



Financial Planning in the Nursing Profession

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Next Comes Tax

Quick Legal Disclaimer:

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Agenda -

- Parts of a Financial Plan
- Stage 1 – Preparing for your career
- Stage 2 – Establishing your footing
- Stage 3 – Working on other life goals
- Stage 4 – Transitioning into retirement

Parts of a Financial Plan



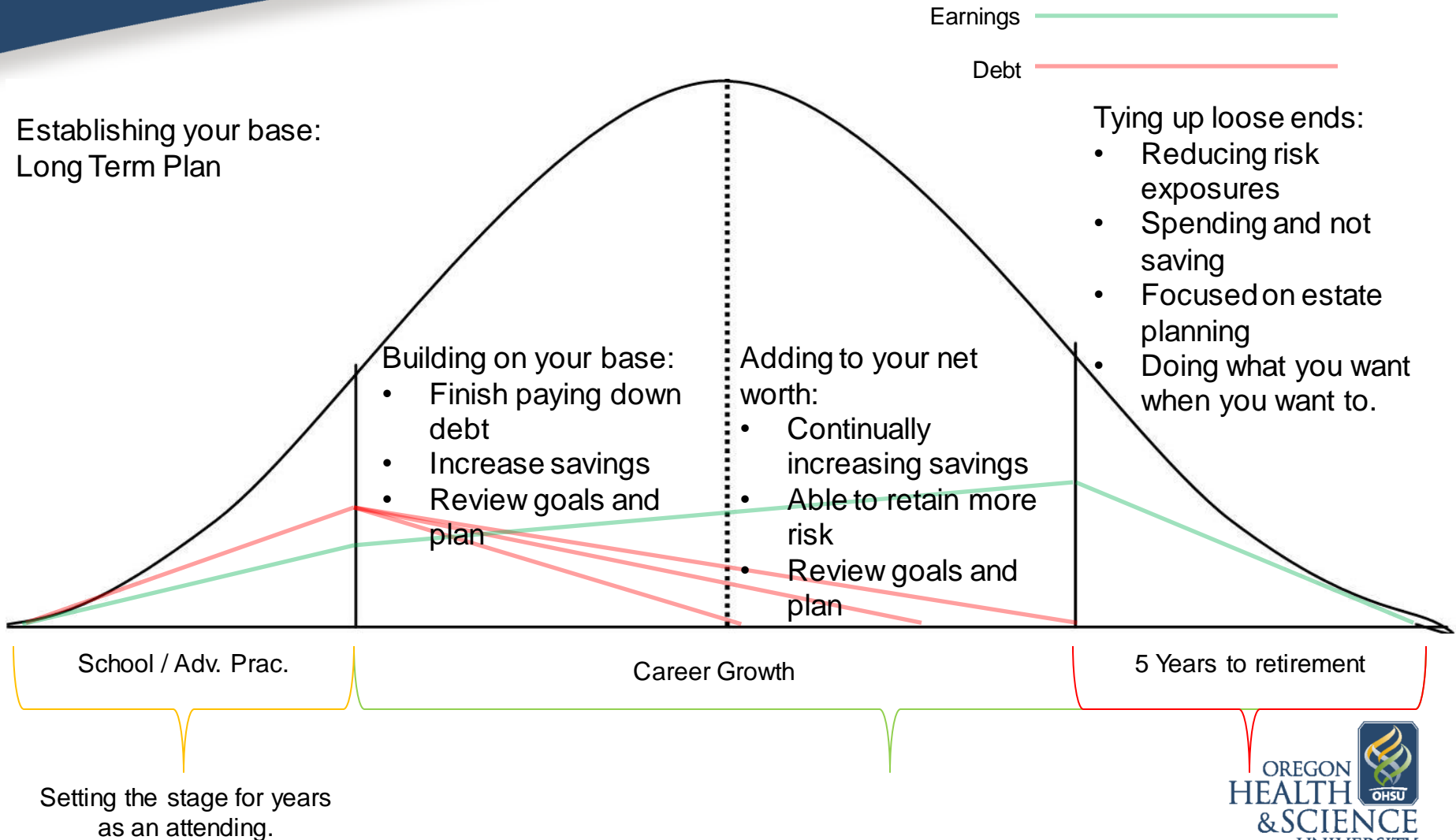
Lots of things to look at:

