



THORNTON Financial LLC
Tax & Financial Planning

JAYSON M.  **CFP**[®]
THORNTON

Financial Planning Basics



What is Financial Planning?

Financial planning is the process of taking a “big picture” look at your financial situation and creating a plan to reach your goals.

Certified Financial Planner (CFP) is a financial advisor who has passed a rigorous certification process and earned the title. They are certified to help clients with Budgeting, Saving, Debt, Taxes, Insurance, Investing/Retirement, and Estate Planning.

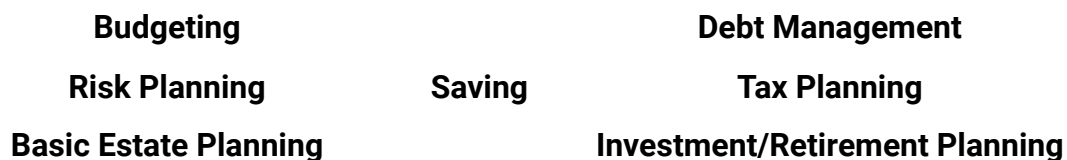
What is financial wellness? (financial stability)

Financial wellness is being prepared for all major life events up to, and including, retirement. That means being able to get married, buy a house, send your children to college, and retire without having a cloud of debt darkening life’s happiest moments. Financial wellness is not a single point in time or a checklist that you work through. It is building habits over time and potentially having some uncomfortable discussions and making some unpleasant decisions. Different results can only come from a change in behavior. Building longterm wealth involves hard work. Financial Wellness (Stability) is achieved through financial planning.

The Savings Mindset (Savings = Income – Spending)

The bottom line is not how much you make or how much you spend but how much you save. When savings is your priority, you position yourself for a bright financial future. Of course, many of us are not able to save much, if at all, due to our past behavior and current circumstances. We might have spent more than we earned in the past and now find ourselves in debt. A job loss or medical condition hurts your current earning power. This is why it is always a good time to focus on your financial wellness.

Keys to Financial Wellness



We believe that budgeting is the foundation upon which your financial plan is built. Debt inhibits your ability to save and achieve your financial goals. With basic estate planning including term life insurance, you are planning for your and your family’s future and protecting against the worst possible scenarios. Investment/Retirement Planning is the culmination of assets that you can live off in your senior years. Generational Wealth is the remaining assets that are available to pass down to your children and other heirs when you are gone.



Budgeting Principles

- 1 - Spend less than you earn**
- 2 - It does not matter how much is in your accounts, what matters is how much you have in your budget**
- 3 - Every penny you earn needs to be assigned to a budget category**
- 4 - Being proactive about tracking your spending is key to staying on budget**
- 5 - When you go over budget in one category you need to reduce other categories by the same amount**

Savings Principles

What is an emergency fund?

An emergency fund is a bank account with money set aside to pay for large, unexpected expenses, such as: unforeseen medical expenses, home-appliance repair or replacement, major car fixes, and unemployment.

Why do I need an Emergency Savings Fund?

Emergency funds create a financial buffer that can keep you afloat in a time of need without having to rely on credit cards or high-interest loans. It can be especially important to have an emergency fund if you have debt, because it can help you avoid borrowing more.

How much should I save?

Three to Six months of your necessary budgeted bills. Two income households' goal is Three months. One income households' goal is Six months.

Where do I put my emergency fund?

Ideally, you'd put your emergency fund into a savings account with a high interest rate and easy access. Because an emergency can strike at any time, having quick access is crucial. So it shouldn't be tied up in a long-term investment fund. But the account should be separate from the bank account you use daily, so you're not tempted to dip into your reserves.



