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FINANCIAL

The Playbook: A Personal Guide to Work Towards Financial Freedom

Whether you make $30,000 a year or $1,000,000, knowing how to manage your money can be a challenge. Those who succeed aren't always those with the biggest paycheck. This playbook will give you the knowledge and practical advice you need to help move you from financial uncertainty to financial freedom, no matter what stage of life you are in.

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How to Maximize Your Cash Flow

01. INCREASE YOUR INCOME

If you're an employee, the first step to increasing your personal income is to look for ways to add value in your workplace. How can you become more valuable to your company, department, boss, or customers? By increasing your value you will be in a better position to increase your income. Income is your fuel for your life and financial plan.

02. PROTECT YOURSELF

The first dollar you earn should be used to create security. Security will help lead you to financial freedom. If you knew that if anything happened to you that the people you love the most will be in a financially stable position, that can allow you to take more risks in other areas to earn more. We believe you should protect yourself today first from liability, disability, and death.

03. PAY YOURSELF FIRST

We believe you should save at least 15% of your income for your future. This includes investments, retirement, or high-yield savings accounts. If 15% becomes comfortable, consider saving 20% of your income.

04. PAY DOWN DEBT

Once you've successfully protected yourself and are saving the right amount, your money should then be used to pay down debt. Start with high interest debt first then pay down high monthly payment debt. i.e. credit cards first, then personal loans, then student loans.

05. LIVE GUILT FREE

The great part of planning is when you do it correctly you are freed up to actually enjoy the rest of your money and should have less to worry about it. That is the art of financial planning, enjoying today and your future.

How to Give Yourself the Protection You Deserve

01. BUNDLE HOME, AUTO, & UMBRELLA COVERAGE

Umbrella insurance is extra insurance that provides protection beyond the limits and coverages of other policies. For example, umbrella insurance can provide coverage for injuries, property damage, certain lawsuits, and personal liability situations. We recommend having at least a one million dollar umbrella policy to protect your family from liability.

02. TAKE ADVANTAGE OF YOUR HEALTH INSURANCE

HSAs, HRAs, and FSAs are pre-tax accounts that can be used to pay for qualified medical, prescription, dental, and vision expenses. Taking advantage of these tax-favored products can help you save on taxes each year.

03. GET DISABILITY INSURANCE

We recommend covering at least 60% of your gross income in the event that you get sick or hurt. Generally, your group benefits will not provide full adequate coverage so you should always look into an individual supplemental disability policy. This can cover more of your income and allow you to lock in a low fixed rate.

04. BEGIN ESTATE PLANNING

Once you start to accumulate some assets, get married, have kids, or own a business – we recommend getting a basic estate plan that includes: will, power of attorney, health care proxy, and guardianship for any children. For most people, it will also be worth it to get some form of a Revocable Trust. This will help to avoid probate court, grant you more control of your assets, and make things much easier for your beneficiaries along with keeping everything private.

05. TAKE OUT LIFE INSURANCE

A general rule of thumb is to have at least 10x your gross income in life insurance coverage. If you are younger and with kids, you may want to consider more. There are two basic types of Life Insurance: temporary and permanent. We recommend combining both so that you have access to additional benefits. Don't solely rely on company benefits alone because you don't control them. You should consider owning some personally – that way it will follow you wherever you go.

How to Help Grow Your Assets

01. PRIORITIZE SAVINGS

Figure out what your total monthly expenses are. Then set aside 2-3 months of monthly expenses in your bank account and invest the rest. Only set aside enough savings to make you feel comfortable and then put the rest of your money to work for you by investing it.

02. LEVERAGE YOUR INVESTMENTS

Liquid accounts can be a great wealth-building tool. Investment accounts that are not retirement accounts allow you to invest your money and still have access to it without being penalized. Plus, you can use this money for multiple objectives. Also, look into guaranteed growth accounts this way, you can always ensure that some of your money is going up even when everything else is going down.

Every successful investment strategy should follow these 3 rules:

a. *Learn your risk tolerance.* Once you establish what risk you're able to take, you can create a portfolio based on this. You should know how much you could potentially lose in a down market.

b. *Diversify, diversify, diversify.* You have the ability to invest in tens of thousands of different stocks and bonds in over 80 countries. By diversifying, you can potentially reduce your risk and increase the chances of greater returns.

c. *Rebalance automatically.* Automatic rebalancing helps to keep risk in check and can potentially enhance returns.

Historically stocks outperform bonds, small companies outperform large companies, and value companies outperform growth companies. Take a look at your current allocation and start to find out whether you're investing in stocks, small companies, value companies, and how much risk you're taking on – including the overall costs for your investments.

03. HOW TO PREPARE FOR RETIREMENT

If you're an employee and your employer offers to match your retirement contributions, contribute up to the match. There may be other investments options elsewhere that would be more appropriate to your individual strategy, but get the free money! Also, think about taxes – traditional 401k and IRA's will be fully taxable when you withdraw the money at retirement, resulting in potentially higher taxes. Potentially tax advantaged sources include Roth, municipal bonds, cash value life insurance, and 529 college savings plan.

04. REAL ESTATE

When purchasing your primary home your principal and interest payment should not be more than 15% of your gross income. You want to keep things in balance and not become house poor.

05. LEVERAGE YOUR BUSINESS

Think about how the rest of your financial plan can also help to support your business, and how your business can support your personal goals. If they work together you are likely to get better outcomes.

06. SAVE FOR COLLEGE

What are your goals for education? To pay for 50% of college, all or none? Remember you can always take out loans for college but you can't take out loans for retirement or financial security. If you decide to save for college, a general rule of thumb is to set aside 5% of your gross income for college.

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How to Manage Your Debt

01. PUT CREDIT CARDS TO WORK FOR YOU (NOT AGAINST YOU)

Pay off all credit cards monthly. If the debt payment has a low interest rate and a low monthly payment, you may be able to do more with your money by investing rather than paying off debt.

02. TAKE OUT THE RIGHT MORTGAGE

Currently, mortgage rates are low and inflation is currently rising. This means you may be better off taking a more long-term approach to paying off that mortgage.

At TrueView Financial, our team of financial advisors are committed to working with you to help you achieve financial freedom no matter what stage of your life you are in. Unlike traditional financial planning which only addresses one or two aspects of wealth management, at TrueView, we incorporate all aspects of your financial picture such as insurance, investments, savings, retirement, debt allocation, and more to create a "TrueView" you can not only see – but monitor in real-time.

Financial freedom is closer than you think.

Schedule a complimentary consultation today by visiting **www.mytrueviews.com.**