DISCLOSURES

SECURITIES OFFERED THROUGH FIRST HEARTLAND CAPITAL, INC (MEMBER FINRA/SIPC)

ADVISORY SERVICES OFFERED THROUGH FIRST HEARTLAND CONSULTANTS, INC

PIAM FINANCIAL SERVICES IS NOT AN AFFILIATE OF FIRST HEARTLAND CAPITAL, INC
Today’s Agenda

- Financial Planning Basics
- Money Management Ideas
- Retirement Planning
- Risk Management
- Wrap-up/Questions
Why People Fail to Become Financially Independent

- No Plan
- Procrastination
- Taxes
- Poor Investment decisions
- No Investment Management
- Catastrophes – “plan for the unplanned”
## 2012 Taxes Rules

<table>
<thead>
<tr>
<th></th>
<th>Single</th>
<th>Married filing jointly</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>Up to $8,700</td>
<td>Up to $17,400</td>
</tr>
<tr>
<td>15%</td>
<td>$8,701 - $35,350</td>
<td>$17,401 - $70,700</td>
</tr>
<tr>
<td>25%</td>
<td>$35,351 - $85,650</td>
<td>$70,701 - $142,700</td>
</tr>
<tr>
<td>28%</td>
<td>$85,651 - $178,650</td>
<td>$142,701 - $217,450</td>
</tr>
<tr>
<td>33%</td>
<td>$178,650 - $388,350</td>
<td>$217,451 - $388,350</td>
</tr>
<tr>
<td>35%</td>
<td>$388,350 or more</td>
<td>$388,350 or more</td>
</tr>
</tbody>
</table>
Money Management

- Get a handle on your spending – do a BUDGET
- Understand your loans
- Borrow from the right place
- Start NOW! No Excuses
- PAY YOURSELF FIRST !!
Money Management

- Emergency Reserves – 3 to 6 months worth of expenses (Liquid)
- Take advantage of current low interest rates
- Systematic savings plan
Money Management – Case Study

**Jack**
- Started saving early in career (24 yrs old)
- Contributed $2,000/yr
- Contributed for 30 years

**Jill**
- Started saving later in career (30 yrs old)
- Contributed $2,000/yr
- Contributed for 30 years

Who had more money at age 60?
Money Management – Case Study

**Jack**
- Contributed total principal of $60,000
- Investment grew to be worth $325,000 *

**Jill**
- Contributed total principal of $60,000
- Investment grew to be worth $202,000*

This is an example of what Albert Einstein called the most powerful force in the universe, compounding interest.

This is not representative of any specific investment. Hypothetical rate used was 7%
The Advantage of Time and Compounding Interest

<table>
<thead>
<tr>
<th>Age at Start</th>
<th>Amount at Age 65</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>$351,428</td>
</tr>
<tr>
<td>35</td>
<td>$150,030</td>
</tr>
<tr>
<td>45</td>
<td>$59,295</td>
</tr>
<tr>
<td>55</td>
<td>$18,471</td>
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</table>

Assumes 8% annual rate of return
Disciplined Investing

- Investors must take the “EMOTION” out of investing
- Strategy is only as good as investor behavior

20 years through 2004:
  Market gain - 13%
  Average Fund Investor - 3.9%

Dalbar Associates (April 2006) – Quantitative Analysis of investor behavior
S&P 500 Index – returns

- 1995 – 37.43%
- 1996 – 23.07%
- 1997 – 33.36%
- 1998 – 28.58%
- 1999 – 21.04%
- 2000 – (9.11%)
- 2001 – (11.88%)
- 2002 – (22.10%)
- 2003 – **28.70%**
- 2004 – 10.87%
- 2005 – 4.91%
- 2006 – 15.80%
- 2007 – 5.49%
- 2008 – **(36.55%)**
- **2009 – 27.11%**

