



Personal Investments

Creating Wealth for a Lifetime

Disclaimer

This course is developed for educational purposes and non-commercial use. It should not be construed as endorsement for any financial products or services. It in no way intends to convey legal, real estate, employee benefits, tax, insurance, or financial planning advice. It is a simple overview to educate those who are new to these subjects. Consultation with a professional is recommended for individual advice. These topics are complicated, dynamic, and constantly changing. Please check for current regulations, rules and laws.

Table of Contents

Financial Behavior Evaluation.....	3
Planning Financial Strategies for a Lifetime	4
Your financial goals	5
Create a plan for saving for retirement.	6
Use asset allocation	6
Use index funds with low fees.....	8
Use bond laddering to reduce interest rate risk	8
Selecting a financial advisor.....	10
Protecting your wealth	13

Financial Behavior Evaluation

<p>The goal of all financial education is to get you to adopt important behaviors that will ensure your financial security. Check all the financial behaviors that you engage in. Do this inventory every year. Your goal is to adopt all these behaviors.</p>	<p>Check all that you do now.</p>
Pay all my bills and loan payments on time.	
Have a recordkeeping system for my financial affairs.	
Balance my checkbook and monitor all my financial transactions monthly.	
Track all my expenses.	
Use a spending plan or budget.	
Have an emergency savings fund. If yes, how many months of expenses: 1-3 months ___ 4-6 months ___	
Save or invest money from every paycheck. If yes, percent paycheck saved ___%	
Save for long-term goals. If yes, which goals: (Check any that apply.) Education ___ Car ___ Home ___ Home upgrade ___ Vacation ___	
Plan and set goals for financial future.	
Have money in more than one type of investment. If yes, check any that apply: Individual stocks ___ Mutual Funds ___ Bonds ___ Real Estate ___ Treasury bills or CDs ___ International ___ Commodities ___	
Calculated net worth in the past two years.	
Participate in employer's retirement plan. 401(k) ___ 403 (b) ___ Other: ___	
Have insurance to protect my loved ones. If yes, check any that apply: Health ___ Life ___ Property ___ Auto ___ Disability ___ Umbrella ___	
Put money into other retirement plan: Roth IRA ___ Traditional IRA ___ SEP or SIMPLE IRA ___	
Review my credit report annually.	
Pay credit card balances in full each month.	
Research and compare offers before applying for a credit card or loan.	
Do my own taxes.	
Read about personal money management to improve how I'm doing.	

Planning Financial Strategies for a Lifetime

	Twenties	Thirties	Forties	Fifties	Sixties	Retirement
Protect your financial dreams	<ul style="list-style-type: none"> Set exciting goals Establish good credit habits and history Make a spending plan Establish good credit habits Create a record-keeping system Comparison shop and get adequate auto, health, disability and property insurance Establish 401k account 	<ul style="list-style-type: none"> Own a home Have a good credit score Review and get adequate property, life and liability insurance. Create wills Start education funds for children Create monitoring system for finances. Learn about investments Form a financial team with your partner Start IRAs 	<ul style="list-style-type: none"> Expand sources of income Upgrade home Asset allocate education fund to meet time horizon Diversify and monitor savings against retirement goals Teach children about money management Create a plan to financially survive a job change situation 	<ul style="list-style-type: none"> Pay for college for children Expand investment portfolio and asset allocate Renew retirement plans Set estate plans with family Plan for care of aging parents Explore and evaluate options for long-term care 	<ul style="list-style-type: none"> Corral all sources of income for retirement Asset allocate for adequate retirement income Explore part-time or volunteer work Plan housing for retirement Comparison shop for gap health insurance Have independent and financially successful children 	<ul style="list-style-type: none"> Be debt free Have adequate health insurance coverage Have steady stream of income to cover retirement Have options for care if disabled Obtain reliable assistance to managing financial affairs in the event of disability Fine-tune estate plan Keep current on investment fraud.
Avoid these financial nightmares	<ul style="list-style-type: none"> Excessive credit card debt Taking too much student loans Spending too much on a car Victimized by identity theft No financial skills Focusing on short-term satisfaction and not long-term needs 	<ul style="list-style-type: none"> Unrealistic personal or family goals Too much mortgage and other debt No emergency fund or savings Not enough insurance Not involving family in financial affairs Spending raises or windfalls and not taking advantage of the time value of money to save for retirement Taking loans on 401k 	<ul style="list-style-type: none"> No savings for major replacements Drawing home equity to spend Neglecting to update insurance coverage Excessive trading on investments Lack of diversification in portfolio Not taking advantage of the time value of money by saving early 	<ul style="list-style-type: none"> Not saving enough for retirement Not enough for college for kids Children wanting excessive assistance Not rebalancing portfolio or revisiting asset allocation Drawing home equity to spend Not anticipating decrease in income Not anticipating medical or health expenses Bankruptcy 	<ul style="list-style-type: none"> Not having enough retirement funds Too much debt to pay down before retirement Having an out-of-date will Failing to explore health care alternatives before retirement No long term care insurance to protect estate 	<ul style="list-style-type: none"> Not using resources Not developing an estate plan Not enough income for retirement Not adjusting spending to retirement income Inadequate health coverage Victimized by fraud because of lack of education.

