

The logo features the letters 'SAX' in a bold, white, sans-serif font. The 'X' is stylized with a blue-to-white gradient and a 3D effect, appearing to be composed of two overlapping planes. The background is a solid teal color with a pattern of overlapping, semi-transparent chevron shapes pointing to the right.

SAX

Wealth
Advisors

Financial Planning for Young Professionals

Thursday, February 18, 2021



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Before making any decision or taking any action, you should consult a professional adviser who has been provided with all pertinent facts relevant to your particular situation.





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- Investment Basics
 - Types of Investments
 - Different Basic Investing Strategies
- Saving Strategies to Help Maximize Investment Efforts
 - When/how often to invest?
 - Personal Financial Infrastructure
 - Maximizing Retirement Savings Vehicles
- Balancing Debt Service and Investing

Investments

- What is a bond, why do I own it?
- What is a stock?
- How does the market work?

- Strategies
- Buy and Hold
- Buy and Sell Individual Stocks
- Asset Allocation



- The stock and bond markets are an important source of capital for public companies.
- Stockholders are equity owners in the company. Bondholders are lenders to a company.
- Both expect an adequate return for the terms and risk of their investment.

MSFT

Microsoft Corp





SPY

S&P 500 SPDR

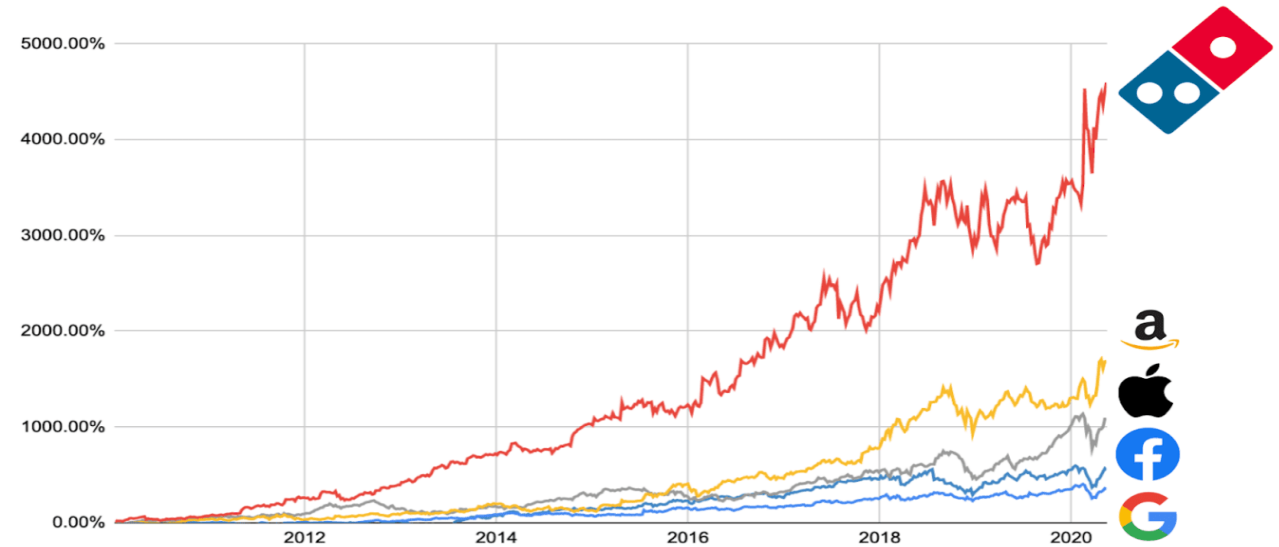
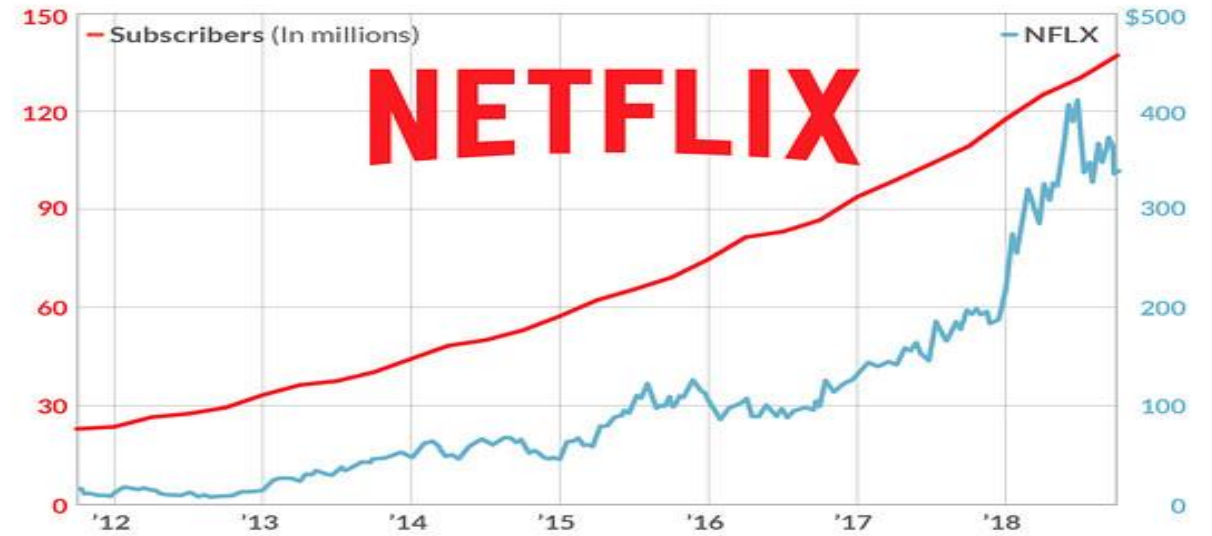


data via Barchart.

- I've bought it, when do I sell it?
 - Know when you want to sell before you buy
- If a stock gains 6% but the U.S Market gains 8%, then we left a 2% gain on the table
- There are many markets and companies of all different sizes that we can miss if we are focused on one company
- Hindsight is 20/20

Top 2 performing stocks (%): 2010–2019

- Netflix: 4,011%
- Domino's Pizza: 3,989%



- Hold for over a year = Long-Term
- Hold for under a year = Short-Term

- Wash Sales
 - 30 days before/after sale

**ORDINARY, LONG-TERM CAPITAL & QUALIFIED DIVIDEND RATES:
INDIVIDUAL VS. MARRIED FILING JOINTLY**

Individual			Married Filing Jointly		
Income Up To...	Ordinary Income Tax Rate	Capital Gains Tax Rate	Income Up To...	Ordinary Income Tax Rate	Capital Gains Tax Rate
\$9,700	10%	0%	\$19,400	10%	0%
\$39,375	12%		\$78,750	12%	
\$39,475			\$78,950		
\$84,200	22%	15%	\$168,400	22%	15%
\$160,725	24%		\$321,450	24%	
\$204,100	32%		\$408,200	32%	
\$434,550	35%		\$488,850	35%	
\$510,300			\$612,350		
\$510,300+	37%	20%	\$612,350+	37%	20%

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- Tax Loss Harvesting
- Loss Carryforward