Don’t Follow The Herd
# The Penalty for Missing the Market


<table>
<thead>
<tr>
<th>Period of Investment</th>
<th>Average Annual Total Return (%)</th>
<th>Growth of $10,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fully Invested</td>
<td>5.80</td>
<td>$17,572</td>
</tr>
<tr>
<td>Missed the 10 Best Days</td>
<td>1.02</td>
<td>11,065</td>
</tr>
<tr>
<td>Missed the 20 Best Days</td>
<td>-2.64</td>
<td>7,654</td>
</tr>
<tr>
<td>Missed the 30 Best Days</td>
<td>-5.77</td>
<td>5,520</td>
</tr>
<tr>
<td>Missed the 40 Best Days</td>
<td>-8.40</td>
<td>4,157</td>
</tr>
<tr>
<td>Missed the 60 Best Days</td>
<td>-12.82</td>
<td>2,536</td>
</tr>
</tbody>
</table>

Sources: Invesco Aim Management Group, Inc., FT Interactive Data via FactSet Research Systems Inc. The S&P 500® Index is an unmanaged index considered representative of the stock market. Performance reflects reinvestment of dividends. An investment cannot be made directly in an index. Past performance cannot guarantee comparable future results. This chart is for illustrative purposes only and does not reflect performance of any AIM fund.
Retirement Planning Basics

- Qualified Accounts (IRA, 401k)
- Tax deductible contributions
- Tax deferred growth
- Can’t touch until age 59½
- 10% penalty on early withdraws
- Withdrawals taxed at ordinary income rate
- Minimum required distributions at age 70½
Roth IRA

- Qualified account
- Contributions **NOT** tax deductible
- Tax deferred growth
- Can’t touch until age 59½
- 10% penalty on early withdrawals
- **TAX FREE** withdrawals
- No minimum required distributions
- 2010 Income limitations
  - Single ~ $105K - $120K
  - Married ~ $167K - $177K
Retirement Planning Basics

- Contribution limits for IRA and Roth IRA
  - 2005-2007 $4,000
  - 2008-2012 $5,000

- Contribution limits for 401(k) and 403(b)
  - 2005 $14,000
  - 2006 $15,000
  - 2007-2008 $15,500
  - 2009-2011 $16,500
  - 2012 $17,000
Maximizing Your Tax Deduction

Utilizing the right type of Qualified Plan

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Annual Cont. Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traditional IRA</td>
<td>$5,000</td>
</tr>
<tr>
<td>401(k), 403(b), 457, deferrals</td>
<td>$16,500</td>
</tr>
<tr>
<td>Defined Contribution plans</td>
<td>$49,000</td>
</tr>
<tr>
<td>Defined Benefit Plans</td>
<td>$195,000</td>
</tr>
</tbody>
</table>
ROTH IRA Alternatives

- Permanent Life Insurance
- Money contributed w/ after tax dollars (no contribution limits)
- Tax deferred growth on investment dollars
- Tax free withdrawal's of policy cash value
- No income Limitations
- No 59½ IRS limitation
Why Disability Insurance?

- Provides an income to an individual who is sick or hurt and cannot work.
- Critical protection for
  - professionals
  - owners of small businesses
  - executives
Recognizing the Need

- In the U.S., a disabling injury occurs every 1 second, whereas a fatal injury occurs every 4 minutes.  

- The average duration of a long-term disability is 30 months.  
  - JHA Disability Fact Book, 2006

- A new Harvard University report reveals that 62 percent of all personal bankruptcies filed in the U.S. in 2007 were due to an inability to pay for medical expenses.  
  - June 4, 2009. The American Journal of Medicine
Definition of Disability

Own Occupation coverage . . . insures the ability to work in YOUR OCCUPATION.
Importance of Individual Coverage

- You own it – Guaranteed Non Cancelable
- Portable – goes with you wherever you do
- No premium increases or changes to policy
- Ability to increase coverage with income
- Tax Free benefit
- Benefit is in addition to any group benefit
Myths about Group Coverage

- Benefit is guaranteed
- Policy is convertible as the same coverage
- Benefit is tax free
- Benefit increases with my income
Critical to Secure Coverage Early

- Cannot just buy off the shelf – must qualify
- Age and Health are major factors – older=$
- Insurance Companies are changing the rules
Life Insurance

- Lock in Health and Age
- Term vs. Whole Life/UL
- Benefits of Life Insurance to High Net Worth Individuals
Wrap-up...planning issues

- Protect your investment
  - Amount and type of insurance (life & DI)
- Retirement planning
- Money management (debt, cash flow)
- Wills and Trust documents

DO NOT PROCRASTINATE !!
THE TIME TO START IS NOW !!
QUESTIONS?

THANK YOU!!!