



IS YOUR FINANCIAL HOUSE IN ORDER?



The Prudential Insurance Company of America, 751 Broad Street, Newark, NJ 07102
1010543-00005-00



ASSESSING YOUR FINANCIAL SITUATION



ORGANIZING FINANCIAL PAPERWORK

- What are some important papers that you need to keep organized and in a safe place?

BUDGETING

- Track spending
- Manage debt
- Curb impulse purchases
- Find ways to save more



WHERE'S THE MONEY?

Prudential PATHWAYS

MONTHLY INCOME & EXPENSE SUMMARY

Employment Income:	Today	During Retirement
Monthly Salary/Wages	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Monthly Self Employment (actual)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total Employment Income:	\$	
Other Income:	Today	During Retirement
Monthly Taxable Pensions	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other Monthly Taxable Income	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other Monthly Non-Taxable Income	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total Other Income:	\$	
Household Related Expenses:	Today	During Retirement
Mortgage / Rent	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Condominium / Association Fees	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Homeowner's Insurance (if not included in mortgage payment)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Property Taxes (if not included in mortgage payment)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Phone Charges - Cellular and Landline	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Utilities - Heat (Gas/Oil) / Electric / AC / Water / Sewer	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Cable/Satellite TV / Internet	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Home Maintenance / Property Care / Cleaning Supplies	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other Household	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total Household Expense:	\$	
General Expenses:	Today	During Retirement
Alimony/Child Support	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Child Care / Elder Care	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Groceries	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Pet Care and Food	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Clothing / Dry Cleaning	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Gym / Sports / Hobbies (golf, tennis, etc)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Vacation	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Entertainment (movies, dining out)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Tuition Costs / Education	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Debts (Credit Cards, Student or other Loan Payments)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Gifts (birthday, anniversary)	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Charitable Donations	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Emergency Fund	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Hygiene Products & Services	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Other General	\$	<input type="checkbox"/> Yes <input type="checkbox"/> No
Total General Expense:	\$	

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1010319-00002-00



SET YOUR FINANCIAL PRIORITIES

Fixed Expenses	Variable Expenses
Mortgage/rent	Entertainment
Food	Vacations
Utilities	Hobbies
Transportation	Sports
Healthcare	Home Improvement
Insurance	Gifts
Property taxes	Charitable Giving
Alimony/Child Support	New Clothes



MANAGING DEBT

Make managing debt a high priority:

- Reduce debt or credit card with the highest interest rate first
- Consolidate debt where possible
- Avoid incurring unnecessary debt

WHAT YOU NEED SAVINGS FOR

- Emergency fund
- Protection solutions
- Big-ticket items
- Retirement
- Caring for family



SECURE YOUR FINANCIAL FUTURE

- Take advantage of available resources
- Seek professional guidance
- Take an active role
- Avoid cashing out early

TAX IMPLICATIONS

Tax-Deferred	Taxable	Potentially Income-Tax Free ¹
<ul style="list-style-type: none"> ▪ Qualified retirement plans: <ul style="list-style-type: none"> • 401(k) • 403(b) • 457(b) • Pension plan ▪ Individual Retirement Account (IRA) ▪ Simplified Employee Pension (SEP) ▪ Annuities 	<ul style="list-style-type: none"> ▪ Savings account ▪ Certificate of deposit ▪ Mutual fund ▪ Real estate 	<ul style="list-style-type: none"> ▪ Tax-exempt bonds/funds ▪ Education savings accounts and 529 Plan ▪ Life insurance death benefits² ▪ Roth IRAs³ ▪ Roth accounts in company sponsored plans³

¹ Tax-exempt income may impact the taxation of Social Security benefits and may have AMT consequences.

² Under section 101 of the Internal Revenue Code, most life insurance death benefits are income tax free. But if a policy has been transferred for value, the portion of the death benefit that represents gain may be taxable. There are some exceptions to this general rule, including certain changes in ownership and payment of any additional interest at death.