Heinz, 2/14/2013

**“Heinz agrees to buyout by
Berkshire Hathaway, 3G”**
–*USA Today*, February 14, 2013

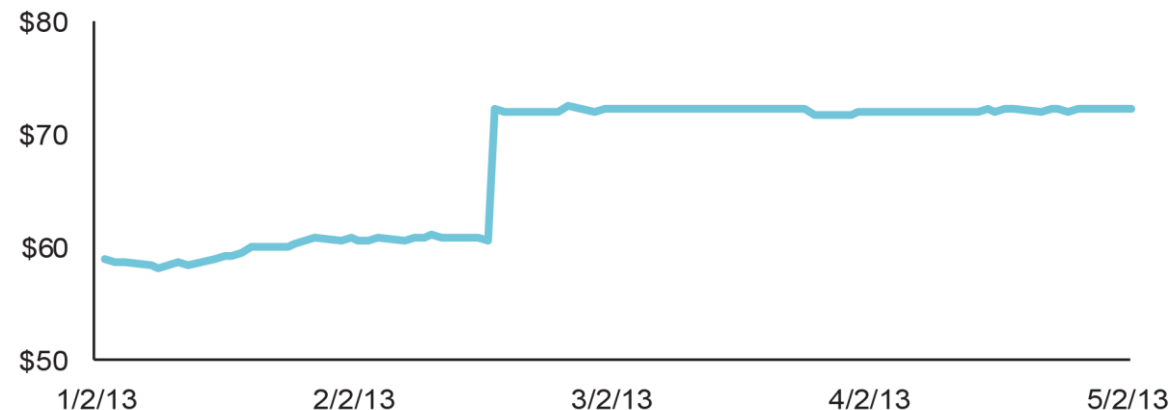
News travels quickly, and prices
can adjust in an instant.

In USD.

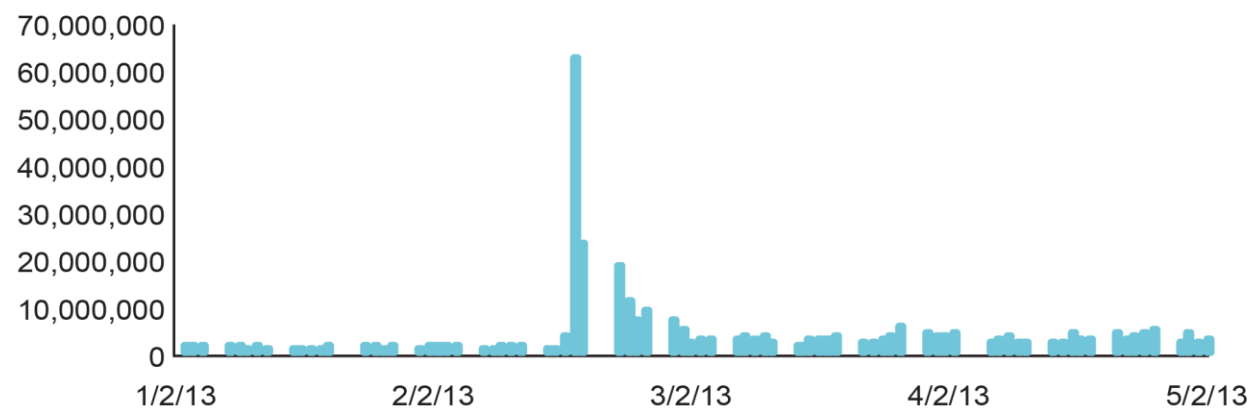
Source: Bloomberg

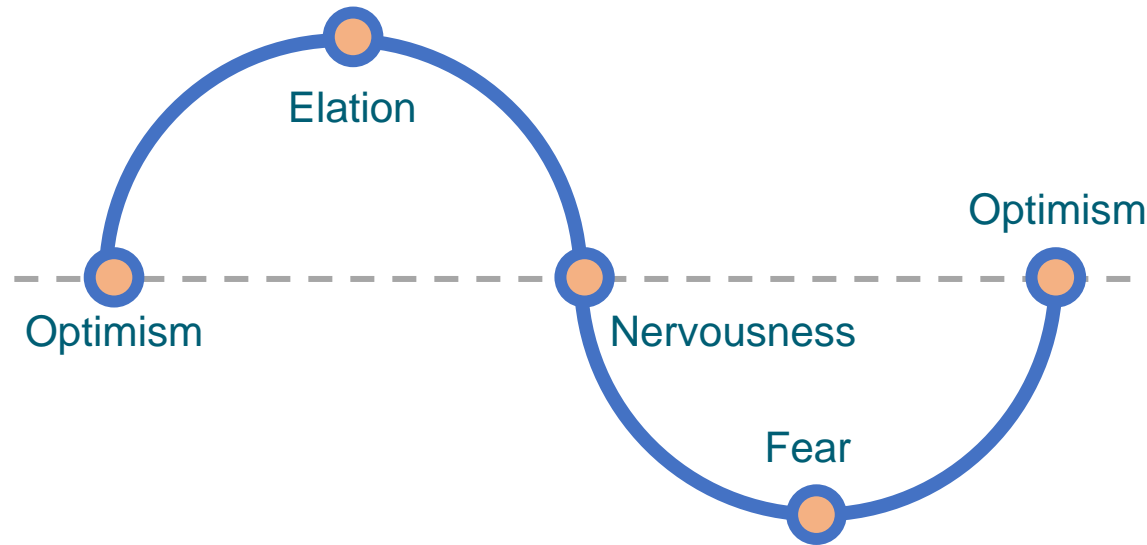
The security identified is shown for illustrative purposes only to demonstrate the investment philosophy described herein. These materials are not, and should not be construed as, a recommendation to purchase or sell the security identified or any other securities. Actual holdings will vary for each client, and there is no guarantee that any client will hold the security identified.