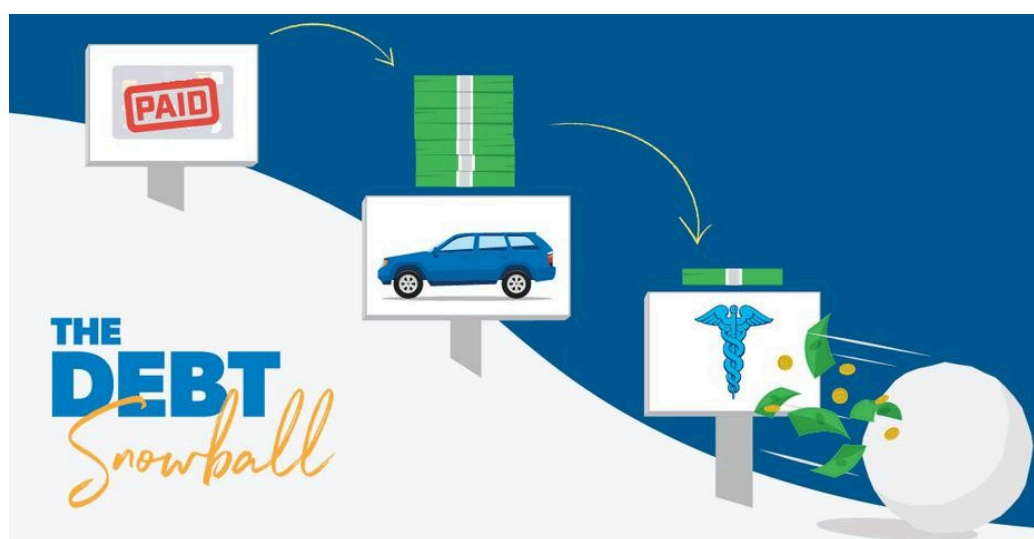
DEBT Management

Debt is one of the main reasons that people do not achieve their financial goals. When you are in debt you are paying for things that happened in the past rather than investing in your future.

Every dollar you pay in interest is one less dollar you can spend, save, or invest. Nobody wants to be in debt but not everybody is disciplined enough to get out of it without some help. As with budgeting the approach is creating a plan, putting it in action, and sticking to it. You might end up surprised by how quickly you can pay off your debt once you start.

How Does the Debt Snowball Method Work?

The debt snowball method is a debt-reduction strategy where you pay off debt in order of smallest to largest, gaining momentum as you knock out each remaining balance. When the smallest debt is paid in full, you roll the minimum payment you were making on that debt into the next-smallest debt payment.



Here's how it works:

Step 1: List your debts from smallest to largest regardless of interest rate.

Step 2: Make minimum payments on all your debts except the smallest.

Step 3: Pay as much as possible on your smallest debt.

Step 4: Repeat until each debt is paid in full.



Risk Management

Risk Management is the process of identifying and protecting against the possibility of something bad happening. Insurance Planning helps to protect your **Health, Property**, and even your **Income**. The impact of an unexpected sickness, accident, or premature death can destroy your Financial Plan. Getting the proper insurance coverage can protect you as you work to achieve financial freedom. Review policy with your insurance provider to ensure correct coverage.

Health Insurance, Auto Insurance, Renters/Home Insurance, Life Insurance.



Tax Planning

The less money you pay in taxes, the more you have to devote toward your financial goals. But under paying your taxes can block you from achieving your long-term financial goals.

W2 Employees need to ensure that their **W4 withholdings** form is accurate and up-to-date. When your lifestyle changes your W4 needs to be updated; marriages, divorces, new births, and adult children that are no longer dependents.

If you are **Self-Employed** ensure that you are making **quarterly estimated tax payments**. Make sure to consult a qualified tax advisor.

A big part of financial planning is tax planning, which can help you make the most of tax-advantaged savings opportunities and tax breaks, as well as help you manage your income and withdrawals to minimize the tax consequences.



Estate Planning Basics

Estate planning is the process of preparing for financial events that happen after you pass away. It involves creating a plan for who gets your stuff and how. If you have underage children or a financially dependent spouse Life Insurance plays a big role in estate planning.

Plan for the expected & unexpected

Start by outlining what's most important to you and working with a team of professionals – including your financial advisor, estate planning attorney and tax professional – to help develop your strategy.

Basic Estate Planning Documents

Will or Revocable Trust

Term Life Insurance Policy (about 10X your income)

Medical Power of Attorney

You may think estate planning is only for the wealthy, but the fact is most everyone should consider some form of estate strategy. Think about what's most important to you: your family, your children, your charities. An estate strategy can give you – rather than the courts – control over how to provide for these once you are no longer able to do so.



Investment & Retirement Planning

What Is Retirement Planning?

Retirement planning is the process of figuring out how much money you'll need to save for retirement and then putting a plan in place to get there.

Set Your Retirement Goals

What is your retirement dream? Do you want to ride around the country in an RV? Buy a house on a lake and go fishing every day? Spend a bunch of time with your grandkids?

Whatever your dreams and goals are, having a high-definition picture in your head of what you want your retirement to look like will keep you motivated when you might feel like taking your foot off the gas.

Start As Soon As Possible

What many people don't realize is that the earlier you start putting money away, the less you'll have to contribute. By investing consistently when you are young, you will allow the process of compounding to work to your advantage.

Invest 15% - 20% of Your Income

Take advantage of tax advantaged retirement accounts like 401Ks and IRAs and low fee Index Funds.

Target Date Funds

Target-date funds can be used for investing towards a particular date such as the date you retire. The further away from the target date the more risk the fund will take and will hold more stock as a result. The underlying allocation gets more conservative as time passes.