³ Qualified distributions are federally tax-free, provided the Roth account has been open for at least five tax years and the owner has reached age 59 ½ or meets other requirements. Qualified Roth IRA distributions may be subject to state and local income tax.

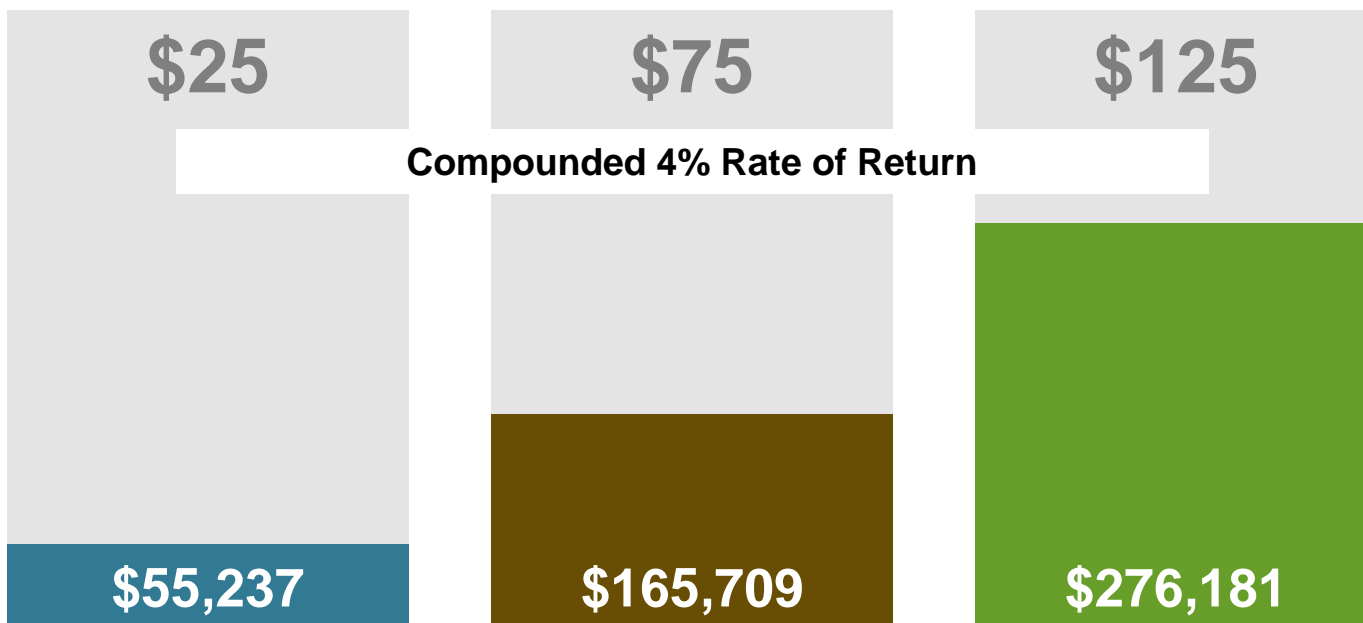
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MAKE A COMMITMENT TO SAVE

- Remind yourself of your goals on a regular basis
- Save for your short-, mid-, & long-term goals
- Pay yourself first
- Consider having money automatically moved from your checking to saving account
- Make an income from your hobbies
- Save tax refunds, inheritances, and monetary gifts

PAY YOURSELF FIRST

Imagine if you saved this much each week...



You could have this much in **25 years!***

* The compounding example is hypothetical and for illustrative purposes only and is not intended to represent performance of any specific investment, which may fluctuate. No taxes are considered in the calculations; generally withdrawals are taxable at ordinary rates and it assumes no withdrawals. **It is possible to lose money by investing in securities.** Assumes a 4% rate of return. Prudential and its representatives do not give legal or tax advice. Please consult your own advisors regarding your particular situation.