CLOSING PRICE



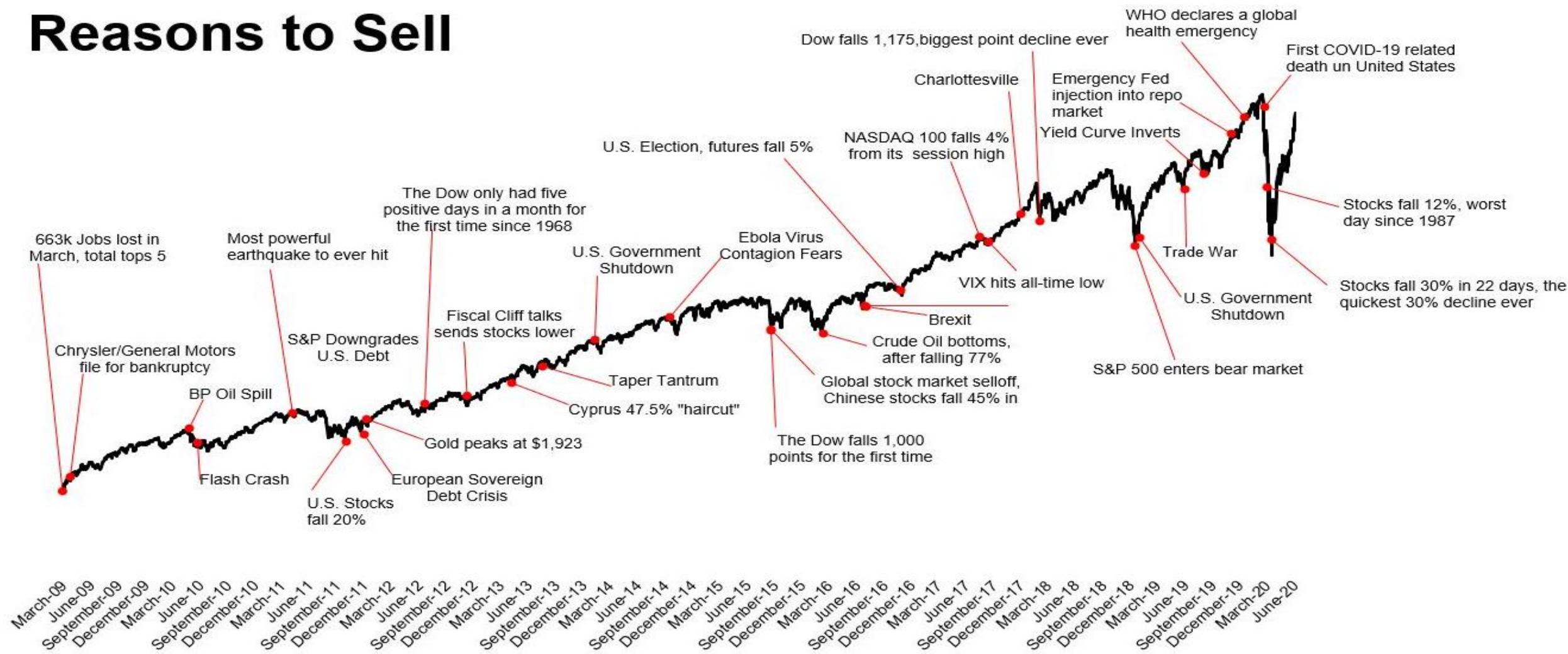
TRADE VOLUME





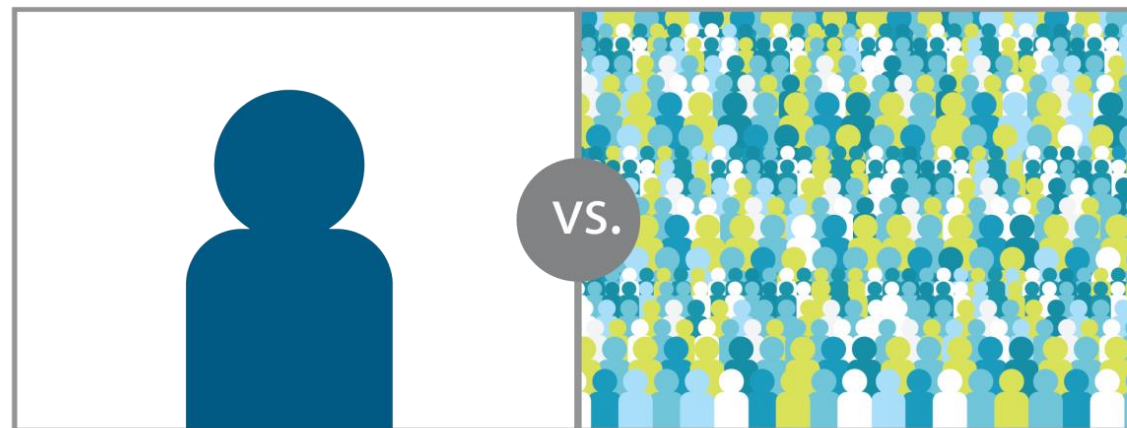
- People may struggle to separate their emotions from their investment decisions.
- Following a reactive cycle of excessive optimism and fear may lead to poor decisions at the worst times.

Reasons to Sell



Data Source: Stockcharts.com
S&P 500 Total Return, +495% from March 2009 lows

When you try to outwit the market, you compete with the collective knowledge of all investors.



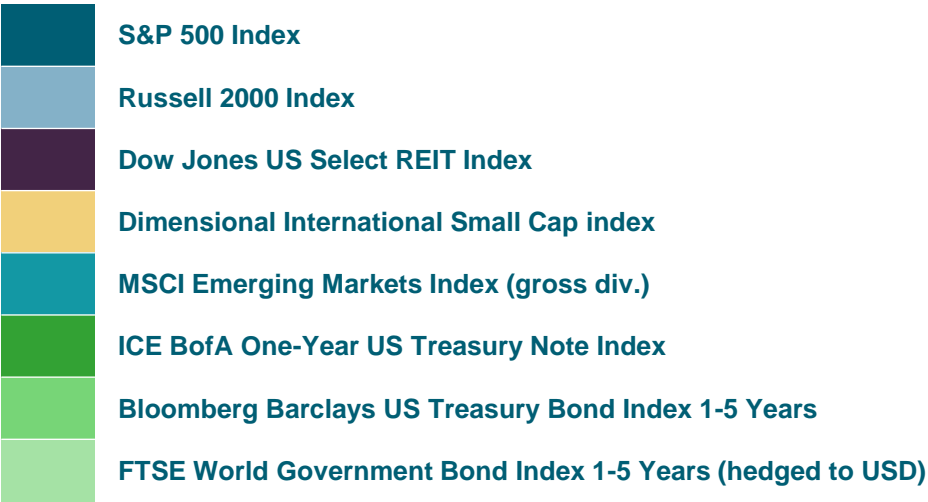
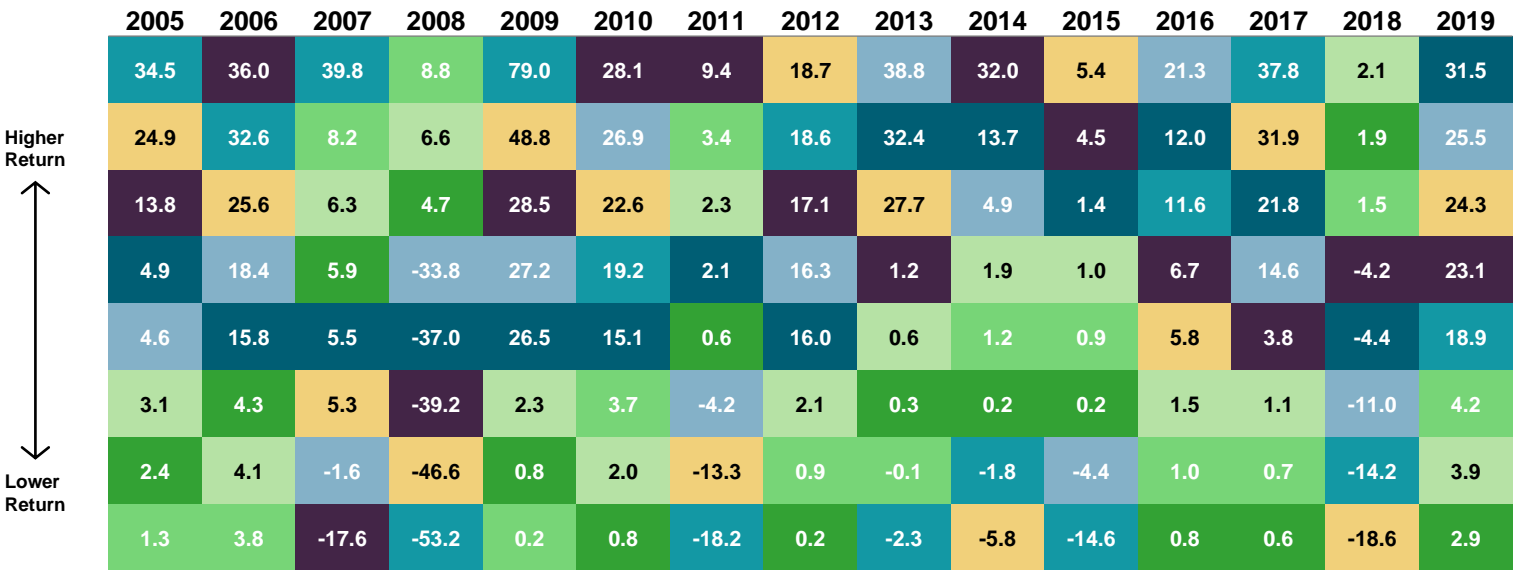
By harnessing the market's power, you put their knowledge to work in your portfolio.