Your financial goals

Most families don't achieve at least one major financial goal. The first step is to identify what your goals are and create plan to achieve them.

Personal Financial Goals Worksheet – Complete every year					
Name(s): _____			Goals for: <u>saving, spending and credit</u>		
Date: _____		Year: _____	Months _____		

Non-monetary Goals			
Priority	Brief Description	Actions to Be Taken	Target Date for Completion
	<i>Example:</i> Lose weight – 10 pounds	Eat less and exercise more	Six months

Short-Term Money Goals (3-12 months)					
Priority	Brief Description	Actions to Be Taken	Target Date for Completion	Cost Estimate	Savings Needed Per Month
	<i>Example:</i> vacation, new sofa, television, etc.	Set up automatic monthly transfer from checking	3 months	\$1,200	\$400

Long-Term Money Goals (One year or more)					
Priority	Brief Description	Actions to Be Taken	Target Date for Completion	Cost Estimate	Savings Needed Per Month
	<i>Example:</i> Save for a down payment on a house, kids' education, starting a business, retirement	Increase contribution to savings program by 10% per year	Four years . .	\$15,000	\$313

Create a plan for saving for retirement.

What age do you want to retire?	
1. What lifestyle do you want at retirement? What will this lifestyle cost? (Estimate as what it will cost per year, for example, a \$50,000 a year lifestyle.)	
2. What will your health care costs per year be when you retire?	
Total the two and subtract what you think you will get from social security and pensions	
What will you need in your retirement account? (Divide the number above by 4%)	
Determine how much you will have to save each year to reach your retirement goal using the calculator: http://www.bankrate.com/bm/calculators/retirement/401k_retirement_calculator.asp	

Reflect on what you have to do to achieve your retirement goal.
 Will you have to reduce your expectations of the lifestyle?
 Will you have to increase your contributions to retirement?
 What action will you take to make it happen?

Retirement Savings Plan – Try to save 10% of your income by using tax-advantaged plans

Type of Plan	My planned annual savings	Employer match
401k		
IRAs (Roth, Traditional, Simple, etc.)		
Other		

Use asset allocation

Experts recommend that individual investor do asset allocation—and not engage in trying to pick individual stocks. Check all asset classes and subclasses you will invest in and determine what percent of

Page 6

your portfolio you will place in each. Often this will depend on your time horizon. Most experts recommend that you diversify and not put more than 30% to 40% in one asset class. Most experts also recommend that you put less in risky asset classes. They also caution against having too much in one stock even if it is your company stock. Invest only in what you understand. You're not missing out on anything.

