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2-22-2022
MAKING THE MOST OF YOUR MONEY WITH FINANCIAL PLANNING
FOR OAKLAND REGION OF THE WOMEN’S BAR ASSOCIATION

WEBINAR

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Meet Pearl Planning

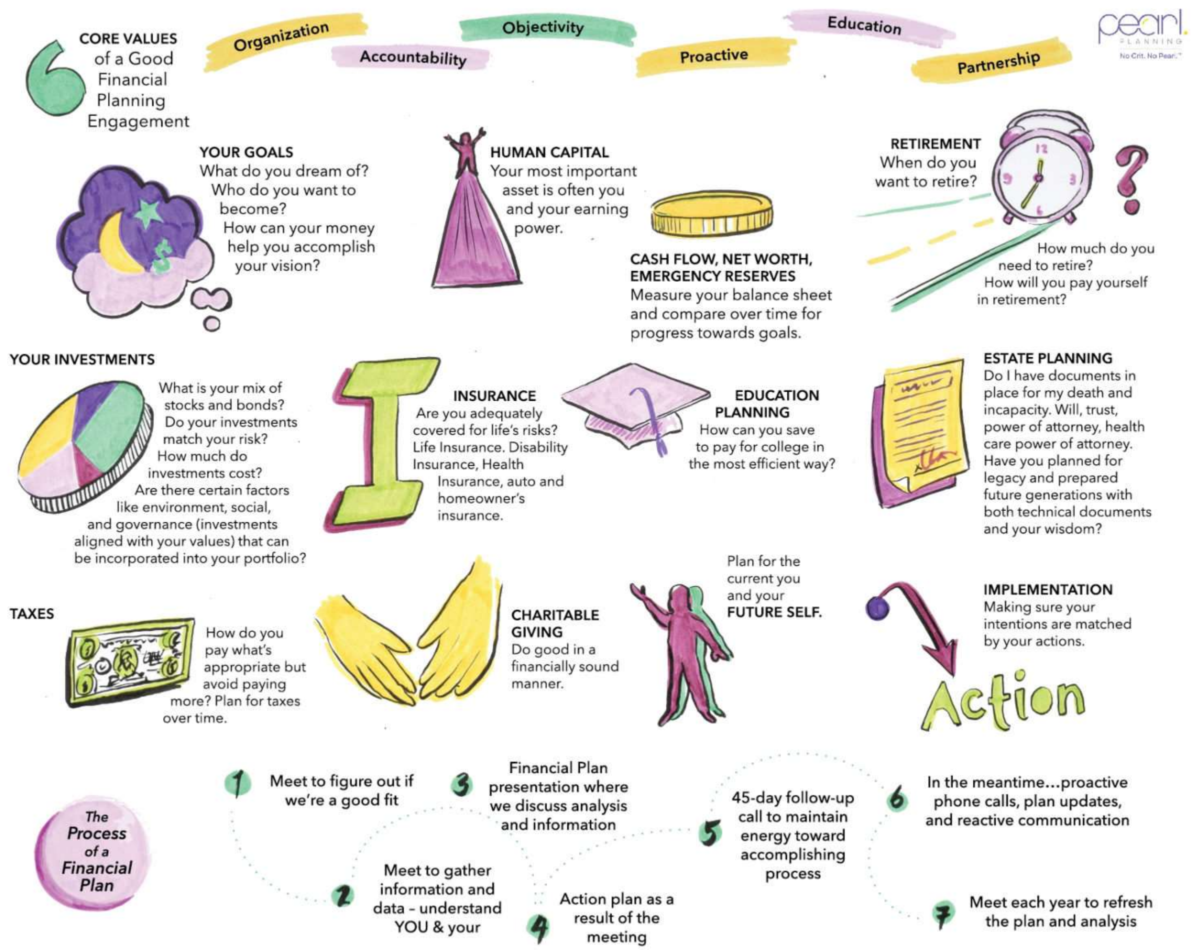
- Founded in 2018 by Melissa Joy
- 170 Families; $120 million in assets under management
- Locations in Dexter and Grosse Pointe; coming soon – Birmingham and Charlevoix
- Five female financial advisors including three CFP's, three CDFA's and a CPA