Thornton Financial LLC provides financial coaching services to help clients meet their financial goals. The information and reports generated from client surveys are to help you analyze your financial needs. It is based on information and assumptions provided by you regarding your goals, expectations, and financial situation.

FINANCIAL COACHING

Financial coaching is one-on-one sessions between the Financial Planner and the client to create a plan to meet their financial goals. Cash Flow Management, Saving, Debt Management, Tax Planning, Retirement Planning and Estate Planning. Financial coaching is NOT "Investment Advice".

We assume the responsibility of understanding and evaluating your current needs, goals, and resources to develop a strategy to meet your objectives. However, to make your plan work, we expect that you will be prepared to take the steps necessary to succeed, take full responsibility for your plan and its implementation, and contact us when you need additional advice and direction.

We will not make decisions for you but will educate, support, hold accountable and encourage you during our interactions. We do not guarantee any specific outcome but strive to guide you towards reaching your self-determined financial goals.

Thornton Financial LLC Financial Coaching is designed to give you accurate and authoritative information within the limits of our practice as a Financial Planner. We are not authorized to render legal, accounting, or other professional advice and may recommend you seek the service of an appropriate licensed professional as needed.

We will keep completely confidential all matters discussed, facts revealed, and the nature and content of all documents you provide to us, or we generate. We will reveal such matters only upon receipt of a written authorization and clear, verifiable instructions from you telling us exactly what we may reveal.

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3-STEP Debt FREE Plan



Jayson M. Thornton, CFP
Financial Advisor

HEY POCKET WATCHERS!

Congratulations on starting your
DEBT FREE Journey!

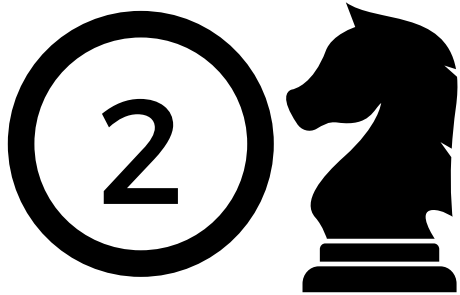
This plan is a proven method to saving money, paying off debt,
and starting to build wealth.



PAWN BUDGET
50 / 50
NEEDS & SAVINGS

With this starter budget you will use 50% of your
income to save up 1 month emergency fund.

50% of your income: needs. Necessities are the
expenses you can't avoid. This portion of your
budget should cover required costs



KNIGHT BUDGET
50 / 40 / 10
NEEDS, DEBT, WANTS

With this budget you will use 40% of your income
to pay off all your debt, other than your mortgage.
Snow Ball Debt Payoff from smallest to biggest.

10% of your income will be used on your wants.



KING BUDGET
50 / 30 / 20
NEEDS, WANTS, INVEST

After paying off all your debts, other than your
mortgage, 30% of your income can be used for wants

20% of your income can be used to invest.

FREE Online Finance Course at www.PocketWatcher.net

POCKET WATCHER, LLC ©

PocketWatcher.net

Monthly Budget

Your monthly budget is an important part of your personalized plan. To help your advisor create a strategy just for you, share it when you're finished. This is the first step to planning for the life you want.

Name _____

Monthly Fixed Expenses

HOUSING

Mortgage/Rent \$ _____
 Property Taxes \$ _____
 Home Maintenance \$ _____
 Homeowner's/
 Renter's Insurance \$ _____
 Utilities (electric, gas, water, etc.) \$ _____
 Phone/Cable/Internet \$ _____
 _____ \$ _____
 Other _____

Total Housing \$ _____

HOUSEHOLD/PERSONAL

Groceries \$ _____
 Personal Care & Fitness \$ _____
 Dry Cleaning \$ _____
 _____ \$ _____
 Other _____

Total Household/Personal \$ _____

OUT-OF-POCKET HEALTH CARE/INSURANCE

Health Insurance \$ _____
 Life Insurance \$ _____
 Disability Income Insurance \$ _____
 Long-term Care Insurance \$ _____
 Copayments/Coinsurance \$ _____
 Prescription Medication \$ _____
 _____ \$ _____
 Other _____

Total Health Care/Insurance \$ _____

PERSONAL LOANS

Student Loans \$ _____
 Credit Card Debt \$ _____
 _____ \$ _____
 Other _____

Total Personal Loans \$ _____

TRANSPORTATION

Auto Payment(s) \$ _____
 Auto Insurance \$ _____
 Gas/Parking/Tolls \$ _____
 Maintenance/License \$ _____
 Public Transportation \$ _____
 _____ \$ _____
 Other _____

