

Financial Setback?

Regroup & Rebuild



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About the Speaker

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Hector has over 19 years of professional experience working within financial services and investment management. Notable firms include Morgan Stanley, Merrill Lynch & Co among other prominent financial services firms. Professional licenses FINRA Series 7, 63, 65 and 24. He calls Brooklyn his home and considers traveling, reading and self-education an absolute necessity for personal development.

Agenda

Today we'll cover what it means to...

Regroup

Rebuild

Stay the Course

Let MSA Help you Create an Action Plan

Financial Setbacks

“Life is what happens to you”

Job / Income Loss

Transportation Issues

Tax-related

Medical Expenses

Falling Behind on Bills

Divorce / Family

Regroup

Time to assess & plan

Assess the Setback

Where to start

Is it an income setback?

How much income was coming in?

How much was lost?

How long is it expected to last?

Can some of the income be replaced?

Is it an expense setback?

Is it a one-time expense or ongoing?

How much is the estimated cost?

Can it be financed?

**How to make up the difference:
Savings + Loan + Earn Additional
Income**

Income Setback

Know what is available to you

Unemployment

Disability benefits

Savings

Employer grants or loans

**Retirement account
withdrawal/loan**



Expense Setback

Can monthly expenses be reduced?

“Set” expenses

Cell phone or cable plans, insurance, and debt payments

- Negotiate interest rates
- Transfer balances

Variable expenses

Food, eating out, personal care, travel or entertainment

- Anticipate irregular expenses

What can be stopped?

Memberships and subscriptions, vacations, payroll deductions, extra services

- Limit credit card usage

Challenging Scenarios

And their potential solutions

Declining Credit Score

Stacking / snowball
Consolidation loans

Financial Stress

Accept that mistakes happen
Focus on future plans

Increasing Debt Load

Not all debt is bad
e.g. Replacing an unreliable
vehicle

Escalating Card Balances

Collateralized vs. uncollateralized
Balance transfers

401k Accessed

Loan vs. withdrawal
Short term vs. long term

Emergency Fund Exhausted

Automate payments
Separate accounts
Cash flow traps

Communicate with Your Loved Ones

Getting everyone on the same page



Discuss as a Team With Your Spouse or Partner

Involve Your Entire Household

Network With Friends & Family

Reach Out

Leave no stone unturned

Hardship Programs

Contact your creditors for options:

- reduced interest
- payment plan
- deferment
- forbearance

Other Resources

- Mortgage modification or rent assistance
- Federal or local programs

Employer Resources

- Employee assistance program (EAP) or eMbrace program
- Money Coach

Rebuild

Take Action

Important Considerations

When developing a plan

Measurable

Specific objectives and checkpoints

Attainable

Reasonable and able to be accomplished

Significant

Meaningful and important

Time-Bound

Considers short- and long-term goals

Develop a Realistic Plan

An example

No Frills

Focus on the necessities

REGULAR BUDGET

Essentials

Debt Payments

Discretionary

Savings & Investments

NO FRILLS BUDGET

Essentials

Debt Payments

Discretionary

Savings & Investments

Rebuild Income

To get back on track

- Utilizing resources – grants, government programs
- New job – what's needed?
- Promotion/Pay increase - additional education/training
- Unemployment or other sources of income

Cashing Out a Retirement Account

Example: Immediate Relief vs. Opportunity Cost

**Withdraw
\$10K**

Immediate Relief*

-\$1,000 Federal
-\$400 State
-\$1,000 Penalty

\$7,600 left after withdrawal

*Hypothetical scenario assuming a single individual filing in the 10% federal, 4% state tax bracket

**Keep
\$10K**

Staying the Course

\$10,000

\$102,857 in 40 years**

**Keep \$10K
+
Maintain
Contributions**

Prioritize Retirement Savings

\$10,000
+ \$1,200 / yr

\$288,571 in 40 Years**

**Based on a 6% investment return over 40 years. Past performance does not guarantee or predict future performance.

Investing involves risk. Your investments may gain or lose money over time. Your investments in the stock market are subject to a variety of risks, including the potential loss of your original investment. This graph/chart/diagram is for educational purposes only and does not take into account taxes and inflation." This applies only to scenario 2 & 3. (taxes are used in scenario #1)

Staying the Course

New habits, better future

Evaluation

Looking back

Lessons Learned

Biggest
takeaways from
setback

Resources

What resources
worked well

Financial Risks

Where were the
weak spots

Recovery Mindset

Behavioral
changes to assist
you

Oops

I did it again

Take it easy on yourself

- Additional setbacks could occur
 - Don't dwell on the mistakes
 - Focus on the positives & move forward
- Assess & analyze
- Bad things do happen to good people



Action Plan: Working with My Money Coach

Three common next steps



Quantify the impact to your
income and expenses

Review available resources
and programs

Help you re-evaluate your budget
and make adjustments

Making Tax Season Less Taxing

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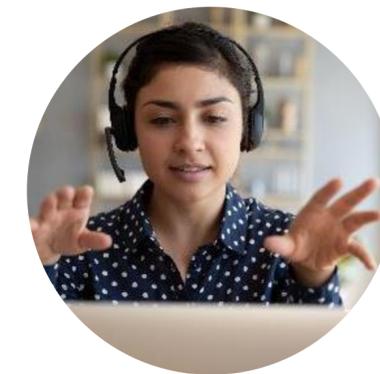
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Consult an MSA Tax Specialist

Whether you need tax prep or not, you can always ask your Money Coach about taxes, like how to maximize your take-home pay or minimize your tax burden, or about any other financial goal.



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¹25% discount is valid 12/1/2022 – 10/31/2023 at 11:59 pm CST for 2022 online consumer state and federal 1040 returns and specified ancillaries. Discount will be applied to actual prices, which are subject to change and determined at the time of purchase and may not be combined with other offers. Additional fees apply for ancillary products. Offer applies only to MSA members and prospective members who go to [TaxAct.com](https://www.taxact.com) using a link provided directly by MSA to create a new return. Add sales tax for applicable orders. Refund Transfers are fee-based products offered by Republic Bank & Trust Company, Member FDIC. A Refund Transfer Fee and all other authorized amounts will be deducted from the taxpayer's tax refund. See Audit Defense provided by Tax Protection Plus (PDF) for further details of Audit Defense services and requirements. May not apply to certain forms and credits. Certain customers may not qualify for services based on past tax audit history, residency, or other factors. Audit Defense is not insurance. Audit Defense is subject to terms and conditions (PDF) located on Tax Protection Plus's website. All TaxAct offers, products and services are subject to applicable terms and conditions. The TaxAct® name and logo are registered trademarks of TaxAct, Inc. and are used here with TaxAct's permission. This content is for informational purposes only and does not guarantee eligibility for the program or its services. My Secure Advantage, Inc. or any of its representatives do not endorse any of the websites or company names listed here. Information provided in this handout is for informational purposes only and is not intended to offer specific personalized investment, financial planning, tax or accounting advice. We recommend that you consult an attorney, tax advisor or accountant regarding your unique financial goals and circumstances.

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