Annual returns (%): 2005–2019

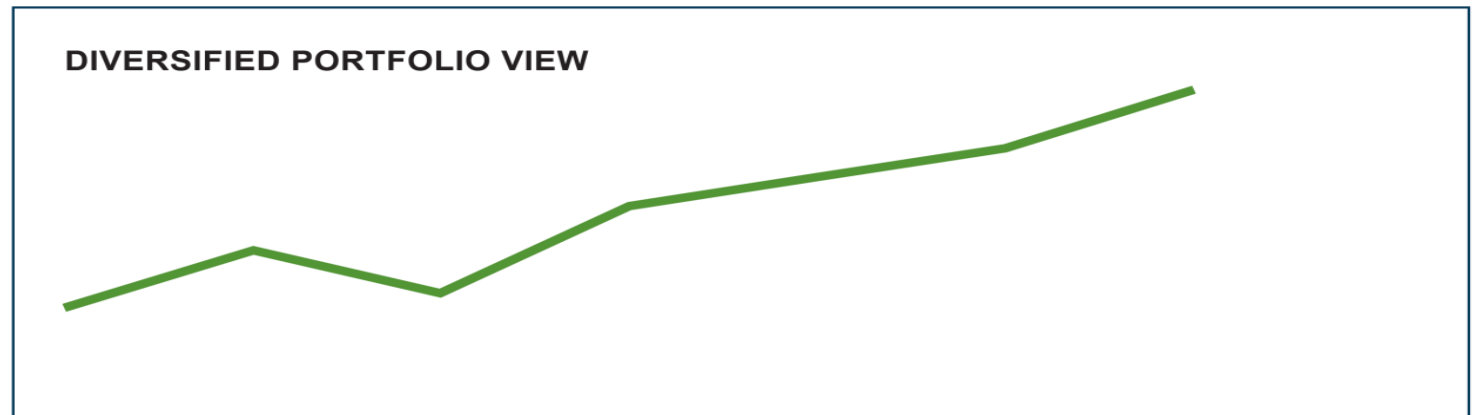
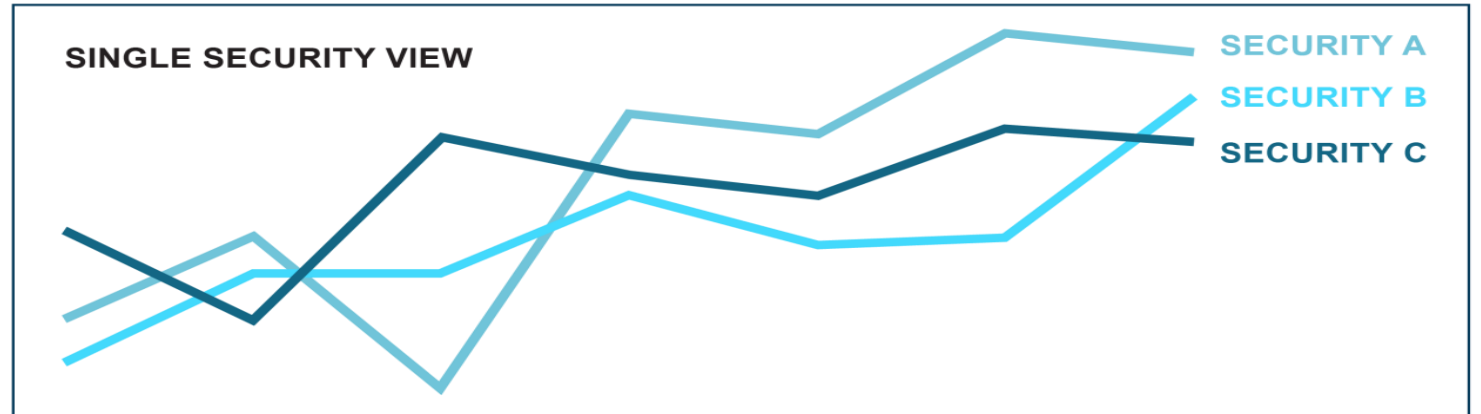
You never know which markets will outperform from year to year.

By holding a globally diversified portfolio, investors are positioned to capture returns wherever they occur.

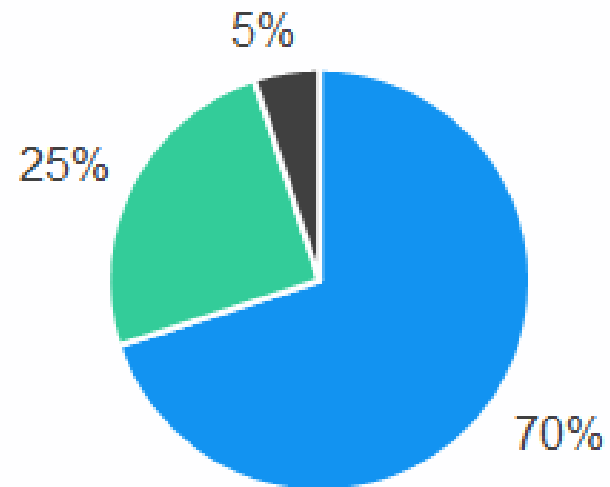


• In US dollars. Source: S&P and Dow Jones data © 2020 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved. Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Dimensional Index data compiled by Dimensional. MSCI data © 2020, all rights reserved. ICE BofA index data © 2020 ICE Data Indices, LLC. Bloomberg Barclays data provided by Bloomberg. FTSE fixed income indices © 2020 FTSE Fixed Income LLC. All rights reserved. See "Index Descriptions" in the appendix for descriptions of Dimensional's index data. Diversification does not eliminate the risk of market loss. Past performance is not a guarantee of future results. Indices are not available for direct investment. Their performance does not reflect expenses associated with the management of an actual portfolio.

A well-diversified portfolio can provide the opportunity for a more stable outcome than a single security.