FINANCIAL CHECKUPS

- Health insurance
- Long-term care insurance
- Property & Casualty insurance
- Life insurance
- Disability income insurance

HEALTH INSURANCE



LONG-TERM CARE INSURANCE



LONG TERM CARE

Do you know who will take care of you when you are unable to care for yourself?

PROPERTY AND CASUALTY



LIFE INSURANCE – HOW MUCH IS ENOUGH?

How much life insurance you need depends on:

- Income
- Expenses, including debt
- Goals (e.g., college for children or grandchildren)
- Potential estate
- Desire to create a legacy
- Charitable aspirations
- Desire to continue a business

DISABILITY INCOME INSURANCE

According to Social Security Administration, 25% of today's 20-year-olds will become disabled before they retire. That's one in four people¹.



¹ Social Security Administration Publication No. 05-10570, January 2019

PLANNING FOR RETIREMENT

How much will you need?



ACCOUNT FOR INFLATION

	Monthly Expenses		
Basic Needs	2020	2030	2040
Food	\$670	\$945	\$1,333
Shelter	\$1,796	\$2,533	\$3,574
Transportation	\$934	\$1,318	\$1,858
Total	\$3,400	\$4,796	\$6,765

This is a hypothetical example for illustrative purposes only. Every individual's situation and expenses are unique. Assumes a 3.5% annual inflation rate over time.

RISING MEDICAL COSTS

A 65-year-old couple retiring today will need \$285,000 to cover out-of-pocket healthcare and medical expenses.



Source: Fidelity Benefits Consulting estimate; 2019. Estimate based on a hypothetical couple retiring in 2019, 65 years old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2016. Actual expenses may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes.

SET SMART GOALS

Goals can change over time

- Housing
- College education
- Vacation home/travel
- Retirement



DIVERSIFY

Non-Diversified



100% CASH

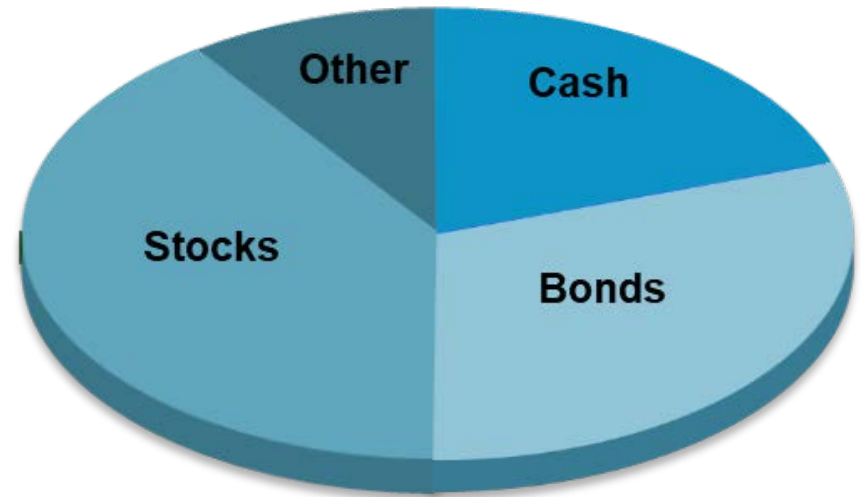
- He has:
- Low risk to principal
- Low growth potential