- Budgeting
 - How to develop a realistic budget
 - Key to a complete financial plan
 - From paycheck to wealth building
- Savings
 - Short term emergencies
 - Long term goals (house down payment children education funds, etc.)
 - Retirement (both tax deferred and taxable savings)
- Retirement
 - Tax deferred vs taxable. Role of both types
 - Tax deferred
 - 401K, 403b, 457, MPP, etc.
 - Roth vs traditional IRAs (tax now or later)
 - Social Security
 - Traditional Pension Plans (Federal, PERS, Kaiser, etc.)
 - Defined contribution vs defined benefit plans
- Investment mix
 - Equities
 - Bonds
 - Money markets
 - Savings accounts
 - CDs
- Asset allocation theories
- Professionals
 - CFPs, EAs, CFAs, CLUs, Chic's...
 - Fee only vs commission vs ...
- Insurance
 - Life
 - Term vs whole
 - Disability
 - Types, cost
 - Auto
 - Liability limits
 - Home/Renters
 - Liability
 - Umbrella
 - Professional “malpractice”
- Debt
 - “good debt vs bad debt”
 - Credit cards
 - Auto
 - Home
 - School loans
 - Types (federal, commercial, personal, etc.)
 - Defer
 - Consolidate
 - Tax deductions
- Tax planning
 - Federal, state, local
 - AMT
 - Professionals
 - CPAs, tax preparers, tax software

Financial planning is about life

- Going back for a second degree?
- Changing careers?
- Chasing an advanced practice degree?
- Putting off joining the work force?
- Living away from family?

Financial Planning Time Horizon



First Stage – Future / Current Student

Step 1: Look ahead 2 – 3years

- What are you looking at borrowing?
- Where can you cut back?
- What are the resources you currently have available to you?
- What are your salary and benefits going to look like in your new position?
- How long will you have after graduation to begin repaying your loans?
- What is the economic impact of pursuing your desired designation?

Step 2: Know what the numbers look like

- Budget & Forecast
 - How much to do you want to save after graduation vs. how much do you want to borrow before graduation?
 - Where are you willing to move to after graduation?
 - What are your long term career goals? Are you looking at an APN?

Step 3: Protect where you stand

- What are your risks?
 - Renters
 - Liability
 - Disability
 - Auto

You need to realize that there is a risk if you are unable to continue your program or are forced to leave your program because of a financial emergency.

Renters Insurance

- HO-4 – Renters
 - Personal Property Varies
 - Other Structures - NA
 - Loss of Use 30% of personal property

 - Liability \$100,000
 - Medical Payments to others \$1,000

Homeowners/Renters Insurance

- Replacement Cost vs. Replacement value
- 80% Rule
 - If the amount of insurance carried is equal to at least 80% of the replacement cost of the building then the policy will pay to the limits of the policy
- Does not cover watercraft

Umbrella Insurance

- Additional liability insurance that can be purchased on top of your current renters/auto/homeowners policies.
 - Starts at \$1 Million and can top out at between \$5 Million or \$10 Million depending on the carrier
 - You may need to increase your ‘other’ coverages in order to qualify for this kind of coverage.

Disability Insurance

- Any Occupation – If you can work in any occupation making ‘x’ amount.
- Own Occupation – If you can work as a nurse in any capacity making ‘x’ amount.
- Modified Own Occupation – If you cannot work in your current position making ‘x’ amount.

Auto Insurance

- Auto Insurance covers
 - Three Way Split – 25/50/10 (Baseline coverage)
 - \$25,000 per person
 - \$50,000 per accident
 - \$10,000 property damage
 - collision
 - uninsured
 - underinsured

Stage 1: Continued

- Job Search:
 - Did you budget for your job search?
 - Do you have an emergency fund if you fail your boards?
 - Do you have money for moving?
- Repayment:
 - What are your repayment plans?
 - Are you going to your APN?

Second Stage – Post Graduation

Protecting Where You Stand

- It took you a long time to get to here –

- Liability Insurance Purchased privately

- Auto Insurance

- Homeowners/Renters Insurance

- Disability Insurance Purchased privately or
provided by employer

- Medical / Dental

- Errors and Omissions (E&O): Professional liability insurance

Looking at the Time Horizon

Moving Forward

- After establishing your base, you need to start deciding what is the best way of moving forward for you.

Saving vs. Repayment

Savings vs. Repayment

What are you trying to accomplish *now*?

- Future career advancement
 - ANP?
 - Charge Nurse?
 - Management?
- Other life goals?
- Other family goals?

