

## \* 7 Tips for Financial Health

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## \* Q: What Does Money Mean To You?

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## \* Q: Does High Income = Wealth?

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**\*Q: How Do I Turn My Income into Wealth?**

**\*A: Spend Less Than You Make - So Have a Plan!**

**\*Tip #1**

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**Doctor A**

*Income:	\$50,000 yearly, \$3025 monthly net (single)
*Debt payment:	\$420** income based rep.
*Savings:	\$80
*Rent/mortgage:	\$900
*Utilities:	\$250
*Car pmt:	\$300
*Car insurance	\$100
*Food:	\$600
*Entertainment:	\$200
*Clothing/HH/misc:	\$150
*Medical ins/disability, etc.	\$200
<b>Total</b>	<b>\$3200</b>

\*\*based on \$170,000 in loans (median)

**\* Sample Plan**

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**Doctor A**

*Income:	\$250,000 yearly, \$12,688 monthly net (single)
*Debt payment:	\$2200**
*Savings:	\$6500*** (25% of gross) (\$5720)
*Mortgage/rent:	\$1775 (\$300,000 @4.25% , PITI)
*Utilities (also cell, cable, internet, etc.) :	\$400
*Car pmt:	\$500
*Car insurance, gas	\$300
*Food:	\$700
*Entertainment:	\$400
*Clothing/HH/misc:	\$200
*Medical/disability*	\$200/600 (\$10,000 mth*)
*Malpractice? Life \$100mth Other we missed? Not included	

<b>Total</b>	<b>\$13,775</b>
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\*\*based on \$170,000 in loans (median), payments during res. and 12 yr repay.)

\*\*\*Gross monthly is \$20,800, Married net \$13,621.

Retirement savings can reduce taxable income.

Student loan interest may not be deductible at this income level

**\* Sample Plan**

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### Doctor B

*Income:	\$250,000 yearly, \$12,688 monthly net (single)
*Debt payment:	\$1600**
*Savings:	\$2000*** (10% of gross) (\$1220)
*Mortgage/rent:	\$5000 (\$831,000 @4.25% , PITI)
*Utilities (also cell, cable, internet, etc.) :	\$700
*Car pmt:	\$700
*Car insurance, gas	\$400
*Food:	\$800
*Entertainment:	\$800
*Clothing/HH/misc:	\$500
*Medical/disability*	\$200/600 (\$10,000 mth*)
*Malpractice? Life \$100mth Other we missed? Not included	
<b>Total</b>	<b>\$13,300</b>

\*\* (based on \$170,000 in loans (median), forbearance during res. and 25 yr repay.)

\*\*\*Gross monthly is \$20,800, Married net \$13,621.

Retirement savings can reduce taxable income.

Student loan interest may not be deductible at this income level

\* Sample Plan

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**\*Q: How Can I Protect Myself from Lawsuits and Financial Risk?**

**\*A: Manage Your Risk Through Insurance**

**\*Tip #2**

<http://www.youtube.com/watch?v=R8-hNSnutLU>

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**\*Q: How Can I Secure My Financial Future?**

**\*A: Pay Yourself First**

**\*Tip #3**

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Goal = \$3000	Savings amount
\$3,000/3 years =	\$1000 per year
\$1000/12 months =	\$83.33 per month
	\$38.50 bi-weekly
	\$19.25 per week
	\$2.75 per day

**\*Emergency Fund**

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**Doctor A**

- \* Starts Saving \$6500 Monthly at 30 yrs
- \* \$2,000 in retirement acct
- \* \$4,500 non-retirement
- \* 7% rate of return

At 65, Doctor A will have inflation adjusted amount of approx:  
 \$8,000,000 nest egg  
 \$250,000 in pre-tax income per year.

**Doctor B**

- \* Starts Saving Monthly outside of retirement account at 40 yrs
- \* \$2000 in retirement acct
- \* \$9000 non-retirement
- \* 7% rate of return

At 65, Doctor B will have same \$250,000 income per year, but had to save \$68,000 more to get same result.