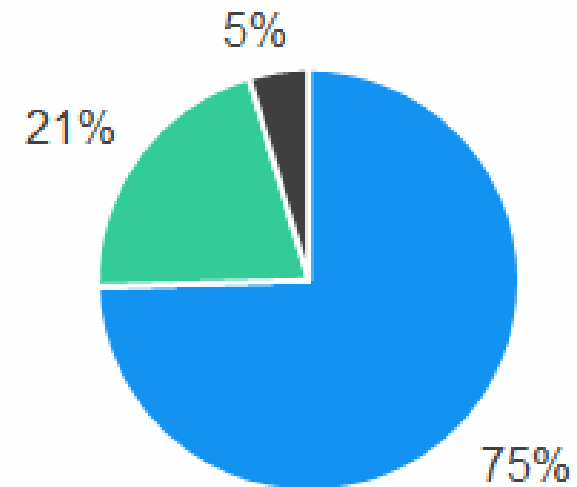


Initial Portfolio



■ Equities ■ Bonds ■ Cash

Pre-Rebalance



■ Equities ■ Bonds ■ Cash

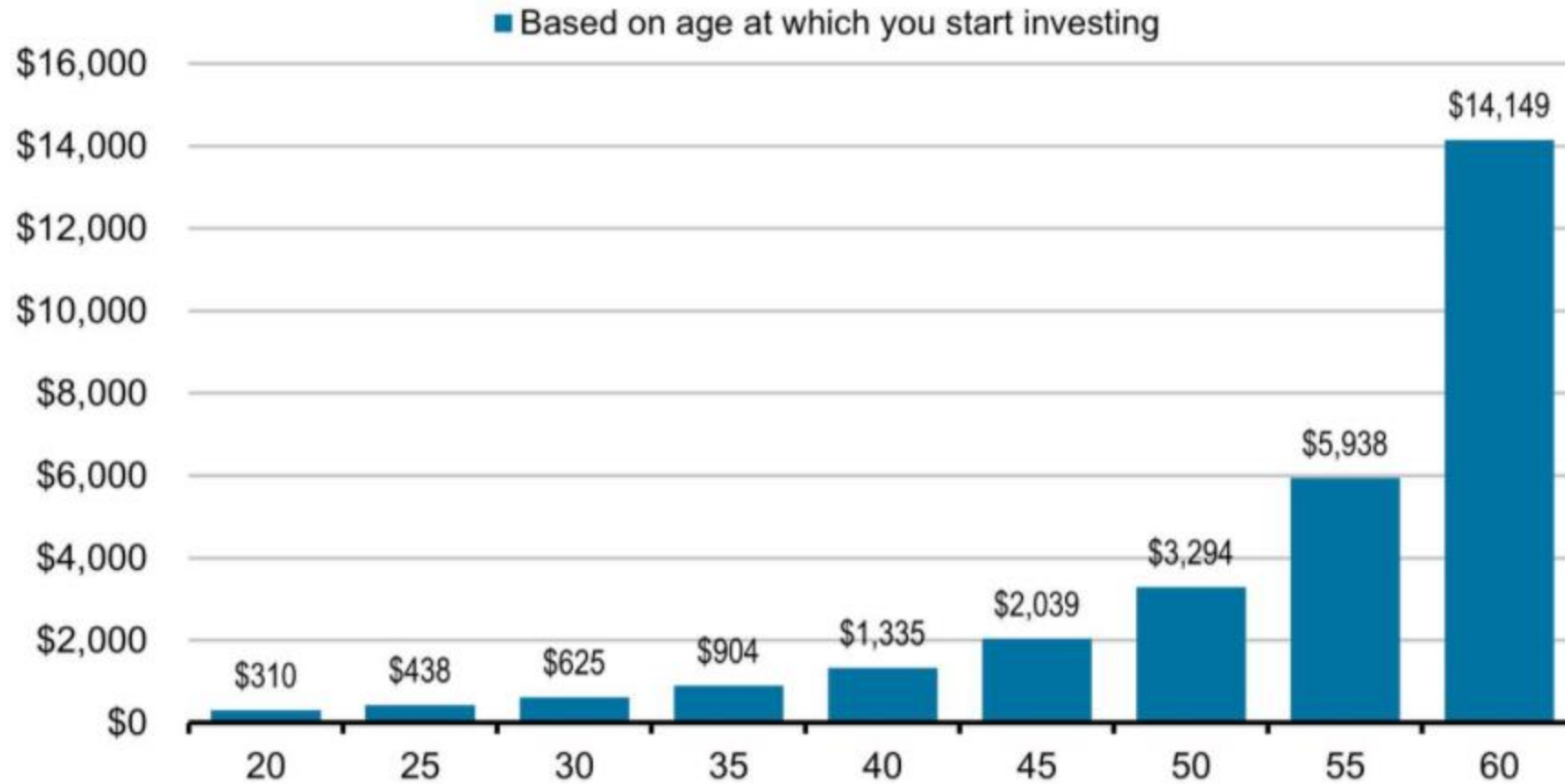
- Set up monthly deposits
- Buy low-cost index funds
- Set a target allocation for each index fund
- Rebalance... when out of balance
- If you must own individual stocks, buy things you know and like

