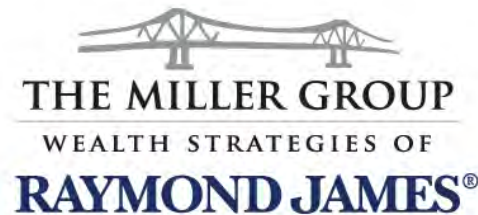

PRIEST RETIREMENT WORKSHOP

Jason L. Fontane *AWMA®*, *AIF®*
Vice President, Investments



May 2, 2022

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Raymond James & Associates, Inc., member New York Stock Exchange/SIPC

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PROGRAM OVERVIEW

- **MANAGING CASH FLOW (BUDGETING)**
- **INVESTING**
- **PLANNING FOR THE UNKNOWN**

Managing Your Cash Flow



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YOU SAID WHAT??

What would Americans rather do than put together a budget?

- **32% would rather go to the DMV than work on a detailed financial plan**
- **16% would rather sit through an “X” rated scene with their parents than tell them about their biggest financial blunder**
- **34% would rather spend an hour in traffic than go over their money mistakes with a financial advisor**
- **65% would prefer a root canal to make a plan for money**
- **47% would rather drink orange juice after brushing their teeth than spill their biggest money secret**
- **34% would rather post their most embarrassing photo of themselves on social media than post a screenshot of their account balances**
- **20% would rather spend an hour in jail than build a five year financial plan**

WHY ARE WE AFRAID TO BUDGET?

- “A budget tells us what we can’t afford, but it doesn’t keep us from buying it.”- William Feather
- You don’t want to confront your splurges
- You don’t want to confront your savings
- You don’t want to confront your debt
- You’re a free spirit and think it is a waste of time
- You’ve got plenty of money left over at the end of the month
- You don’t know where to begin



SPENDING STYLE

How do you spend your money?



CASH FLOW STATEMENT

- ***AKA Budget***
- **Measures:**
 - **Cash in**
 - Wages and salaries
 - Investment income (2-4% of invested principal)
 - **Cash out**
 - Living expenses

ONLINE BUDGETING TOOLS

- Mint, for just about everything
- Goodbudget, for hands-on envelope budgeting
- YNAB, for hands-on zero-based budgeting
- EveryDollar, for simpler zero-based budgeting
- Personal Capital, for tracking wealth and spending
- PocketGuard, for a simplified budgeting snapshot
- Honeydue, for budgeting with a partner
- Fudget, for budgeting without syncing accounts

Raymond James is not affiliated with and does not endorse the services of the companies mentioned above.

Budget Guidelines

- Basic cash management
- Pay yourself first!
- Savings (rainy day fund) of at least 4-6 months expenses that is accessible and not at risk
- Control discretionary expenses
- Rules of thumb
 - Savings – 10%
 - Housing – 35%
 - Transportation – 15%
 - Debt service – 15%
 - Other Living Expenses – 25%



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WHAT IS DEBT?



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CREDIT CARD USER ...“SWEET SPOT”!!

- Using a credit card is a loan.
- Gives us what we want when we want it.
- Do we need what we want?
- Is the interest worth it?
- Are those special offers and gimmicks “free”?

“Deadbeats” = in credit card company speak those that pay off their credit card balances every month

FEDERAL RESERVE STATS

- **Average cards/household...10**
- **Average balance...\$8,400**
- **Average interest rate...18.9%**
- **33 years to pay off debt with minimum monthly payments**
- **\$14,000 interest**

=====

- **Cost of what you thought you wanted...
not so priceless**

NEW DEBT

Ask yourself the following questions:

- **Do I really need this? (or do I want it)**
- **Can I purchase something less expensive? (vacation, cell phone plan, cable plan, etc)**
- **Can I afford to make the payments? (housing, auto)**
- **How fast can I pay it off?**
- **What happens if I can't pay it off?**
- **What is this costing me to borrow?**

DEBT ELIMINATION

- **Prioritize / organize bills**
- **Make a plan of attack**
- **Keep only 1 or 2 credit cards**
- **Make payments on time**
- **Cut out luxury items**
- **Negotiate terms of loans, interest, etc.**
- **Increase payments**

