

# Financial Truths in Volatile Markets

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# Introduction and Agenda

- Student Loans
- Housing
- Insurance
- Investing
- Next Steps and Practice Ownership



# Student Loans

- Income Based Plans
  - Income Based Repayment
  - Pay as You Earn
  - Revised Pay as You Earn
  - Forgiveness

[www.studentaid.gov](http://www.studentaid.gov)



# Housing



- Rent vs Ownership
  - Not the same cost
- Principal
- Interest
- Homeowners Insurance (escrowed)
- Property Taxes (escrowed)
- Private Mortgage Insurance (PMI)



# Housing – Loan Terms

- Conventional Mortgage – 20% down payment
- Federal Housing Administration (FHA) Loan
  - Down Payment as low as 3.5%
  - Credit History
  - Private Mortgage Insurance



# Housing – Other Considerations

- Tax deductions for mortgage interest on Primary Insurance
- Closing Costs
  - Typically 1-2% of purchase price
- Home Repairs
- Location, tenure, downturn in the market, lack of liquidity



# Questions?

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# Disability Insurance

- What is it?
  - A paycheck while you're unable to work.
- Why is it important for me and my family?
  - Think of your assets that you currently have protected
- How is it priced? Does it replace my entire income?
  - For many it's less than a daily cup of coffee, a date night, or a smartphone bill
- Important things to keep in mind:
  - Is it cancellable, will the benefit grow with you, does it protect you as a Veterinarian
  - Consult a Financial Professional to explain the ins and outs of your Disability Insurance options
- Differences between Group Disability and Individual Disability and options for Business Owners
- <https://www.avma.org/News/JAVMANews/Pages/090815f.aspx>





# Life Insurance

- Common Uses of Life Insurance
  - Replace income, protect assets, pay off loans and mortgages, and pay death taxes when you pass
  - Fund a Business Transfer, Protect a business from the loss of a key employee, or equalize an inheritance.
- Building Cash Value
  - College Funding for children or grand children
  - Emergency fund
  - Supplement retirement living
- Customization Options
  - Conversion Options, Long Term Care Rider, Waiver of Premium and more



# Types of Life Insurance

Type	Description
Annually Renewable Term	Low initial premium that increases every year, increases get larger as you get older
Level Term	Set level premium for a defined period of time
Universal	Permanent policy, pay excess premium to build cash value, flexible premiums
Variable Universal	Permanent policy, excess premiums are invested in various sub-accounts to build cash value, flexible premiums
Whole Life	Permanent policy providing, guaranteed premium, cash value, and death benefit

... and More

All guarantees are subject to the claims paying ability of the issuing insurance company. Variable products are sold by prospectus. Before you invest, you should read the prospectus carefully and consider investment objectives, risks, charges and expenses. The product prospectus and underlying fund prospectus contain this and other important information. Investing involves risk.



# Malpractice and General Liability

- The Basics
  - Commercial General Liability
  - Professional Liability (Malpractice)
  - Commercial Property
  - Cyber Liability
  
- AVMA PLIT
  - Offers both Personal and Business Liability Insurance
  - <http://www.avmaplit.com/>



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# Planning for Retirement

- Employer Sponsored Plans
  - 401(k)
  - 403(b)
  - Pension Plans
  - Cash Balance Plan
  - Profit Sharing Plan
  - SEP
  - SIMPLE IRA
- Personal Plans
  - Traditional IRA
  - Roth IRA
- Social Plans
  - Social Security





# So how much can I do?

- Sometimes it depends on the plan, and your age bracket

Plan	Under 50	50+
401(k)	\$19,500	\$26,500
403(b)	\$19,500	\$26,500
SIMPLE	\$13,500	\$16,500



# So how much can I do? (cont.)

- Sometimes it depends on what the boss does

Plan	
SEP	Whatever % the employer puts in his/hers, they must put the same in each eligible employee's account. The contribution cannot exceed the lesser of 25% of the employee's compensation or \$57,000.





# Individual Plans

- Tax Deductible Traditional IRA 2020

Plan	Under 50	50+
Maximum Contribution	\$6,000	\$7,000
Income and Contribution Rules		
Income Limits (Single)	<ul style="list-style-type: none"> <li>• Fully deductible if AGI (Adjusted Gross Income) is below 65K.</li> <li>• There is a phase out provision for AGI between 62K and 75K.</li> </ul>	
Income Limits (Married – filing jointly)	<ul style="list-style-type: none"> <li>• Fully deductible if income is AGI is below 104K, and no plan is available at work for either spouse.</li> <li>• Special rules apply if even one spouse has a plan available with their employer.</li> <li>• There is a phase out provision for AGI between 104K and 124K.</li> </ul>	



# Individual Plans

- Roth IRA 2020

Plan	Under 50	50+
Maximum Contribution	\$6,000	\$7,000
Income and Contribution Rules		
Income Limits (Single)	<ul style="list-style-type: none"> <li>• Full contribution if AGI is under 124K</li> <li>• There is a phase out provision for AGI between 124K and 139K.</li> </ul>	
Income Limits (Married – filing jointly)	<ul style="list-style-type: none"> <li>• Full contribution if income is AGI is below 196K, and no plan is available at work for either spouse.</li> <li>• There is a phase out provision for AGI between 196K and 206K.</li> </ul>	



# Traditional IRA vs Roth IRA

	Traditional IRA	Roth IRA
<b>Tax treatment</b>	Contributions may be tax deductible, withdrawals are considered taxable income.	Contributions made on an after-tax basis, but withdrawals are tax free.
<b>Maximum age to contribute</b>	No Maximum (post Secure Act)	No maximum.
<b>Early withdrawal penalties</b>	10%, unless the withdrawal qualifies for an exemption.	Contributions (but not gains) may be withdrawn penalty-free at any time. The 10% penalty applies if investment gains are withdrawn early.
<b>Required minimum distributions (RMDs)</b>	Beginning in the year you turn 72.	No RMDs required.



# Banking



- Yes! You do need a few different bank accounts
  - Checking – for everyday cash flow
  - Savings – for an emergency fund
  - Savings – for near term goals
- If you are an independent contractor, you need a business account



# Advisory Team

- It is important to surround yourself with a team of professionals to help you make wise decisions. Who should be on this team?
- Banker
- Attorney
- CPA
- Insurance Professional
- Financial Advisor
- If applicable, consider adding your mentor in your chosen field



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