100% STOCKS

- She has:
- High risk
- High growth potential

Diversified

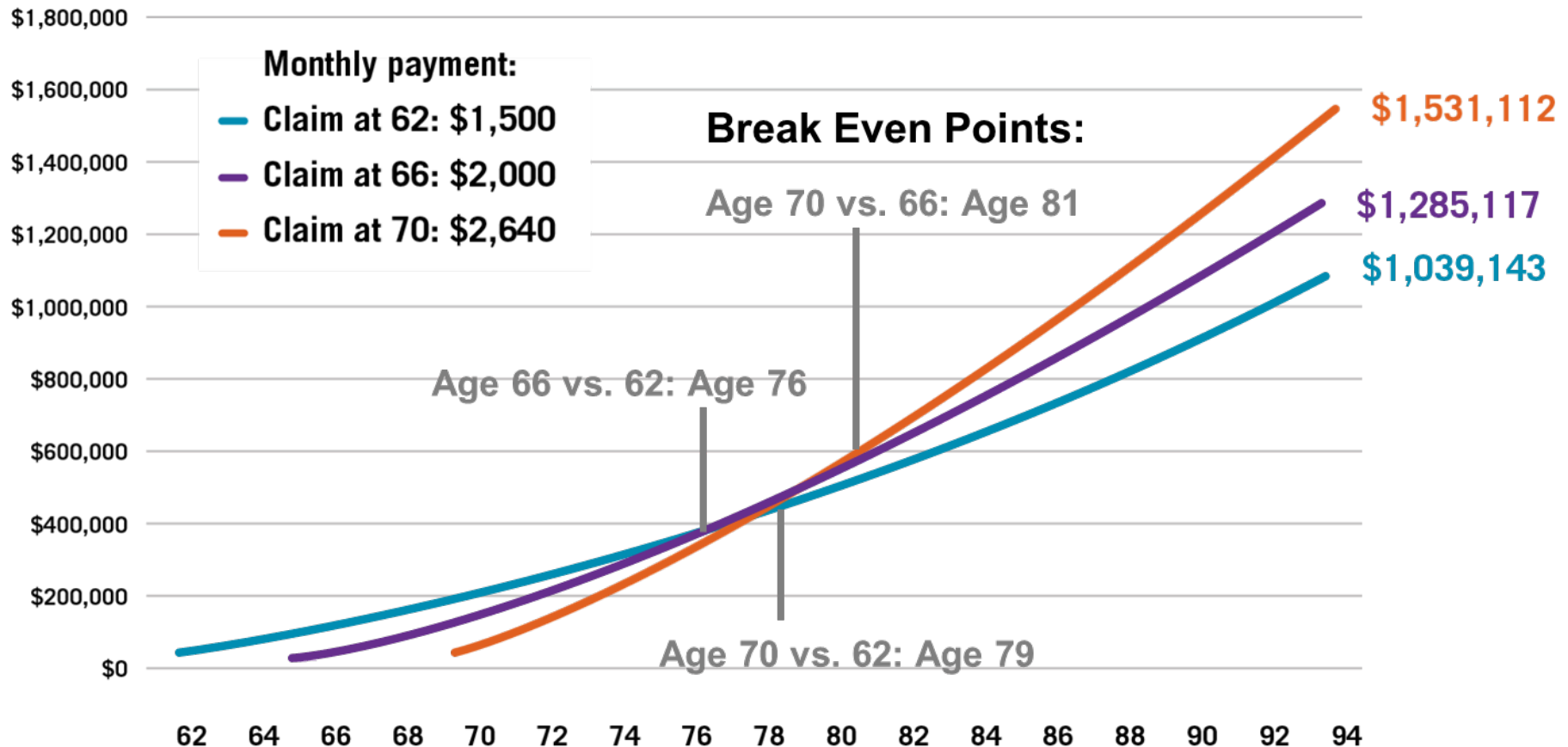


- Money in “several baskets”
- Tolerable risk
- Some growth potential

MAINTAIN A LONG-TERM PERSPECTIVE



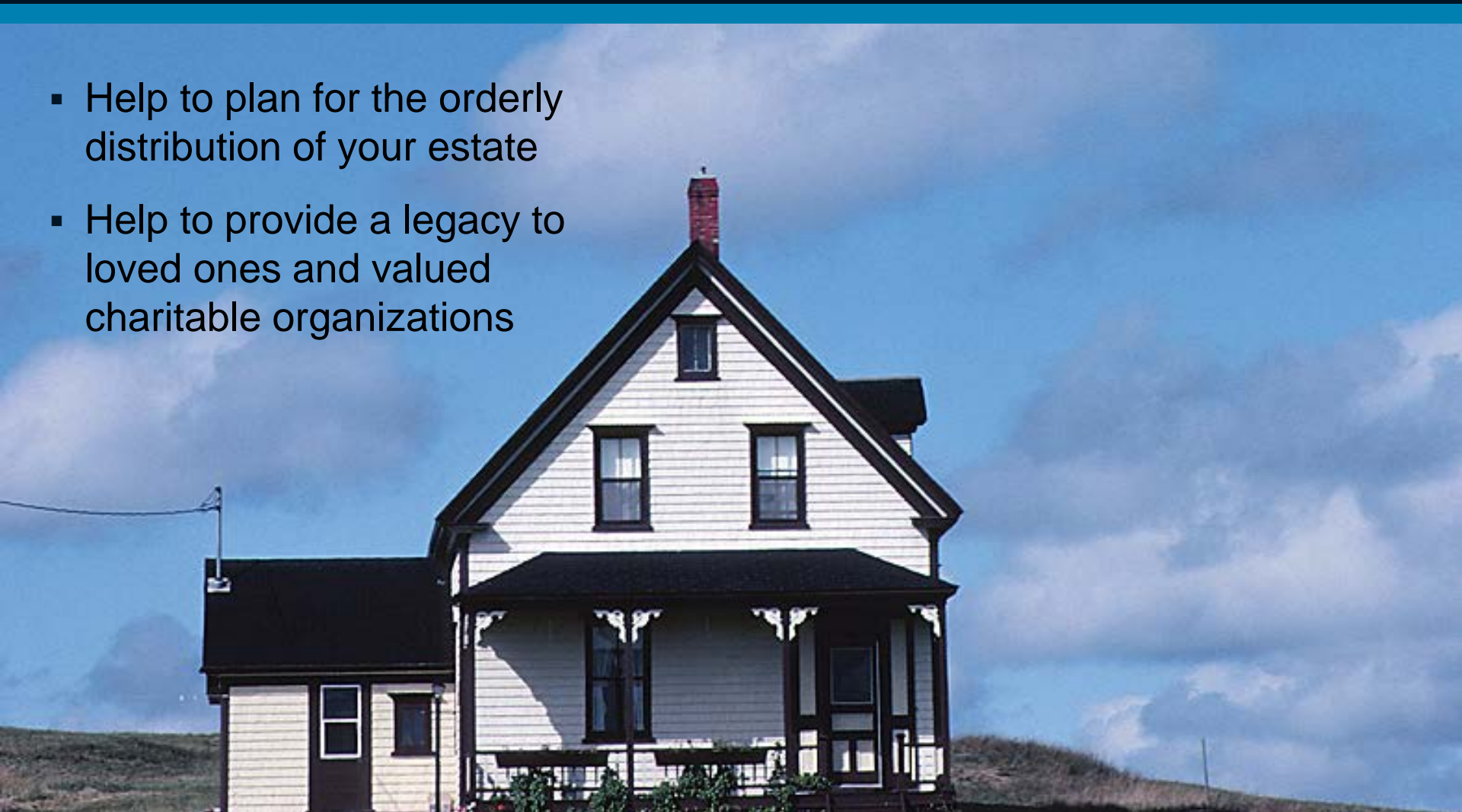
SOCIAL SECURITY MAXIMIZATION



This is a hypothetical example for illustrative purposes only. This assumes a full retirement age benefit of \$24,000 a year, an annual cost of living adjust of 3%, and the client living to age 95.

ESTATE PLANNING

- Help to plan for the orderly distribution of your estate
- Help to provide a legacy to loved ones and valued charitable organizations



ASSEMBLE A FINANCIAL TEAM

- Financial professional, financial advisor or financial planner
- Tax advisor and/or tax attorney
- Credit counselor
- Lawyers



PLAN FOR TOMORROW TODAY



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