Saving Strategies

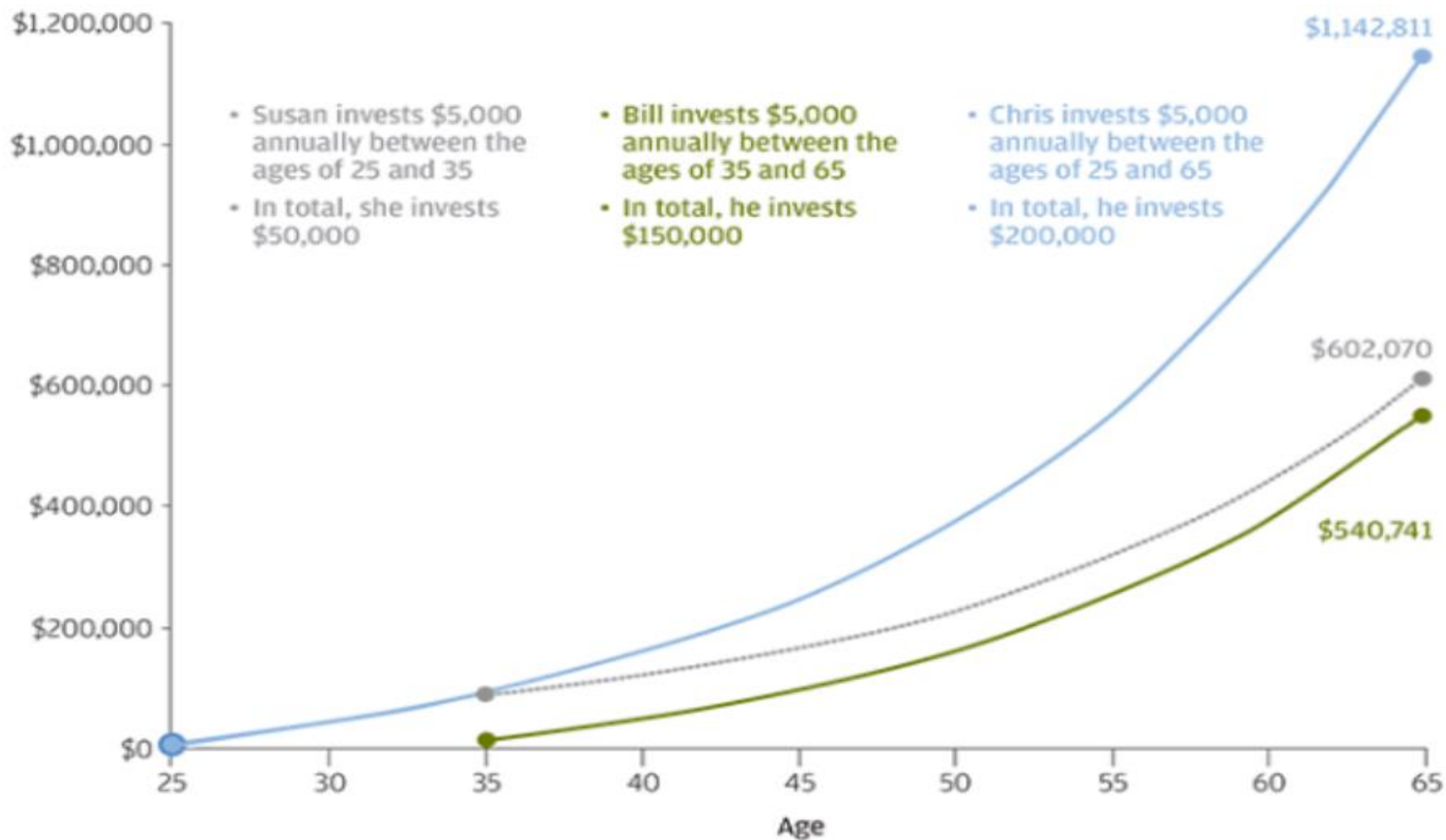


Monthly Savings Needed to Achieve \$1M at Retirement

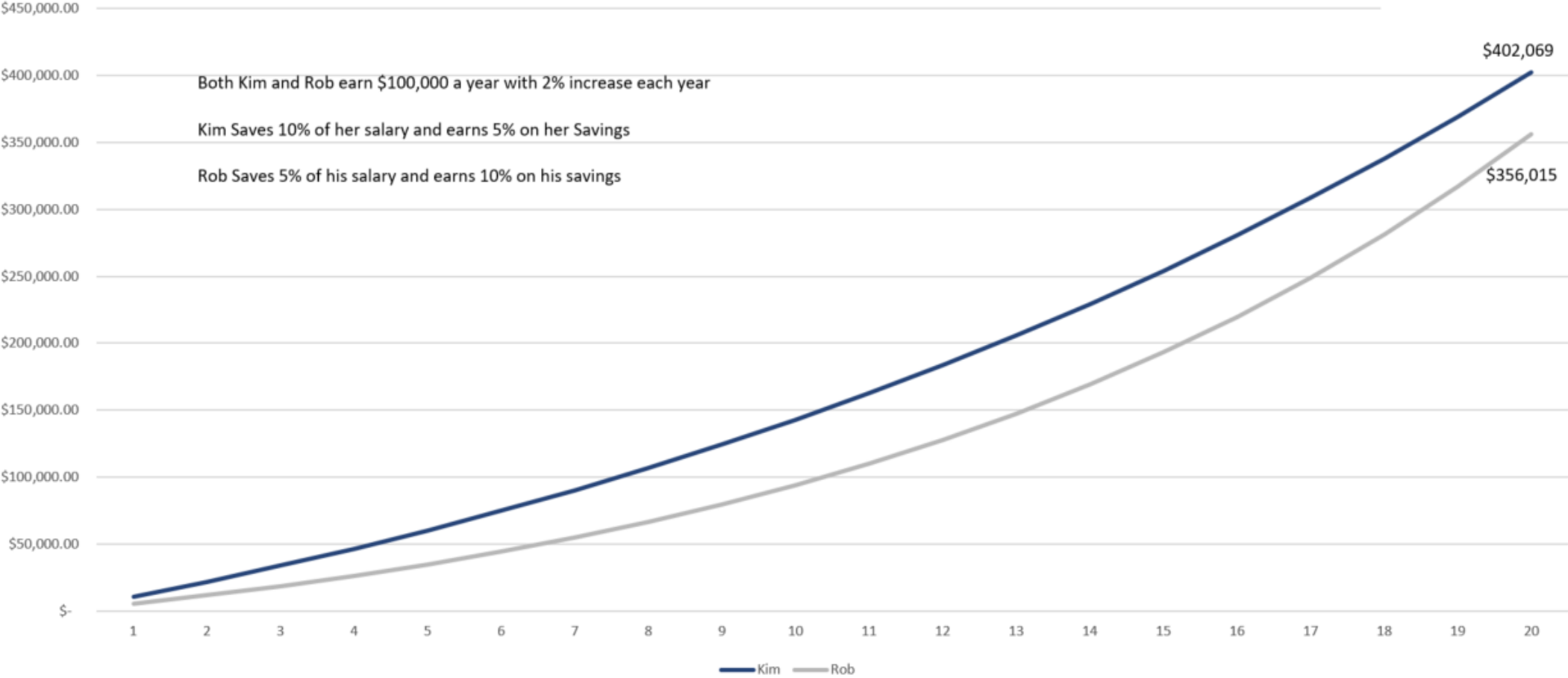
Hypothetical assumes 6.5% annual return and doesn't account for fees or taxes.



Source: Cardan Capital Partners | WSJ.com



Savings Rate Vs. Investment Rate



- Credit Cards – Earn cash back or travel points, always pay off balance in full
- 1. Checking Account – 1-2 months of expenses. Try not to keep high balances here.
- 2. High-Yield Savings Account – 3-6 months of expenses, plus any large purchases in the next 18 months (home, car, wedding)
- 3. Investment Account – Once you've filled your checking and savings to your goal, and contributed to retirement, everything else goes here.
- Retirement Account-next (next slide)

- If you can afford to contribute, the minimum you should be contributing is the amount your company will match
 - Example: If they match 4%, minimum you should put in is 4%
- The more you contribute early in your career, the more you'll have
- Time to be aggressive with the investments in your retirement accounts is while you're young
- Make sure you have your savings account at 3-6 months
- Try not to put all your assets in retirement at a young age

Pre-Tax

- Reduces taxes in current year
- Grows tax-deferred until you reach retirement (RMD)
- Distributions in retirement are taxed as income
- Might be best if you are closer to your target retirement age, currently in a higher tax bracket, or expect to have lower income in the future or through retirement.

Bi-Weekly Pay	\$1,000
6% Pre-Tax Deferral	\$60
Taxable Amount	\$940
Take-Home Pay	\$705*

*Assuming a 25% tax bracket

Out of Pocket	\$45.00	Total Sacrifice
In Your Account	\$60.00	Salary Deferral
	\$40.00	Employer Contribution
	\$100.00	Total Benefit

ROTH

- Does not reduce taxes in current year
- Grows tax-free until you reach retirement (no-RMD)
- Distributions in retirement are tax free
- Might be right for you if you're young, currently in a low-tax bracket, or expect to have higher income in the future or through retirement.