Employer Benefits

- Your future employer should offer more than just a salary
 - Retirement benefits
 - Pension,
 - Additional savings accounts
 - 401k
 - 403b
 - 457
 - Health Savings Accounts
 - Cafeteria plans
 - Dependent care
 - Medial/Dental/Vision
 - Disability
 - Long Term
 - Short Term

Risk Management

Consumer Purchased	Employer Provided (or purchased at a discount)
Life Insurance	Life Insurance
Long/Short Term Disability	Long/Short Term Disability
Accidental Death & Dismemberment	Accidental Death & Dismemberment
Home Owners/Renters Insurance	Medical/Vision Insurance
Auto Insurance	Dental Insurance
Medical/Vision Insurance	Professional Liability Insurance
Dental Insurance	

Employer Benefits Continued

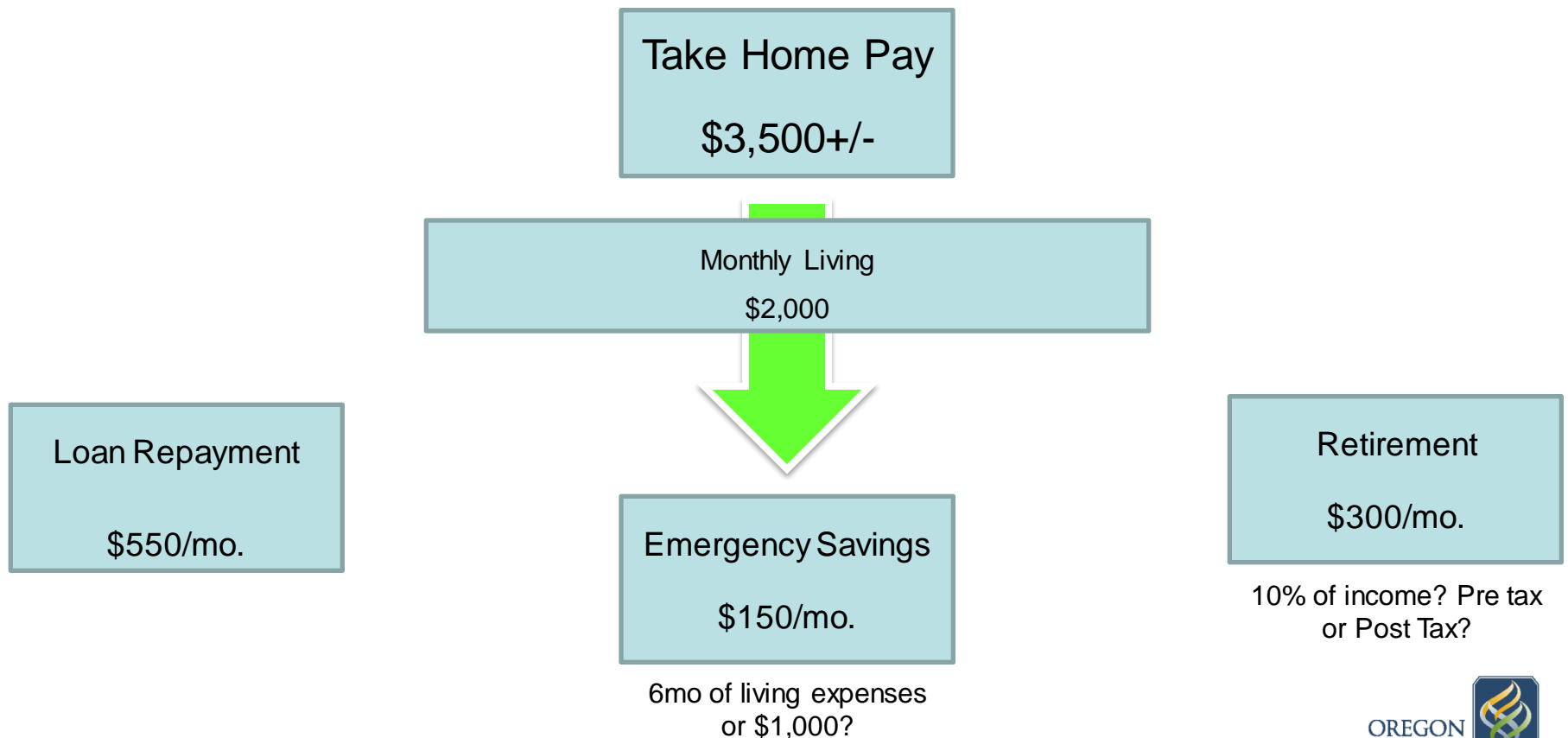
- Medical Insurance
- Disability Insurance
- Health Savings Accounts