Meet Melissa Joy, CFP®, CDFA®

- CERTIFIED FINANCIAL PLANNER™ and Certified Divorce Financial Analyst
- Began career in financial services in 1998
- Investopedia Top 100 Top Financial Advisors of 2021 & 2020; 2020 Crain's Detroit Notable Women in Finance
- Current board member of Build Institute and Dexter Community Fund

AGENDA

- What is financial planning?
- Money Mindset
- Actions for Success
- How to Get Things Done


CORE VALUES of a Good Financial Planning Engagement
Organization
Accountability
Objectivity
Proactive
Education
Partnership
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YOUR GOALS
What do you dream of? Who do you want to become? How can your money help you accomplish your vision?
HUMAN CAPITAL
Your most important asset is often you and your earning power.
RETIREMENT
When do you want to retire?
How much do you need to retire? How will you pay yourself in retirement?
CASH FLOW, NET WORTH, EMERGENCY RESERVES
Measure your balance sheet and compare over time for progress towards goals.
YOUR INVESTMENTS
What is your mix of stocks and bonds? Do your investments match your risk? How much do investments cost? Are there certain factors like environment, social, and governance (investments aligned with your values) that can be incorporated into your portfolio?
INSURANCE
Are you adequately covered for life's risks? Life Insurance. Disability Insurance, Health Insurance, auto and homeowner's insurance.
EDUCATION PLANNING
How can you save to pay for college in the most efficient way?
ESTATE PLANNING
Do I have documents in place for my death and incapacity. Will, trust, power of attorney, health care power of attorney. Have you planned for legacy and prepared future generations with both technical documents and your wisdom?
TAXES
How do you pay what's appropriate but avoid paying more? Plan for taxes over time.
CHARITABLE GIVING
Do good in a financially sound manner.
Plan for the current you and your FUTURE SELF.
IMPLEMENTATION
Making sure your intentions are matched by your actions.
Action
The Process of a Financial Plan
1 Meet to figure out if we're a good fit
2 Meet to gather information and data - understand YOU & your
3 Financial Plan presentation where we discuss analysis and information
4 Action plan as a result of the meeting
5 45-day follow-up call to maintain energy toward accomplishing process
6 In the meantime...proactive phone calls, plan updates, and reactive communication
7 Meet each year to refresh the plan and analysis


Financial planning is self care!
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Money Mindset

1. Earliest money memories
2. Your best financial decision
3. For me, talking about money is most difficult when…

Go to Slido.com and enter #155839

- **72% of Americans have felt financial stress recently** (American Psychological Association's 2021 Stress in America survey)

- **8 in 10 women will end up alone and solely responsible for their financial well-being** (UBS Own Your Worth – 2018)

- **34% of cohabiting couples (married or not), one or both partners couldn't correctly identify how much money the other makes, and 36% are unaware of the amount they have invested** (Fidelity survey 2018)

- **57% say they purposely avoid talking about personal finances** (eMoney 2019 survey)

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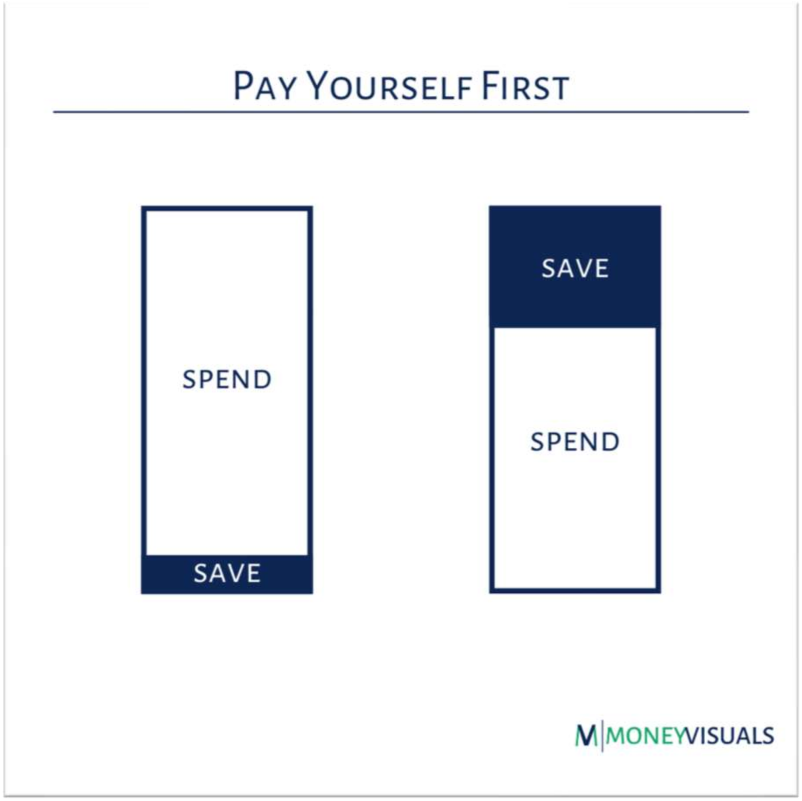
Setting Goals