Total Transportation \$ _____

RAISING CHILDREN

Dependent Care/
 Child Care \$ _____
 Education/School \$ _____
 _____ \$ _____
 Other _____

Total Raising Children \$ _____

FIXED EXPENSES SUBTOTAL \$ _____

Monthly Discretionary Spending

Dining Out \$ _____
 Monthly/Annual Subscriptions \$ _____
 Shopping \$ _____
 Entertainment \$ _____
 Vacations \$ _____
 Gifts \$ _____
 Charitable Contributions \$ _____
 _____ \$ _____
 Other _____

DISCRETIONARY SPENDING SUBTOTAL \$ _____

Monthly Savings and Investment Contributions

Emergency Fund \$ _____
 College Savings \$ _____
 Big Purchase Savings \$ _____
 Retirement Savings \$ _____
 _____ \$ _____
 Other _____

SAVING AND INVESTMENT SUBTOTAL \$ _____

FIXED EXPENSES SUBTOTAL \$ _____

DISCRETIONARY SPENDING SUBTOTAL + \$ _____

SAVINGS AND INVESTMENT SUBTOTAL + \$ _____

TOTAL MONTHLY EXPENSES \$ _____

NET MONTHLY INCOME \$ _____

Enter what you take home each month.

TOTAL MONTHLY EXPENSES - \$ _____

MONTHLY BALANCE \$ _____

Personal Net Worth Worksheet

ASSETS

CURRENT VALUE

Cash and Cash Equivalents

Checking accounts

\$

Savings accounts

\$

Money market accounts

\$

Savings bonds

\$

CD's

\$

Cash value of life insurance

\$

Total Cash \$

Invested Assets

Taxable accounts

 Brokerage

\$

 Other: _____

\$

Retirement accounts

 IRA

\$

 Roth IRA

\$

 401(k) or 403(b)

\$

 SEP-IRA

\$

 Keogh or other qualified plan

\$

 Pension (vested benefit)

\$

 Annuity (accumulated value)

\$

Business ownership Interests

 Real estate (rental property or land)

\$

 Sole proprietorship

\$

 Partnership

\$

 C Corporation

\$

 S Corporation

\$

 Limited liability company

\$

 Other: _____

\$

Total Invested Assets \$

Personal Net Worth Worksheet

ASSETS (Continued)

CURRENT VALUE

Use Assets

Principal home

\$

Vacation home

\$

Cars, trucks, boats

\$

Home furnishings

\$

Art, antiques, coins, collectibles

\$

Jewelry, furs

\$

Other: _____

\$

Total Use Assets \$

Total Assets \$ _____

Sum of cash, invested assets
and use assets

LIABILITIES

CURRENT AMOUNT DUE

Current

Credit card balances

\$

Estimated income tax owed

\$

Other outstanding bills

\$

Long-Term

Home mortgage

\$

Home equity loan

\$

Mortgages on rental properties

\$

Car loans

\$

Student loans

\$

Life insurance policy loans

\$

Other long-term debt

\$

Total Liabilities \$ _____

NET WORTH \$ _____

Total assets minus
total liabilities

EMERGENCY FUND WORKSHEET

To figure the amount that should be saved in your emergency fund, fill out this worksheet.

Grocery bill for 1 month x 3 months = \$

Gas/oil, electric, and water for 1 month x 3 months \$

Mortgage or rent for 1 month x 3 months \$

Car payment or bus fare for 1 month x 3 months \$

Other mandatory debt payments
for 1 month x 3 months \$

**Total amount I will need to keep
in my emergency fund \$**

Debt Snowball

Get the ball rolling and start attacking your debt!

You've got your emergency fund taken care of. Now it's time to dump the debt!

The Debt Snowball form will help you get some quick wins and develop some serious momentum! You'll make minimum payments on all of your debts except for the smallest one. Then, attack that one with gazelle intensity! Throw every dollar at it that you can!

Step 1

List your debts in order from the smallest Total Payoff" balance to the largest. Don't be concerned with interest rates, unless two debts have a similar payoff balance. In that case, list the one with the higher interest rate first.

DEBTS	TOTAL PAYOFF
Diagnostic	50
Hospital Bill	460
Home Depot	770

Step 2

Attack that smallest debt by paying as much on it as you possibly can. Once you pay one debt off, take what you were paying on that one and add it to the minimum payment of the *next* debt. As the snowball rolls over, it picks up more snow. Get it?

MIN. PAYMENT	NEW PAYMENT
10	10
38	48
45	93

Step 3

Every time you pay off a debt, cross the debt off. This will show you how close you're getting to becoming debt-free!

Hospital Bill
Home Depot
Chase VISA
Car Loan

I'M DEBT-FREE!!!!