Your asset allocation must be monitored because it will change as your financial goals are achieved. As your kids near college age, you will move investments into more liquid forms so you can take out cash to pay for tuition. The same will happen as you near retirement.

Index Funds (2007)	Average Return %	Risk %
Emerging markets are international stocks of developing countries	42	18
European large stocks	25	10
International stocks of developed countries	23	9
Real estate	22	17
Small cap stock - Small US companies \$300 M to \$2 B	15	12
Mid cap stock - Medium-sized US companies \$1.5B to \$5 B	16	10
S&P 500 - Largest US stocks	13	8
Bonds	4	3

Asset		Risk (High, Medium, Low)	Percent
Cash			
Stock	US	Large Cap	
		Small Cap	
		Sectors	
	International	Developed	
		Emerging	
Bond	US	Corporate	
		Treasury	
		Treasury Inflation-Protected	
		Municipal	
		Mortgage	
		Short, medium, or long	
		Junk	
	Global	Developed	
		Emerging	
	Real Estate		

Commodities		
Other (specify)		

1. Go through each category that you selected and explain what you think are the risk and return characteristics of each.
2. Explain why you chose to allocate the percent you did.
3. What benefit do you think that each category you selected will bring to your portfolio.

Use index funds with low fees

More and more research points to the wisdom of selecting index funds for your investment portfolio. Contribute regularly and you will be using dollar-cost averaging to buy the funds. Monitor your asset allocation and rebalance to keep the asset allocation you want and need. Rather than selling investments to rebalance, most experts recommend that you use new contributions to buy what you need to rebalance. This will prevent tax gains from being triggered.

Mutual Fund Category	Index Fund Expense Ratio %	All Funds Expense Ratio %
Emerging markets are international stocks of developing countries	0.77	1.77
European large stocks	0.6	1.64
International stocks of developed countries	0.35	1.65
Real estate	0.35	1.46
Small cap stock - Small US companies \$300 M to \$2 B	0.2	1.41
Mid cap stock - Medium-sized US companies \$1.5B to \$5 B	0.2	1.39
S&P 500 - Largest US stocks	0.09	1.25
Bonds	0.2	1.05

Use bond laddering to reduce interest rate risk

Bonds present stock investors a degree of stability to your investment portfolio, however rising and falling interest rates can disrupt your investment strategy. Normally the longer the maturity time period, the higher the bond's yield since longer maturities give the bond to greater risk of interest rate ups and downs over a longer period of time.

Bond laddering is a better way to protect you from the risks of interest rate ups and downs and at the same time manage the cash flow (yield or interest payments) from your bond investments. **A ladder can be used for CDs as well as bonds.** A bond ladder involves buying several bonds with varying maturities over a 5 to 10 year period.

For example, instead of buying \$100,000 in bonds with a five year maturity you would buy \$10,000 bonds each year for five years. With the lump sum investment, you have all your bonds maturing at the same time. With laddered bond investing, you would have a bond maturing every year for five years. Looking at early 1980, this is what would have happened. With the lump sum investment, you would have \$153,700 after five years. Although interest rates were high in 1980, you missed the even higher interest rates in 1981 and 1982. With bond laddering, you would have \$190,490. (As a caveat, this analysis doesn't take into consideration the time value of money.)

		Lump sum	Ladder
1980	10.7%	100000	20000
1981	12.8%		20000
1982	14.7%		20000
1983	10.0%		20000
1984	11.4%		20000
1985	10.9%		20000
At maturity		153700	190490

The advantages of a bond ladder (or CD ladder) are:

- You will have a mixed yield portfolio of bonds coming due in the short and long term, which will give you an appealing current bond yield.
- If interest rates go up, you will have a bond maturing shortly that you can reinvest at a higher interest rate for another five year term.
- If interest rates drop, only a small portion of your portfolio (the one-year bond maturing) would be reinvested at the lower rate.
- You can match your cash needs with how long you make the bond ladder by deciding the type of bond for the ladder.