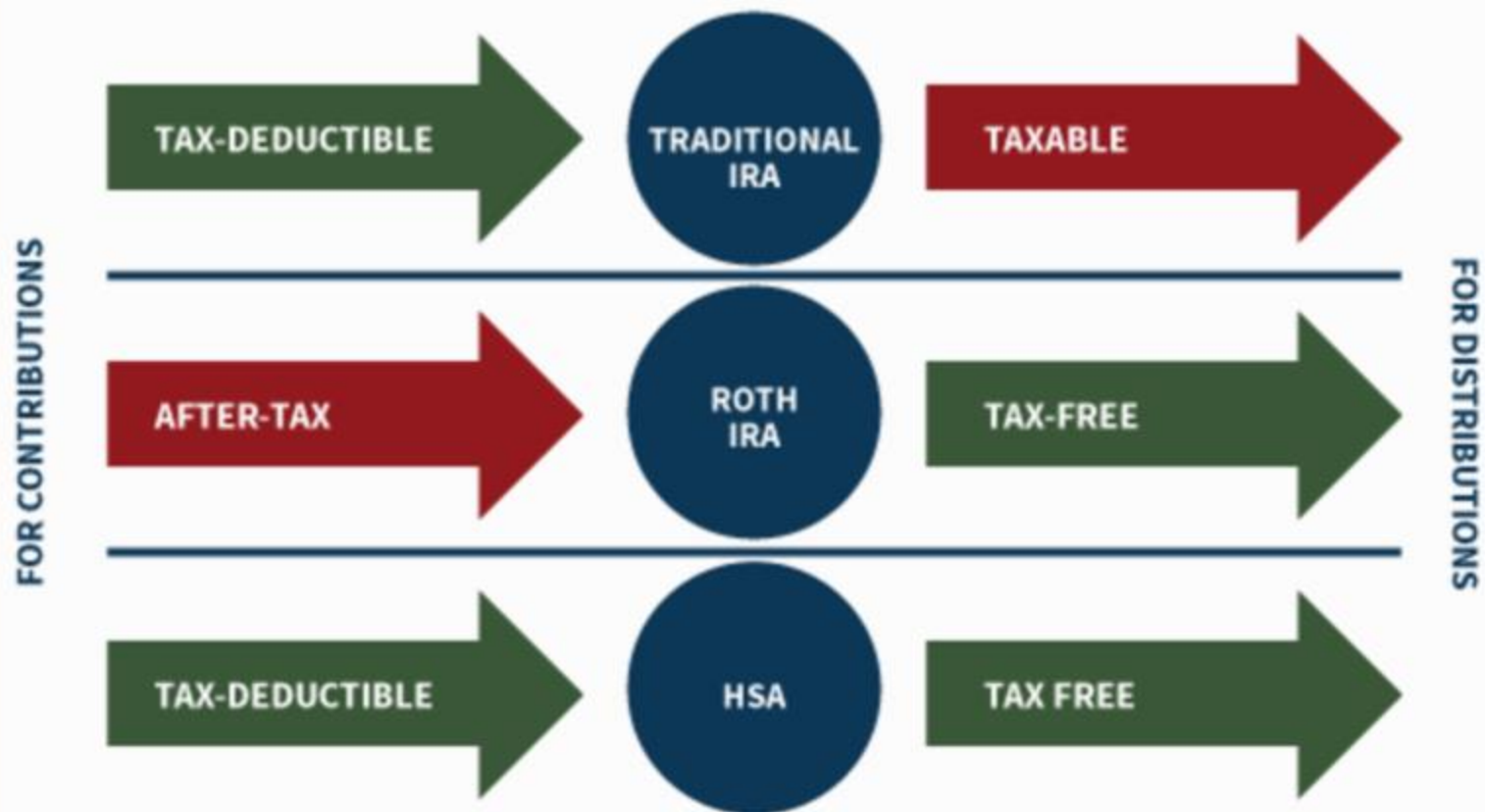
Bi-Weekly Pay	\$1,000
6% Roth Deferral	\$60
Taxable Amount	\$1,000
Take-Home Pay	\$690*

*Assuming a 25% tax bracket

Out of Pocket	\$60.00	Total Sacrifice
In Your Account	\$60.00	Salary Deferral
	\$40.00	Employer Contribution
	\$100.00	Total Benefit

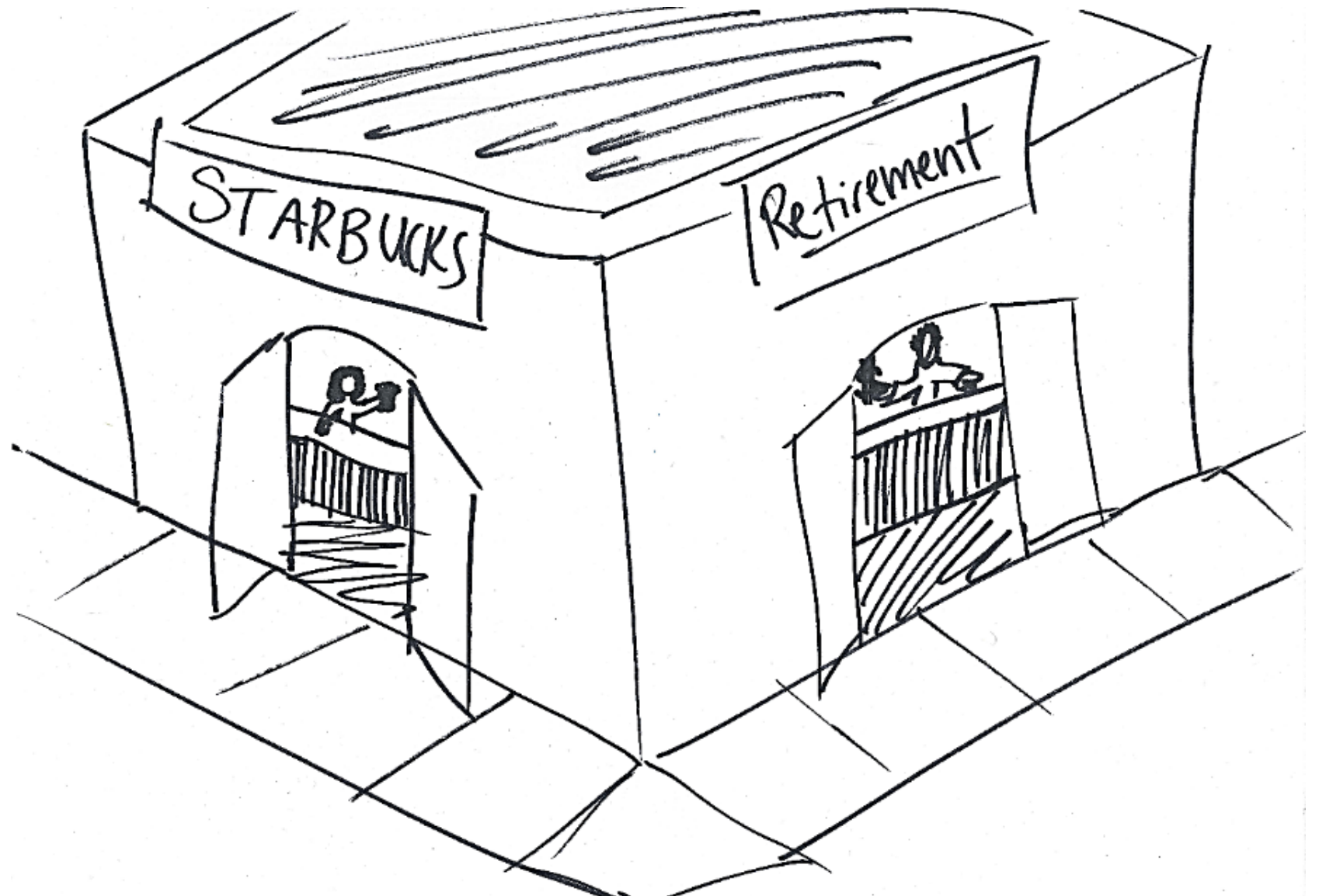
- Tax deduction in year you contribute
 - Your balance carry overs year to year (ideally don't use it and invest)
 - You can invest your balance giving you a greater benefit over time
 - Growth on investments is tax-deferred
 - Not taxed if you use it if on qualified medical expense
-
- NOTE: Different than an FSA (flexible spending account) which generally don't rollover year-to-year

