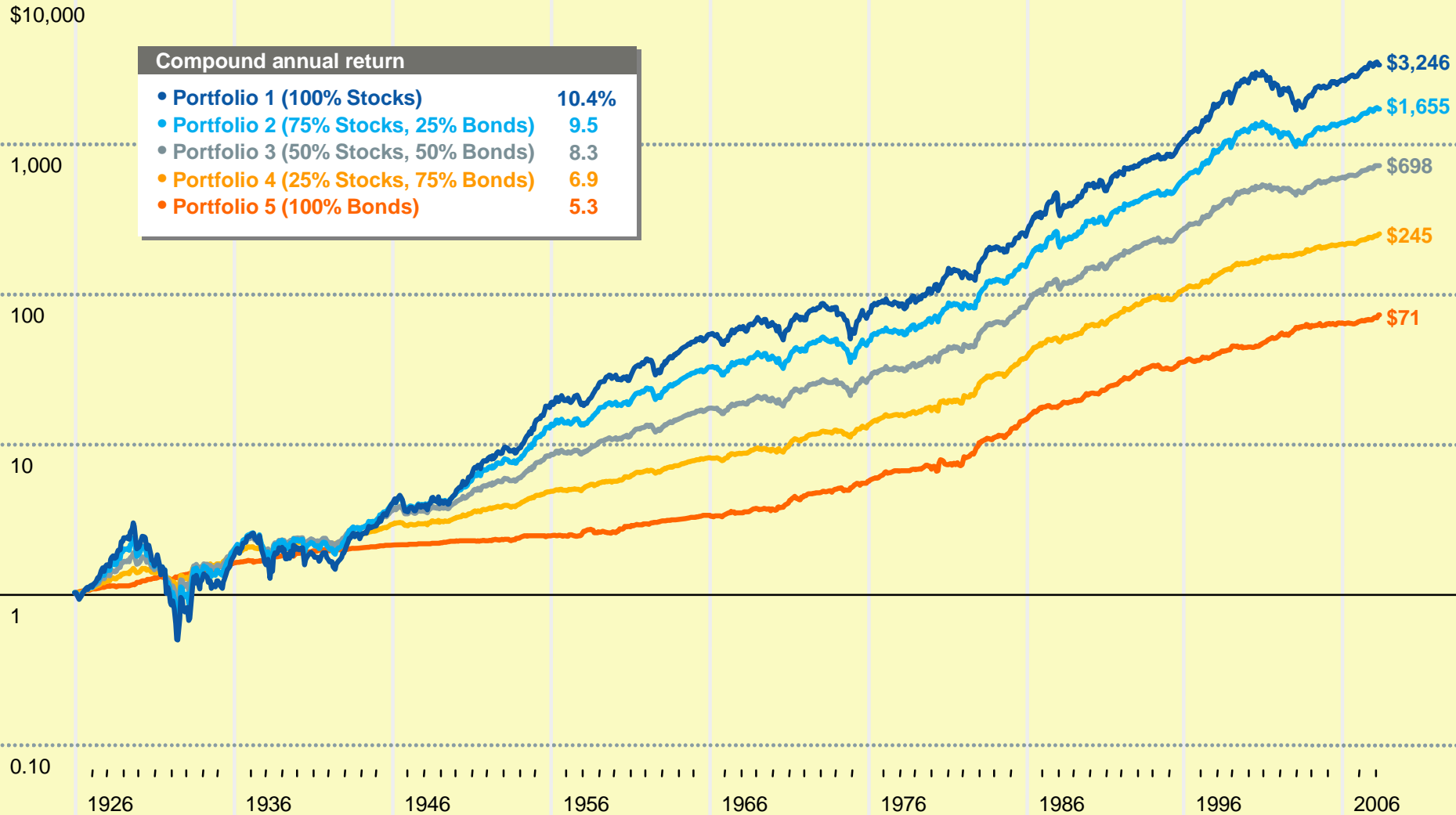


Long-Term Portfolio Performance

1926–2007

Compound annual return

• Portfolio 1 (100% Stocks)	10.4%
• Portfolio 2 (75% Stocks, 25% Bonds)	9.5
• Portfolio 3 (50% Stocks, 50% Bonds)	8.3
• Portfolio 4 (25% Stocks, 75% Bonds)	6.9
• Portfolio 5 (100% Bonds)	5.3



Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



20-Year Portfolio Performance 1988–2007

\$10

\$9.33

Compound annual return

- Portfolio 1 (100% Stocks) 11.8%
- Portfolio 2 (75% Stocks, 25% Bonds) 10.8
- Portfolio 3 (50% Stocks, 50% Bonds) 9.7
- Portfolio 4 (25% Stocks, 75% Bonds) 8.5
- Portfolio 5 (100% Bonds) 7.1

5

\$6.40

\$5.11

\$3.97

1

1988

1993

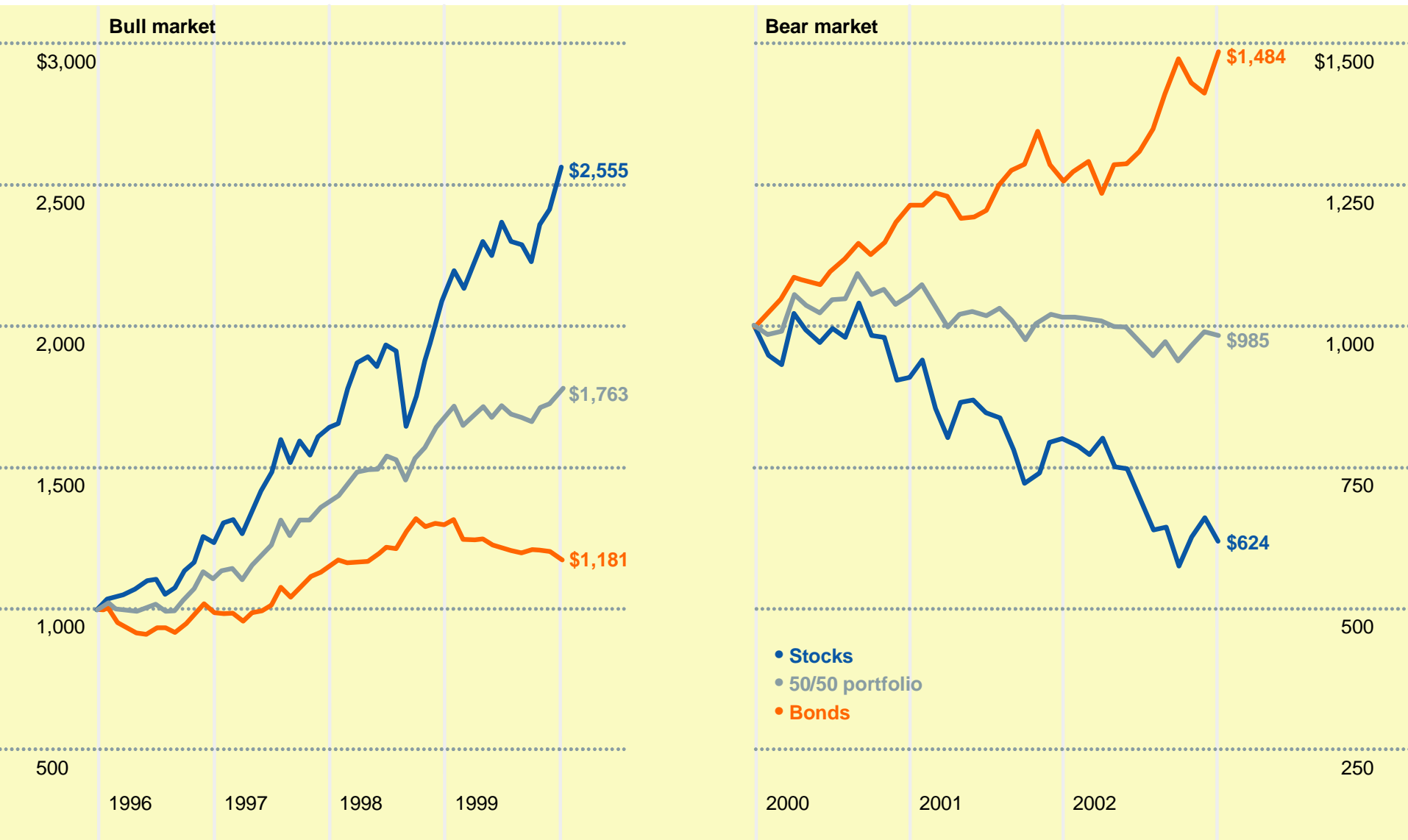
1998

2003

Past performance is no guarantee of future results. Hypothetical value of \$1 invested at the beginning of 1988. Assumes reinvestment of income and no transaction costs or taxes. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



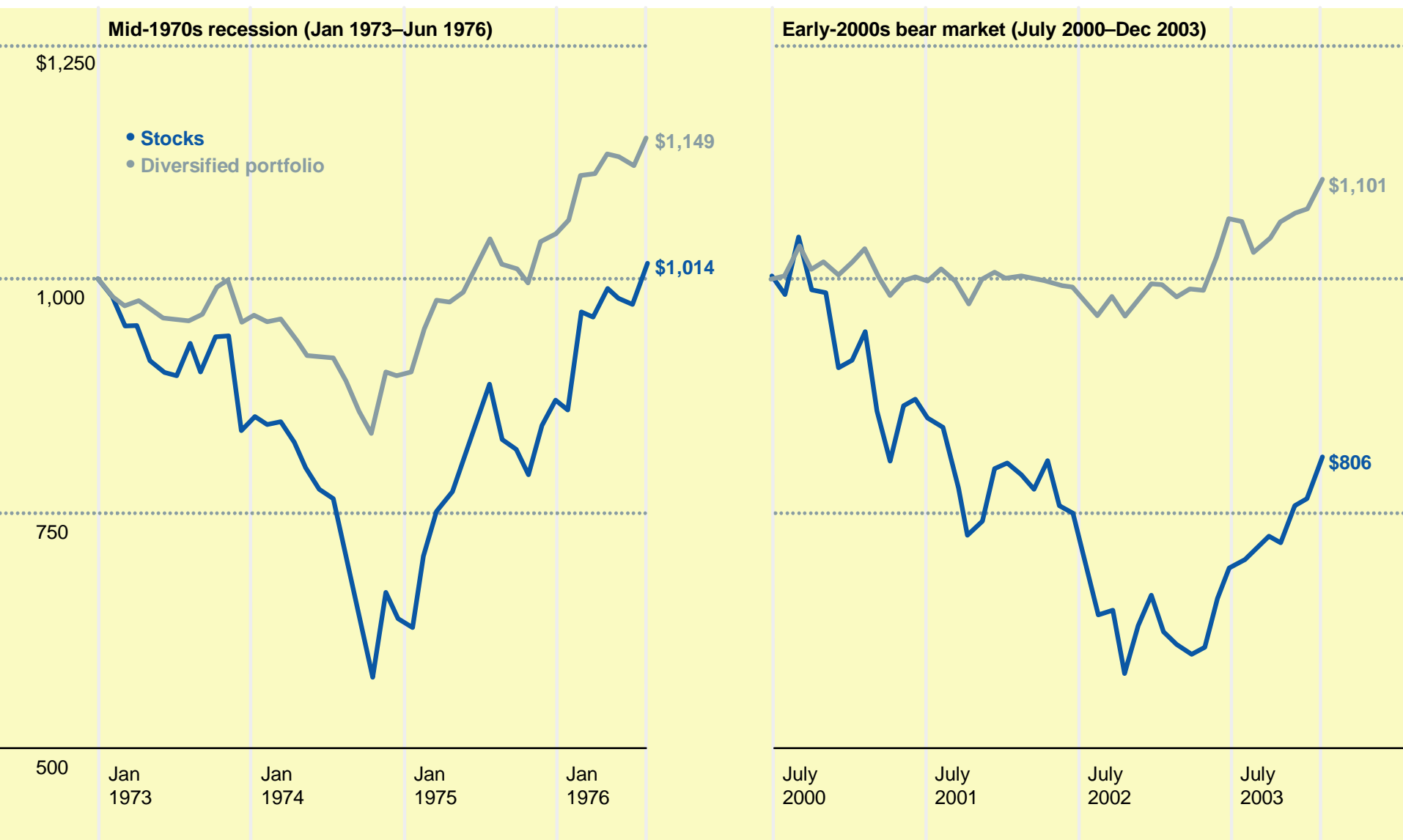
Diversification in Bull and Bear Markets



Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



Diversified Portfolios and Bear Markets


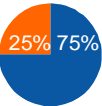

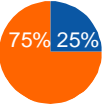



Past performance is no guarantee of future results. Diversified portfolio: 35% stocks, 40% bonds, 25% Treasury bills. Hypothetical value of \$1,000 invested at the beginning of January 1973 and July 2000, respectively. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



Portfolio Summary Statistics

Rolling periods 1926–2007

		12-month holding period			60-month			120-month		
	Average return	Highest return	Lowest return	Negative periods	Highest return	Lowest return	Negative periods	Highest return	Lowest return	Negative periods
	10.4%	162.9%	-67.6%	25.5%	36.1%	-17.4%	12.3%	21.4%	-4.9%	3.4%
	9.5%	118.7%	-55.7%	23.1%	29.0%	-11.5%	7.7%	17.8%	-1.3%	0.6%
	8.3%	77.8%	-40.7%	18.7%	22.2%	-6.1%	5.1%	16.2%	1.5%	0.0%
	6.9%	40.9%	-22.0%	11.0%	20.0%	-1.2%	0.3%	14.9%	3.3%	0.0%
	5.3%	32.7%	-5.6%	8.5%	19.5%	0.7%	0.0%	13.7%	1.2%	0.0%

• Stocks

• Bonds

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. An investment cannot be made directly in an index. © 2008 Morningstar, Inc. All rights reserved. 3/1/2008



The Basics of Retirement Planning

- Determine your desired income need.
- Determine your available cash flow resources.
- Determine the Gap.
- Fill the Gap with portfolio withdrawals.

The Basics of Retirement Planning (cont)

- Determine your desired income need.
 - Start with your current spending.
 - Don't use 70-80% rules of thumb.
- Project unique retirement costs
 - Health care
 - Relocation?

The Basics of Retirement Planning

- Determine your available retirement cash flow resources.
 - Social security
 - Part-time income
 - Passive income
 - Pensions

The Basics of Retirement Planning

- Fill the Gap
 - Savings
 - Company Plans
 - Personal Accounts

Simple Guide to Retirement Planning - Early

- Get rid of non mortgage debt
- Save 15% of your income in a combination of employer sponsored plans and personal accounts.
- Get your allocation right.
- Don't plan on retiring early unless you save more.
- Don't rely on lotteries or inheritances.

Simple Guide to Retirement Planning Near Retirement

- Determine the Gap as discussed earlier.
- Add up all your available assets. (Don't forget your debts.)
- Subtract from your available assets any one time expenses like new homes, travel, etc..
- Multiply the remaining number by 4.25% (balanced allocation) and that is what you will have to live on.
- Allocate appropriately.

Simple Guide to Retirement Planning - Near Retirement (cont')

- If that is not enough, reevaluate:
 - Plan on retiring later.
 - Plan on saving more.
 - Plan on part-time work.
 - Plan on living on less.
 - Plan on dying sooner.

Speaker Contact Info

Roger G. Ward, CPA/PFS, CFP
Tarpley & Underwood Financial Advisors, LLC
Three Ravinia Drive, Suite 1500
Atlanta, GA 30346
770.730.5010
rward@t-u.com
www.tufa.com