- Not just money – life goals with ties to financial resources
- SMART Goals
- Start with basics and build from there.

Photo Credit: Randy Tampari/Unsplash

Be Prepared

BULL MARKET
BEAR MARKET
SURPRISED
PREPARED
STAY THE COURSE
PANIC



Cash Flow & Budget

- Budget
- Co-manage financial decisions with your partner
- Emergency Reserves
- Manage debt
- Net Worth

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Intro to Investing

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Stocks	vs.	Bonds
		
An equity instrument carrying ownership interest.	**Meaning**	A debt instrument with a promise to pay back the money with interest.
Dividend	**Return**	Interest
No	**Return Guarantee**	Yes
Voting rights in the company.	**Additonal Benefits**	Preferential treatment when bond matures.

the balance

Source: https://www.thebalance.com/the-difference-between-stocks-and-bonds-417069

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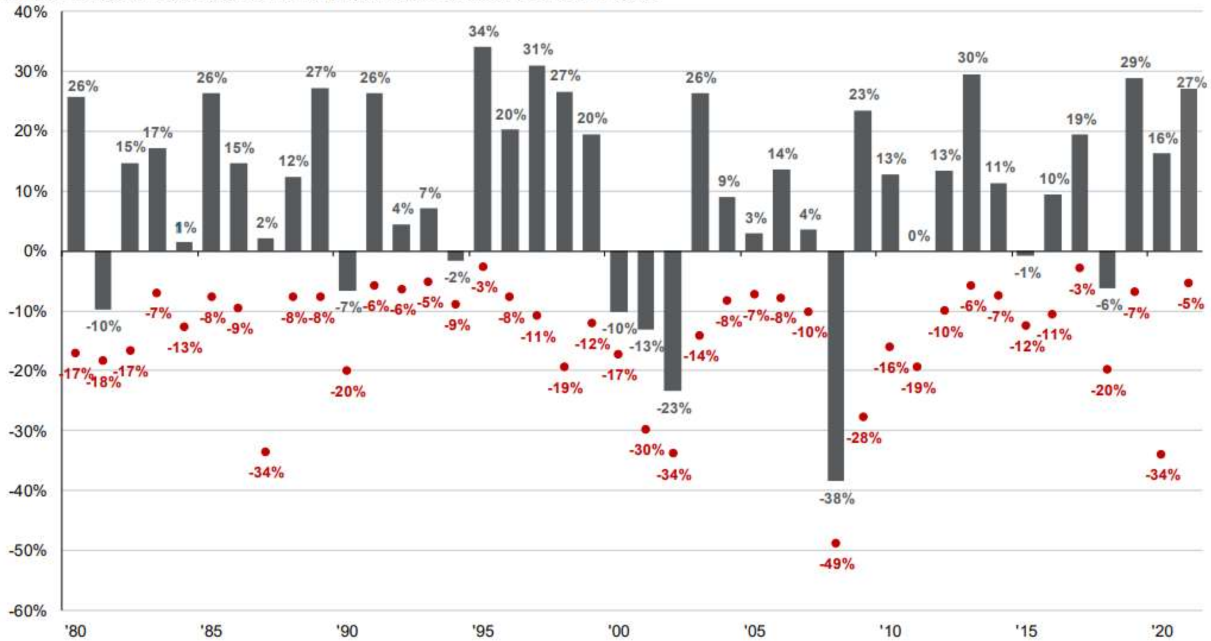
Annual returns and intra-year declines