**\*Retirement Income**

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Amount you save	Match %	Match amount	Total saved	% of income
\$38.50	Your Weekly	Savings	\$2000	4% - self
\$500*	100% 1 <sup>st</sup> 1%	\$500	\$1000	2%
\$500*	25% 2 <sup>nd</sup> 1%	\$125	\$625	1.25%
\$500*	50% 3 <sup>rd</sup> 1%	\$250	\$750	1.50%
\$500*	75% 4 <sup>th</sup> 1%	\$375	\$875	1.75%
Totals	62% match	\$1250	\$3250	6.5%

\*Based on \$50,000 income  
 1% increments for match up to 4% of income

**\*Retirement Match**

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**\*Q: What About Debt?**

**\*A: Pay off higher interest debt as soon as possible**

**\*Tip #4**

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\$170,000 Loan*	Repayment years	Monthly payment	Interest cost	Total repayment
Income-based repayment	Residency - 3 Post-res - 12	\$410 - \$490 \$2000 - \$2200	\$151,000	\$321,000
Forbearance, extended pay	Residency - 3 Post-res - 25	\$0 \$1600	\$306,000	\$476,000
Forbearance standard pay	Residency - 7 Post-res - 10	\$0 \$3200	\$219,000	\$389,000

\*assumes a 6.8% interest rate?

**\*Student Loan Debt**

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**Impact of power paying debt**

	Balance	Interest rate	Payment	Months to payoff	Interest paid
Before PP	\$3,000	22%	4% of balance; \$120 this month	129 = 10 years, 9 months	\$2,352
Using PP	\$3,000	22%	\$120 fixed payment	34	\$1,050
Using PP+ \$20 monthly	\$3,000	22%	\$140 fixed payment	28	\$845
Before PP	\$2,000	18%	4%; \$80 this month	98 = 8 years, 2 months	\$1,074
Using PP	\$2,000	18%	\$80 fixed payment	32	\$526

[www.bankrate.com](http://www.bankrate.com); [www.powerpay.org](http://www.powerpay.org)

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**\*Q: I am busy, how do I make my finances easy?**

**\*A: Make savings automatic and bill pay electronic**

**\*Tip #5**

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### Retirement Planning Tools

Individual

Roth 401k/403b	IRA	Roth IRA
\$17,500	\$5,500	\$5,500
Contribute after tax	Contribute before tax	Contribute after tax
No tax on earnings	No tax on earnings	No tax on earnings
Can take at 59 ½	Can take at 59 ½	Can take at 59 ½
100	70 ½	100
Spend tax-free	Pay tax as spend	Spend tax-free

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17

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### Retirement Planning Tools

For profit

Non-profit

401(k)	403(b)	457
\$17,500	\$17,500	\$17,500
Contribute before tax	Contribute before tax	Contribute before tax
No tax on earnings	No tax on earnings	No tax on earnings
Can take at 59 ½	Can take at 59 ½	Can take at 59 ½
Must take at 70 ½	70 ½	70 ½
Pay tax as spend	Pay tax as spend	Pay tax as spend

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18

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**\*Q: Should I ask for Help?**

**\*A: Yes, Get Help from Professionals**

Choosing Financial Professionals

- \* Taxes
- \* Investments
- \* Estate Planning
- \* Insurance

<http://www.youtube.com/watch?v=30fSztvAJYY>  
<http://www.youtube.com/watch?v=rTwhveD9B9A>  
<http://www.youtube.com/watch?v=P6XstWfygIc>  
<http://www.youtube.com/watch?v=UKTKkpatHIs>

**\*Tip #6**

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**\*Q: Why Does Good Credit Matter?**

**\*A: Building Assets, Insurance, Employment, Landlords**

**\*Tip #7**

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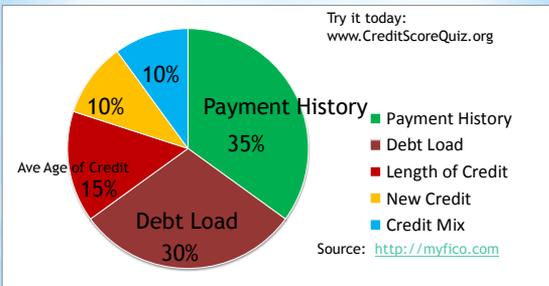
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**\*Value Your Credit**




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**\*Q: What are some things I can do to avoid financial missteps?**

- \*How Much House Can I REALLY Afford?
- \*Spending too much \$ on depreciating assets (TOYS)
- \*Have own credit card and bank account
- \*Relationships/Marriage: Don't co-mingle old debt, merge finances slowly, good communication about money is important

**\*Tip #8**

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