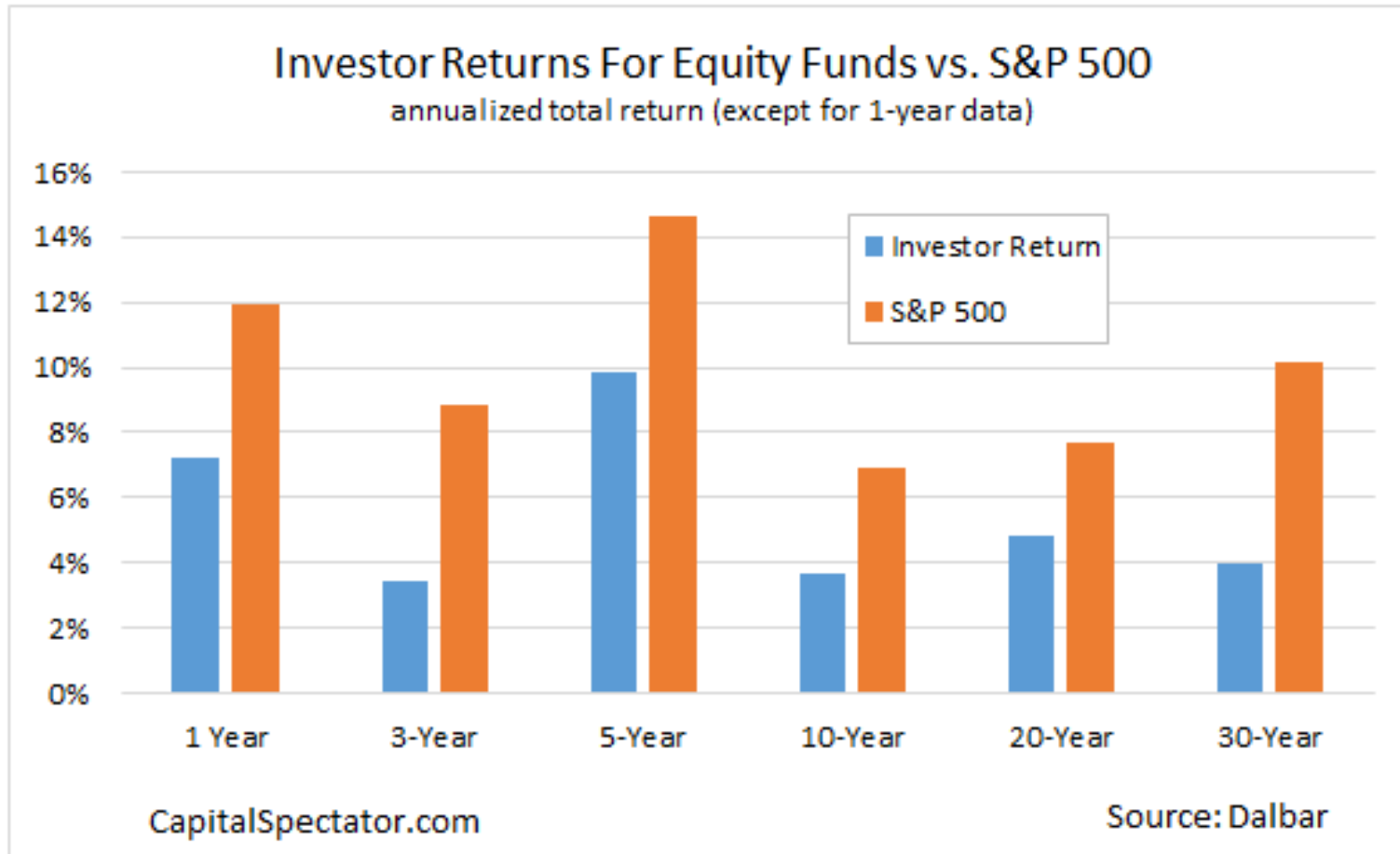


INVESTING



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INVESTOR RETURNS vs. S&P 500



The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market.

BEHAVIORAL FINANCE

Behavioral finance, a subfield of [behavioral economics](#), proposes that psychological influences and biases affect the financial behaviors of investors and financial practitioners. Moreover, influences and biases can be the source for explanation of all types of market anomalies and specifically market anomalies in the stock market, such as severe rises or falls in stock price.