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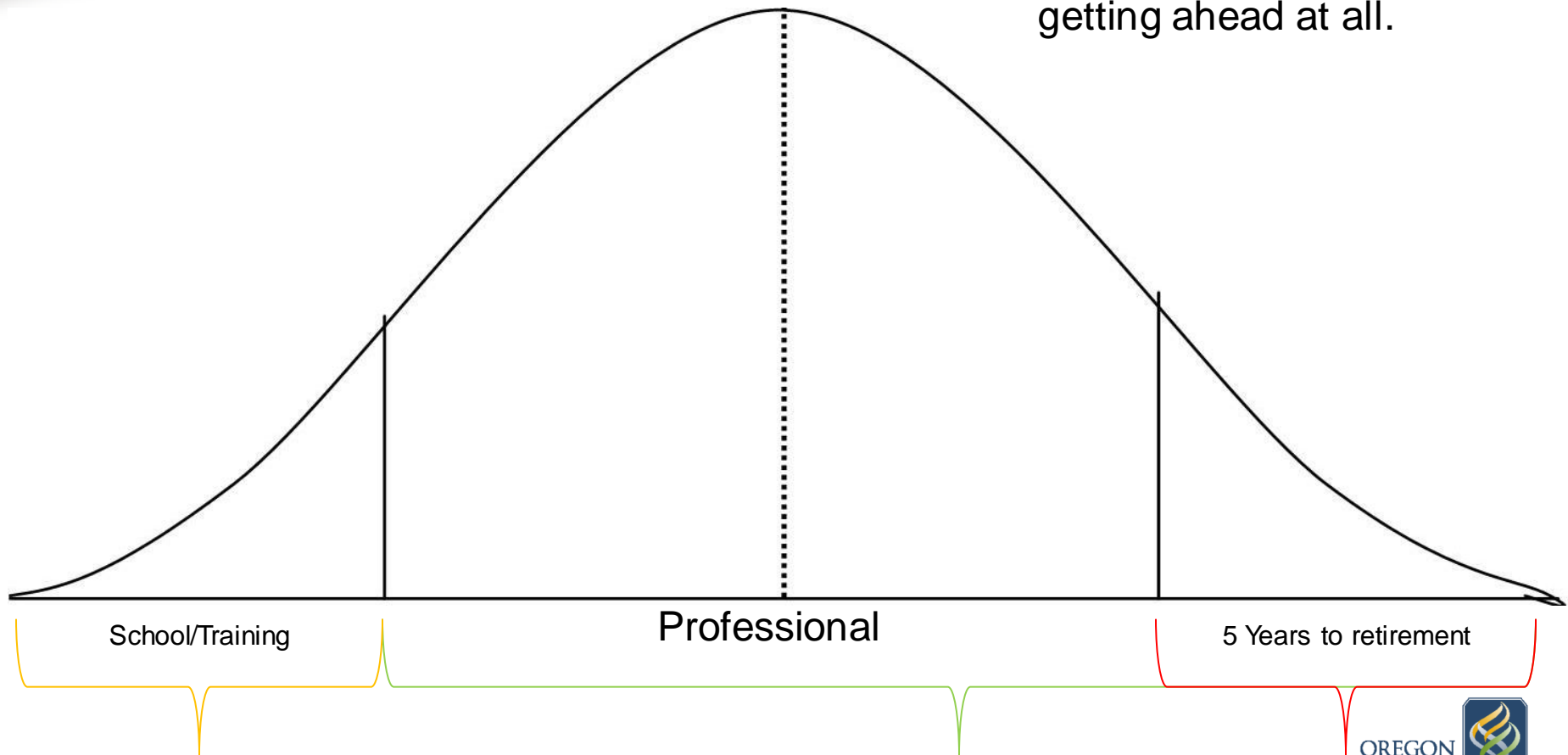
Stage Two: Resource Allocation

Allocate based on your priorities



When do we want to begin doing what?

If you were not saving or reducing debt, you are not getting ahead at all.



Setting the stage for years as an attending.

Funding future goals

- When do you expect to retire? How much do you think you will need in retirement?
- What payments end when you retire?
- Which payments increase when you retire?
- Are you substituting your mortgage for the cost of medical care?

The Power of Time – 35 Years

Rachel invested \$1,800 a year for 10 years, and then stops investing.

Thomas waited 10 years and then began investing \$1,800 a year for 25 years.

Both earned 6% average annual return

Who has more money?

Answer: Rachel

Savings over 35 years

■ Rachel ■ Thomas



Questions

Thank you for your time today