Be careful how you build your bond ladder. Here are some suggestions to keep in mind:

- Your bond ladder can have a different time frame than the five year example above. However, the longer the maturity, the higher your yield but the risk will be greater.
- For your bond ladder, the more rungs on your ladder, the more diversified your investment portfolio will be.

Here is a list of interest rates for treasury bonds in the past 27 years. Try a bond ladder to see if you can reduce interest rate risk.

	One-year rate		Two-year rate		Five-year rate		Ten-year rate	
1980	12.06		11.50		10.74		10.80	

1981	14.08		13.26		12.77		12.57
1982	14.32		14.57		14.65		14.59
1983	8.62		9.33		10.03		10.46
1984	9.90		10.64		11.37		11.67
1985	9.02		9.93		10.93		11.38
1986	7.73		8.14		8.68		9.19
1987	5.78		6.23		6.64		7.08
1988	6.99		7.63		8.18		8.67
1989	9.05		9.18		9.15		9.09
1990	7.92		8.09		8.12		8.21
1991	6.64		7.13		7.70		8.09
1992	4.15		4.96		6.24		7.03
1993	3.50		4.39		5.83		6.60
1994	3.54		4.14		5.09		5.75
1995	7.05		7.51		7.76		7.78
1996	5.09		5.11		5.36		5.65
1997	5.61		6.01		6.33		6.58
1998	5.24		5.36		5.42		5.54
1999	4.51		4.62		4.60		4.72
2000	6.12		6.44		6.58		6.66
2001	4.81		4.76		4.86		5.16
2002	2.16		3.03		4.34		5.04
2003	1.36		1.74		3.05		4.05
2004	1.24		1.76		3.12		4.15
2005	2.86		3.22		3.71		4.22
2006	4.45		4.40		4.35		4.42
2007	5.06		4.88		4.75		4.76
2008	2.71		2.48		2.98		3.74

Evaluate your portfolio against the appropriate indices

If you have a portfolio, divide your portfolio into the appropriate asset classes and compare your portfolio's performance against the appropriate index. Here is a listing of some indices.

Selecting a financial advisor

Here's a list of the kinds of investment advisors and what they do.

Type of Advisor	Check for Disciplinary Actions
<p>Accountant. Certified public accountants (CPA) have an accounting degree, worked under the supervision of a CPA, and must pass a national exam. There are about 400,000 CPAs out there. About 3000 accountants are Personal Financial Specialists, a designation offered by the American Institute of Certified Public Accountants for financial planning.</p> <p>Attorney. Some lawyers provide financial planning services, usually in estate planning (wills) or tax planning.</p>	<p>Certified. Registered with www.aicpa.org.</p> <p>State Board of Accountancy, www.nasba.org for listing. For Washington state, it's the www.wscpa.org.</p> <p>For a listing of State Bar Associations, check Professional Resources in http://www.martindale.com/.</p>
<p>Broker/Dealer. A broker/dealer usually works for a firm that is licensed to sell investments. Dealers (mostly large companies) sell securities that they own. Brokers buy and sell on behalf of investors.</p> <p>Certified Financial Planners (CFP). CFPs have 3 years (with bachelor's degree) of financial planning experience, and must pass a 2-day exam covering 100 topics. They need 30 hours of continuing education every 2 years. There are about 54,000 CFPs.</p>	<p>The NASD, www.nasd.com, has the Central Registration Depository. Investors can request a public disclosure report on brokers. Check with www.dfi.wa.gov for Washington state.</p> <p>Certified. Registered with Certified Financial Planner Board of Standards www.CFP-Board.org. Check with www.dfi.wa.gov for Washington state. Fee-only financial planners can be researched on www.napfa.org. Issues around financial planners are at www.fpanet.org</p>
<p>Chartered Financial Analysts (CFA). CFAs are mainly employed as securities analysts. They must complete the Association of Investment Management and Research's experience, education, and exam requirements. There are about 78,000 CFAs and, worldwide, about 100,000 CFA hopefuls sit for the exams every year.</p>	<p>.</p>
<p>Chartered Financial Consultant (ChFC). These are certified by The American College, which is the insurance industry's educational arm. They need 3 years of business experience (a Bachelors degree may qualify as 1 year) and they need to pass a 10-course financial planning curriculum. About 33,000 professionals have this certification.</p>	<p>Certified. Check with your state insurance regulator. (for listing, see www.naic.org) and state securities agency (listing available through www.nasaa.org). For Washington state, check with (www.dfi.wa.gov)</p>