GTM | U.S. | 16

S&P intra-year declines vs. calendar year returns

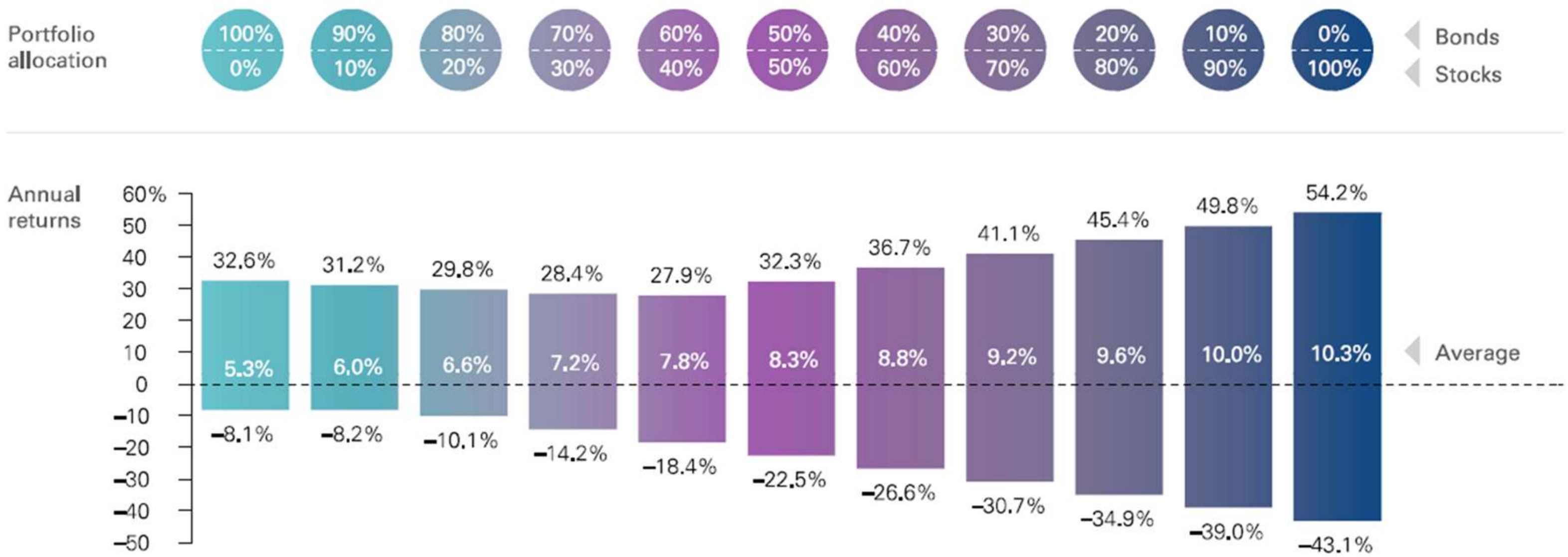
Despite average intra-year drops of 14.0%, annual returns were positive in 32 of 42 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2021, over which time period the average annual return was 9.4%.
Guide to the Markets – U.S. Data are as of December 31, 2021.

J.P.Morgan
ASSET MANAGEMENT

Figure A-1. More risk, more return... over the long term



Notes: Stocks are represented by the Standard & Poor's 90 Index from 1926 to March 3, 1957; the S&P 500 Index from March 4, 1957, through 1974; the Wilshire 5000 Index from 1975 through April 22, 2005; and the MSCI US Broad Market Index thereafter. Bonds are represented by the S&P High Grade Corporate Index from 1926 to 1968; the Citigroup High Grade Index from 1969 to 1972; the Bloomberg Barclays U.S. Long Credit AA Index from 1973 to 1975; and the Bloomberg Barclays U.S. Aggregate Bond Index thereafter. Data are through December 31, 2017.

Source: Vanguard.

