

Finances 101  
Channon Cain, CFP®, MBA, CRC®, CFS®, DipFS

# Welcome!

Corpus Christi Estate Planning Council

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One Man's Financial Plan...  
Finances 101

Criminal weirdness on Search NBCNews.com

**Pre-Social Security plan: Rob bank, go to prison**  
Discouraged job-hunter asks for 3-year sentence to last till golden years  
Next story in Criminal weirdness

updated 10/12/2006 9:01:51 PM ET:  
COLUMBUS, Ohio — A man who couldn't find steady work came up with a plan to make it through the next few years until he could collect Social Security: He robbed a bank, then handed the money to a guard and waited for police.

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How Financial Advisors Feel

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**Investments  
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"I retire on Friday and I haven't saved a dime.  
Here's your chance to become a legend!"

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### Importance of a Financial Plan

- Begin with the end in mind
- Approximately 10% of people have a written financial plan
- The onus is much more on the individual than it used to be
  - Ex. Pensions have disappeared
  - 401k plans are the norm
- Social Security?
  - Sending out more than it takes in

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### Importance of a Financial Plan Cont.

- Implementation and Execution
- Ongoing monitoring and adjustments
- Importance of working with a financial advisor
  - Fiduciary
- Certified Financial Planner™ Practitioner
  - Work experience
  - Undergraduate degree
  - Modules or certified program completion
  - Comprehensive exam

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### Factoid

- There are actually 505 stocks in the S&P 500
- In October, the dividend payers (423) in the index (equal weight) posted a total return of .92% vs. 3.82% for the non-payers (82), according to S&P Dow Jones Indices. YTD payers were up 21.84% vs. 24.25% for non-payers.
- Coresight Research reported that U.S. Retailers closed 9,302 stores through the first 50 weeks of 2019, up 59% from 2018's full-year count (5,844). There were 4,392 store openings over those 50 weeks, up 35% from the 3,258 in 2018.

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## Economic Update

- Economists:
  - A Bloomberg survey of 17 equity strategists found that their average 2020 year-end price target for the S&P 500 Index was 3,280 as of 12/6/19. The highest estimate was 3,650. The lowest estimate was 3,000.
  - Definition of a Recession: 2 consecutive quarters of a decline in GDP

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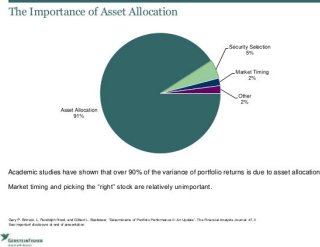
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## Importance of a Diversification

- "One study suggests that more than 91.5% of a portfolio's return is attributable to its mix of asset classes. In this study, individual stock selection and market timing accounted for less than 7% of a diversified portfolio's return." — David Larrabee CFA




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## Retirement

- Really no discussion of this historically
  - It would have been difficult to retire in olden days
- Purpose in Retirement is important
  - Ex. People who retire to Golf
  - Biggest mistake that I see
  - Practice retirement – RV example
- ReFIREment
  - Could really use this time to serve the Lord
- Waiting to Live
  - Client that died the first day of retirement
  - It's a balancing act – Live now vs live later

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### Best Practices

- Specifics ideas:
  - 1. 401k match – you must take as free money
  - 2. Fund your IRA EVERY year
  - 3. Minimize fees and expenses & index funds
  - 4. Buy Low, Sell High
    - Dollar cost averaging
  - 5. Enough life insurance?
  - 6. Check your beneficiary designations

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### Investment Overview

- Mutual Funds
- Stocks
- Bonds
- Index Funds
- Alternative Investments
  - Private Equity
  - Art/collectibles
  - Arbitrage

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### Risk and Return: The Efficient Frontier

Volatility (%)	Expected Return (%) - Model Portfolio including SP	Expected Return (%) - Model portfolios
5.0	3.5	3.0
6.0	3.8	3.2
8.0	4.2	3.5
10.0	4.5	3.8
12.0	4.8	4.0
14.0	5.0	4.2
16.0	5.2	4.4

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## Common Questions

- Gold
- Variable Annuities
- Financial Advisors
- Active Management vs. Passive Management
- Fees
- Robo advisors

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## Resources

- The Millionaire Next Door by Thomas J. Stanley
- [www.bankrate.com](http://www.bankrate.com)
- I am not a Financial Advisor, but happy to point you in the right direction!

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## Thank you!

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**"You're confused. That means I explained it properly."**

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The End

↗ Questions?

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