Estate planners. These can be lawyers, accountants, financial planners—they can be in the insurance industry or work for a bank. They help you put together a plan that gets most of your estate to your heirs rather than to Uncle Sam.

For a listing of State Bar Associations, check Professional Resources in <http://www.martindale.com>.

Investment Advisor. Anyone who takes money for financial advice on assets of \$25 million or more must register with the Securities and Exchange Commission (advisors under \$25 million with clients in 30 states must also register). Everyone else has to register with the state securities agencies (unless state law says different). Stockbrokers are exempt because they are sales agents who are watched by the National Association of Securities Dealers.

Securities and Exchange Commission for regulations, see www.sec.gov. State securities agency, listing available through www.nasaa.org. For Washington state, check with (www.dfi.wa.gov)

Investment Advisor Representative. Someone who works for an investment advisory firm and who provides advice to clients. They must pass the Series 65 exam (for investor advisors) and an exam developed by the North American Securities Administrators Association.

Series 65 exam. Check the state securities agency listing available through www.nasaa.org/. For Washington state, check with (www.dfi.wa.gov)

Registered Representative. A stockbroker usually affiliated with a brokerage/dealer firm who recommends securities to clients. A registered representative has to pass the National Association of Securities Dealers exam (usually the Series 6 and 7) and also pass a state exam. They must be registered with the NASD and licensed with the local state securities agency.

Registered with the National Association of Securities Dealers (www.nasd.com) and state securities agencies (listing available through www.nasaa.org). For Washington state, check with (www.dfi.wa.gov)

Before you select an investment advisor, prepare a list of your financial goals and have a good idea what your risk profile is. Taking a basic primer course on investing is also helpful. *Don't rush to select an advisor. It can be a very costly mistake.*

Understand that you can have any level of financial advice you choose. You can have the financial advisor make all the decisions on your investment plan. You can use the advisor for advice. You can devise your own plan and execute it yourself. There are no set rules for how financial advisors are used, just as there are no set rules on how they are paid.

They can be paid on a commission basis, getting a fee or percent on the products they sell. For example, if they sell a mutual fund to you, they might get a 2% commission on what you buy. They can be paid on a fee-only basis where the only source of compensation is a fee from you. This may be an hourly rate or a fixed annual fee. For example, you might negotiate a \$2000 fee to be paid every year. Many brokerage firms have been moving over to fee-only structure of 1% to 3% of assets, touting that this provides more objective advice. However, a fee-only structure may not be the best for you if you invest mainly in indices and don't trade often. It's also important to clarify what you will get for your fee.

Advisors can be paid both commission and fees. They can be paid based on the assets they manage for you. For example, they might charge you 0.5% to 5% of the assets they manage. (Usually the more money you have, the less the percent.) This type of arrangement may not be the best for individuals who invest mainly in index funds and buy and hold. As in all cases, fees are all negotiable.

The important thing is that you understand exactly how they are paid. Much of the abuse that happens in the financial services industry occurs because some advisors manage their own compensation much better than they manage their clients' assets. Ask for a copy of the firm's commission schedule. More

commissions may be paid on the firm's own products even though they may not perform as well as other products.

Put in writing that you want full disclosure of compensation on any products that are recommended and make sure you get it for every investment. Ask about any fees required for opening, maintaining, or closing an account. On the other hand, make sure you understand what you are getting for your money. If you're not paying for advice, you won't get advice.