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ASSET CLASS RETURNS

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2007 - 2021 Ann.	Vol.
EM Equity 39.8%	Fixed Income 5.2%	EM Equity 79.0%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Large Cap 10.6%	REITs 23.2%
Comdty. 16.2%	Cash 1.8%	High Yield 59.4%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Small Cap 8.7%	EM Equity 22.9%
DM Equity 11.6%	Asset Alloc. -25.4%	DM Equity 32.5%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	REITs 7.5%	Small Cap 22.5%
Asset Alloc. 7.1%	High Yield -26.9%	REITs 28.0%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	High Yield 6.6%	Comdty. 19.1%
Fixed Income 7.0%	Small Cap -33.8%	Small Cap 27.2%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.4%	Asset Alloc. 5.7%	DM Equity 18.9%
Large Cap 5.5%	Comdty. -35.6%	Large Cap 26.5%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	EM Equity 4.8%	Large Cap 16.9%
Cash 4.8%	Large Cap -37.0%	Asset Alloc. 25.0%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	DM Equity 4.1%	High Yield 12.2%
High Yield 3.2%	REITs -37.7%	Comdty. 18.9%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	Fixed Income 4.1%	Asset Alloc. 11.7%
Small Cap -1.6%	DM Equity -43.1%	Fixed Income 5.9%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Cash 0.8%	Fixed Income 3.3%
REITs -15.7%	EM Equity -53.2%	Cash 0.1%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	Comdty. -2.6%	Cash 0.7%

Source – J.P. Morgan Asset Management. "Guide to the Markets" U.S. Data are as of 12/31/2021 Data Source - Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management. Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg US Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg US Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index, and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (VOL.) represents period of 12/31/06 – 12/31/21.. All data represents total return for stated period. Past performance is not indicative of future returns

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It Pays to Be Patient.

Market Performance by Day

↑ 53% ↓ 47%

Market Performance by Decade

↑ 94% ↓ 6%

When should your investment plan change?

It Pays to Be Patient.

Market Performance by Day

↑ 53% ↓ 47%

Market Performance by Decade

↑ 94% ↓ 6%

When should your investment plan change?

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Take Note:

- Get started
- DIY vs. using professionals
- What to do AFTER you max out retirement accounts
- Stock compensation
- Rebalance
- Tax-aware

RETIREMENT PLANNING

Early Stage: Initiation

- Initiate good savings strategies
- Get financial house in order

Mid-Stage: Accumulation

- Maximize savings as income grows
- Balance competing financial demands

Late-Stage: Nearing Retirement

- Plan withdrawal for early retirement years
- Focus on expenses & income needs

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Tax implications for retirement savings by account type

	Tax-Deductible Contributions / Investments[1]	Tax-Deferred Account Growth	Tax-Free Withdrawals		
Pre-tax 401(k) / Traditional IRA	●	●	—	**Taxable** (ordinary income tax)	**Retirement accounts:** Taxes generally apply to contributions or withdrawals. Most withdrawals must be qualified to avoid tax penalties.[2]
Roth 401(k) / IRA	—	●	●	**For qualified withdrawals**	
After-tax 401(k) / Non-deductible Traditional IRA	—	●	—	**Taxable investment returns** (ordinary income tax)	
Health Savings Account (HSAs)	●	●	●	**For qualified health care expenses**	**Qualified medical expenses are "triple tax free."**[3]

Federal taxes; states may differ. This is not intended to be individual tax advice. Consult your tax advisor.

[1] Income and other restrictions may apply to contributions. Not tax deductible may also be referred to as after-tax contributions. Tax penalties usually apply for early withdrawals. Qualified withdrawals are generally those taken over age 59½; qualification requirements for amounts converted to a Roth from a traditional account may differ; for some account types, such as Roth accounts, contributions that are withdrawn may be qualified. See IRS Publications 590 and 560 for more information.

[2] Withdrawals from after-tax 401(k) and non-deductible IRAs must be taken on a pro-rata basis including contributions and earnings growth. In the case of non-deductible IRAs, all IRAs must be aggregated when calculating the amount of pro-rata contributions and earnings growth.

[3] There are eligibility requirements. Qualified medical expenses include items such as prescriptions, teeth cleaning and eyeglasses and contacts for a medical reason. Cosmetic procedures, such as teeth whitening, and general health improvement, such as gym memberships and vitamins, are not qualified expenses. A tax penalty applies on non-qualified distributions prior to age 65. After age 65, taxes must be paid on non-qualified distributions. See IRS Publication 502 for details.