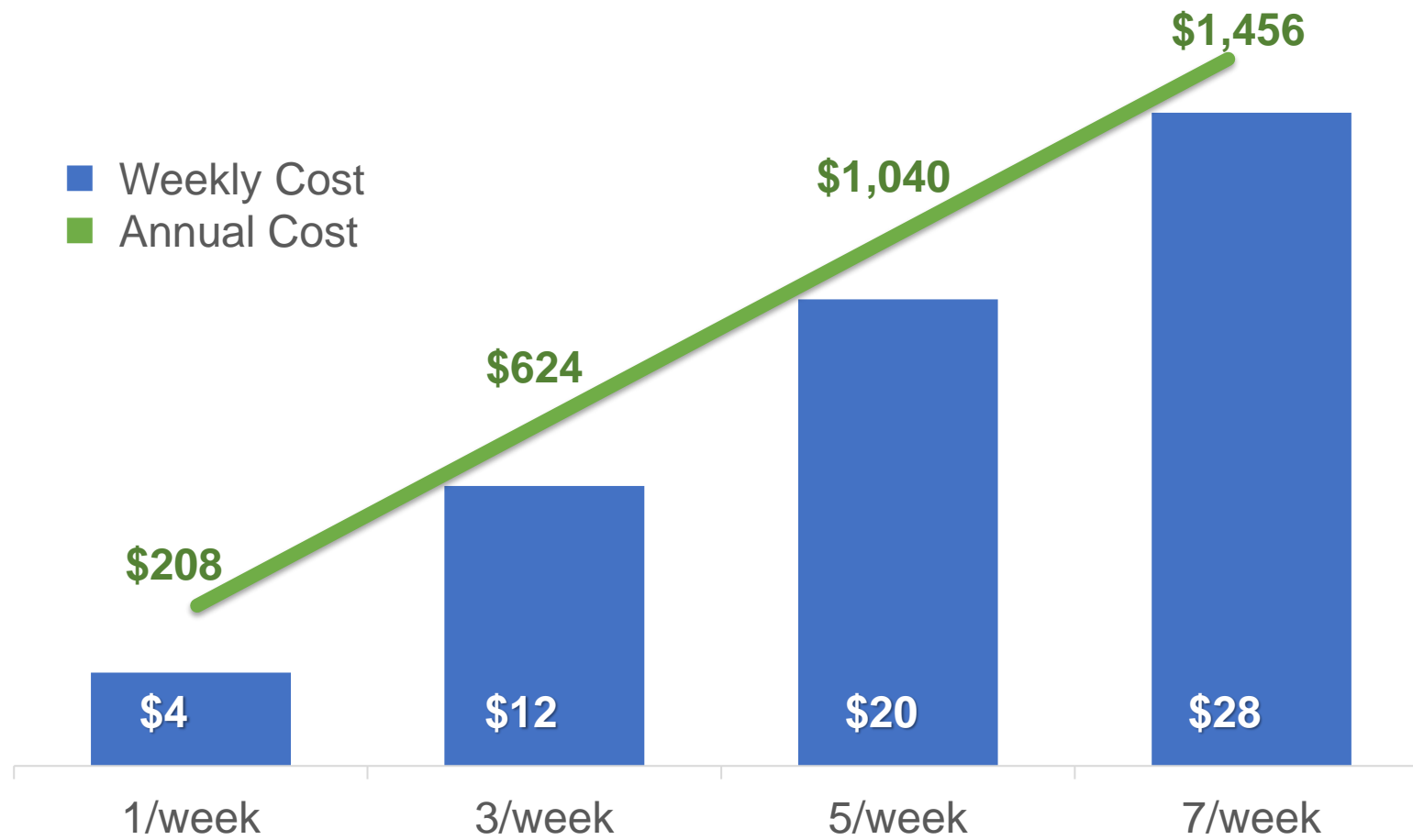
TAX TREATMENT OF CONTRIBUTIONS & DISTRIBUTIONS TO HSA AND IRA ACCOUNTS



Debt Service vs. Investing

Which line are you in?





Assumes a cost of \$4 for one grande Latté

- Good debt vs. Bad debt
- Should I try and pay my debt down faster then the schedule its on
 - Student Loan, Mortgage, Car
- When to Refinance?

TWO METHODS FOR TACKLING DEBT

There are 2 common ways to approach tackling debt:



SNOWBALL

(focuses on total debt size as a priority)



Make minimum payments on each debt monthly



Make extra payments on the smallest loan



When paid off, move to the next highest loan debt



AVALANCHE

(focuses on highest interest as a priority)



Make minimum payments on each debt monthly



Make extra payments on the highest interest rate loan




When paid off, move to the next debt with the highest interest rate

Debt	Interest Rate	Balance
Credit Card 1	14%	\$1,000
Student Loan	3%	\$1,500
Car Loan	6%	\$15,000
Credit Card 2	17%	\$30,000

Debt	Interest Rate	Balance
Credit Card 2	17%	\$30,000
Credit Card 1	14%	\$1,000
Car Loan	6%	\$15,000
Student Loan	3%	\$1,500

- When to purchase vs renting?
- Do you need to put 20% down?
- Total cost of ownership



	5% Down Payment & PMI	20% Down Payment & No PMI
Down Payment	\$10,000	\$40,000
Loan Amount	\$190,000	\$160,000
Mortgage Type	30-year fixed rate	30-year fixed rate
Interest Rate	4.1%	4.1%
Mortgage Payment**	\$918.08	\$773.12
PMI*	\$104.50	\$0.00
	\$1,022.58	\$773.12

** Principal & Interest Only – does not include homeowner's insurance or taxes

* Assuming an insurance rate of 0.55 percent; this cost can be cancelled from your payment once you reach 20% equity in your home for conventional loans, but not FHA loans

Source: Freddie Mac

- ESPP, RSU's, and Stock Options
- Target Date Funds in 401k
- Betterment/Acorns
- Crypto

- Savings rate is more important than your investment return rate
- Get your financial infrastructure set up and put your money in the best places for your situation
- Have a plan when it comes to investing, know why you own what you own, and know when you are going to make changes. Know your timeframe
- Similar to diet and exercise, there is no magic overnight answer, it's creating good habits and using time in your favor
- Don't feel like you must do it all on your own, setting yourself up at a young age can make a huge difference in your life

Questions?





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