Even though there are many choices of financial advisors out there, most people don't take the time to comparison shop. Before you select an advisor, talk to people at several firms. Meet with them face to face at their offices. Make a list of questions to ask. You want an individual with a fair (5–10 years) amount of experience (the burnout rate in this profession is high, especially when they have quotas to meet). Get a copy of their Form ADV. This is the advisor's registration form with the SEC. Part 1 covers the advisor's education, business, and any problems with regulators. Part 2 outlines services, fees, and strategies.

What is the advisor's education? Does it relate to financial knowledge? Some insurance agents who are new to managing investment may start to sell you funds available through their companies. Although they may be excellent insurance agents, they may not be experienced enough to handle your money. Ask about their clients. How many clients do they have? How long do clients stay with them? What are the total assets they are advising on? What is the average portfolio of their clients? Make sure you fit the profile. If your portfolio is too small, the advisor might not pay enough attention to you. Ask if the advisor or an assistant will handle your portfolio. Ask for at least three references. Most importantly, do you feel comfortable with the advisor? Investing is a very personal activity. Does the advisor's investing style match yours? You need to feel that the advisor is working in your best interest.

Make sure that you have complete disclosure of any fees and the commission schedule. Ask questions about conflict of interest. (This advisor might also be advising your business competitor.) The advisor may get referral fees for recommending you to other financial, accounting, or legal firms. Check with the state securities agency or the professional association for any disciplinary actions. Ask if the brokerage firm is a member of the Securities Investor Protection Corporation (SIPC). This organization provides limited protection if the firm goes under. Ask if the firm has other insurance. Get it all in writing. The Certified Financial Planner Board (www.cfp-board.org) has an extensive questionnaire that can be filled out by any advisor you are considering.

Institutional investors most often have more than one investment advisor and it's a good idea for you to have more than one as well. You can ask for a second opinion on any investment advice you are given. Also know that a major marketing tactic is to have an individual move all their financial requirements by one firm because it encourages retention with the firm. Often even if the individual is dissatisfied with service, it is a major hassle to move his or her assets to another firm and he or she may not do so. Here is the questionnaire that the Certified Financial Planner Board of Standards (<http://www.cfp.net/learn/knowledgebase.asp?id=8>) recommends that you use in your interview. It is best to have the financial planner complete it in writing and sign it for return to you. Take notice as to how long and what care the planner takes to complete this form. This may be an indication of how much care and attention that will be given to you.

Protecting your wealth

- Check and balance all credit card, bank, and investment statements every month. Make sure that they are correct. Report any errors right away.

- Be careful with your personal information, credit card numbers and account numbers. Keep your financial records locked away.
- Do not disclose your social security number unless it is absolutely necessary.
- Shred or burn any financial statements that you want to discard. Do not just throw them into recycle or the garbage.
- Delete emails that ask you for personal information. Keep your computer secure with anti-virus software. Do not store any financial information on web-based storage that can be hacked into.
- Keep all passwords to your bank and brokerage secure and change them at least every six months.
- Check your credit report at least once a year. Go to annualcreditreport.com.
- Opt out of credit card offers by going to optoutprescreen.com 1-888-567-8688.
- Sign up at the do not call registry at donotcall.gov 1-888-382-1222.
- If you have been a victim of fraud, report it immediately to www.dfi.wa.gov 1-877-RING-DFI.