J.P.Morgan Asset Management

Retirement Plans if Self-Employed

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	SOLO 401(k)	SAFE HARBOR 401(K)	401(K)	PROFIT SHARING PLAN	SIMPLE IRA	SEP IRA
WHAT EMPLOYER IS ELIGIBLE TO OFFER THIS PLAN?	Business or self-employed individual with no employees (other than a spouse)	Any employer	Any employer	Any employer	Employer with 100 or fewer employees who earn at least $5,000 in a year (and no other retirement plan — unless for collective bargaining employees)	Any employer
WHO CAN PARTICIPATE IN THIS PLAN?	Self-employed individual and spouse who is active in the business (e.g., employee, co-owner)	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested)[1]	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested)[1]	Eligible employees (can be limited to employees age 21 and over, with at least one year of service (1,000 hours), or 2 years of service if 100% vested)[1]	Employees who earned at least $5,000 in any prior 2 years and are expected to earn $5,000 this year	Eligible employees (can be limited to employees age 21 and over, with service in 3 of the prior 5 years and earning at least $650 in 2022)
HOW MUCH CAN PARTICIPANTS CONTRIBUTE TO THIS PLAN (ELECTIVE DEFERRALS)?	Up to the lesser of 100% of earned income or $20,500 ($6,500 catch-up age 50+)	Up to the lesser of 100% of compensation or $20,500 ($6,500 catch-up age 50+)	Up to the lesser of 100% of compensation or $20,500 ($6,500 catch-up age 50+)	Participants cannot contribute to this plan	Up to the lesser of 100% of compensation or $14,000 ($3,000 catch-up age 50+)	Participants cannot contribute to this plan
HOW MUCH CAN AN EMPLOYER CONTRIBUTE TO THIS PLAN?	Employer has full discretion whether to contribute or not	Employer must either (1) make a nonelective contribution of 3% of participant's compensation or (2) match participant deferrals up to 4% of their compensation, depending upon plan	Employer has full discretion whether to contribute or not	Employer has full discretion whether to contribute or not, up to 25% of the participant's compensation	Employer must either (1) make a nonelective contribution of 2% of participant's compensation or (2) match participant deferrals up to 3% of participant's compensation (may be reduced to 1% during 2 of the prior 5 years)	Employer has full discretion whether to contribute or not, but generally must make uniform % payments to all participants
WHAT IS THE AGGREGATE ANNUAL CONTRIBUTION LIMIT (EMPLOYER AND PARTICIPANT CONTRIBUTIONS AND FORFEITURES)?	Up to the lesser of 100% of earned income[2] or $61,000 ($67,500 with catch-up) (employer contribution can't exceed 25% of gross income for corp, 20% of net income for sole proprietor/ partnership)	Up to the lesser of 100% of compensation[2] or $61,000 ($67,500 with catch-up)	Up to the lesser of 100% of compensation[2] or $61,000 ($67,500 with catch-up)	Up to the lesser of 25% of compensation[2] or $61,000	Sum of maximum employer and participant contributions above	Up to the lesser of 25% of compensation[2] or $61,000 (special rules apply for self-employed)

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Taxes

- Adjust with complexity
- Plan ahead for changes
- Think about taxes over time

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Estate Planning & Charitable Giving

- Physician heal thyself
- Review and refresh documents when appropriate
- Adjust charitable strategies due to recent tax changes

Insurance

- Life insurance
- Disability
- Home & Auto
- Umbrella
- Long Term Care

Investment Best Practices:

- Have a process & stick with it
- Rebalance, follow discipline for withdrawals
- Accelerate investments, Roth conversions, tax-loss harvesting
- Take your temperature on emotions and focus on what you can control
- Don’t overcorrect based on predictions

Financial Planning Best Practices:

- Get a financial plan and update annually
- Cross things off your to-do list
  estate planning, insurance, college savings, etc.
- Work to improve your circumstances incrementally over time

DISCLOSURES

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@MelissaJoyCFP

/PearlPlanningWealth

@PearlPlanningFinancial

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CONTACT INFORMATION

Dexter, MI

Phone

734.274.6744

Office Address

8031 Main Street, Suite 302

Dexter, MI 48130

Grosse Pointe, MI

Phone

313.806.1792

Office Address

81 Kercheval Avenue, Suite 202

Grosse Pointe, MI 48236

Email

melissa@pearlplan.com

melissa.fradenburg@pearlplan.com

alexa@pearlplan.com

hannah@pearlplan.com

jacki@pearlplan.com