What financial records to keep and for how long?		
Type of record	Length of Time	Reason to Keep
Bills	One-year to permanently	<ul style="list-style-type: none"> • Review your bill statements once a year. • For most cases, when the canceled check from a paid bill was shown on your checking statement (or the canceled check has been returned with your statement), you can shred or burn the bill. • However, bills for large purchases, such as appliances, furniture, cars, jewelry, computers, rugs, collectibles, antiques, etc., should be kept in an insurance file for proof of their value in the event of loss, damage, flood, or fire.
Credit card receipts and statements	45 days to seven years	<ul style="list-style-type: none"> • Keep your original receipts until you get your monthly statement. • Shred or burn the receipts if the receipts match the monthly statement, and if they are not a large purchase listed above to keep the receipt.
Bank records	One-year to permanently	<ul style="list-style-type: none"> • Go through your checks each year and keep those related to your taxes, business expenses, mortgage payments and home improvements. • Shred or burn those that have no long-term importance.
Paycheck stubs	One year	<ul style="list-style-type: none"> • Keep all your paycheck stubs until you receive your annual W-2 form from your employer, make sure the information matches the stubs and W-2. • If it does match, shred or burn the stubs. • If it does not match, request a corrected form,

		known as a W-2c.
Taxes Tax returns (forms) filed with IRS Receipts/canceled checks (charitable contributions, mortgage interest, alimony and retirement plan contributions) Records for tax deductions you took on your tax forms	Seven years	The IRS has three years from your tax filing date to audit your tax returns, if it finds questionable good faith errors. <ul style="list-style-type: none"> • The three-year deadline also applies if you discover a mistake in your return and decide to file an amended tax return to claim a refund. • The IRS has six years to challenge your return if it thinks you under-reported your gross income by 25% or more. There is no time limit if you failed to file your return or filed a fraudulent tax return.
IRA contributions	Permanently	If you made a non-deductible contribution to your IRA, keep your records indefinitely to prove that you paid tax on this money when it comes time for you to withdraw from your IRA account(s).
Retirement/Savings plan statements	One year to permanently	<ul style="list-style-type: none"> • Keep the quarterly statements from your 401(k) or other plans until you receive the annual summary statement. If it matches up, then shred or burn the quarterly statements. • Keep the annual summary statements until you retire or close the account.
Brokerage statements	Until you sell the securities	Keep the purchase confirmations or sales slips from your brokerage or mutual fund to prove whether you have capital gains or losses at tax time.
House/condominium records	Six years to permanently	<ul style="list-style-type: none"> • Maintain deeds, mortgage documents, title, cost of improvements, and closing statements in a safe place permanently. • Keep tax, rental agreements, rental receipts and repairs for 7 years. • Keep records of the expenses incurred in selling and buying the house/property, such as legal fees and your real estate agent's commission, for six years after you sell your house. • Keeping these records is important because any improvements you make on your house, as well as expenses in selling it, are added to the original purchase price or cost basis. This adds up to a greater profit (also called capital gains) when you sell your house. Therefore, you lower your capital gains tax from the sale of your house.
Loan agreements	When outstanding	<ul style="list-style-type: none"> • Keep copies of all outstanding loan agreements and most recent statements

		indicating how much you have repaid
Insurance policies	Long term care and life insurance – permanently Others one year after expiration	<ul style="list-style-type: none"> • Keep your insurance cards in your cars as required by law. • Keep copies of your most recent homeowners, auto, and umbrella insurance policies so that claims can be made easily and efficiently. • Keep both long-term care and life insurance in a safe place and let a responsible person know how to find them. • Create and update an annual inventory of all personal property. Include appraisals or receipts. Keep a copy of this in a safe place outside of your home.
Health care expenses	One year to seven years	<ul style="list-style-type: none"> • Keep your original receipts to file health insurance and flexible spending account claims • Keep medical receipts for deductions that you claimed on your tax return

What would you discuss with your significant other about investing?

In addition to being one of the signposts of your emotional life, marriage is also one of the most significant events in your financial life. What will you discuss with your significant other when you are entering into marriage? What is it important to have agreement on? What can you disagree or be separate on?

What would you teach your children about investing?

Similar to a will that outline your wishes for your children, what are the most important financial lessons you want to pass onto your children? When would you start teaching them these concepts?

What should you discuss with your parents?

Most of us look to parents to take care of us but the relationship does change as parents age. What should you discuss with your parents regarding their money management? It’s important to have this worked out as parents can become disabled or their ability to make clear decisions may become blurred as they age.