KEY TAKEAWAYS

- Behavioral finance is an area of study focused on how psychological influences can affect market outcomes.
- Behavioral finance can be analyzed to understand different outcomes across a variety of sectors and industries.
- One of the key aspects of behavioral finance studies is the influence of psychological biases.

Source: Investopedia.com

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FEAR & GREED

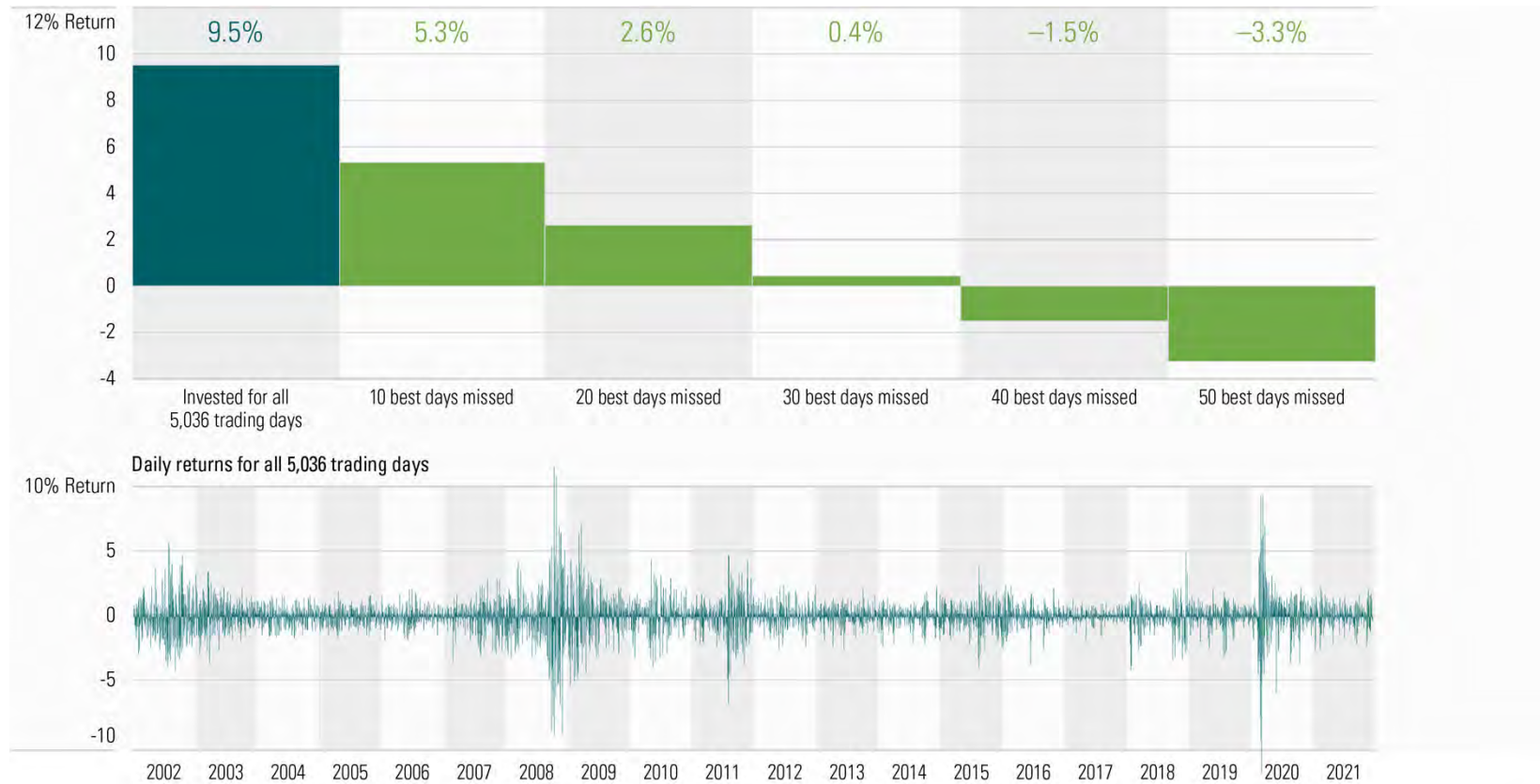


“Bull markets are born on pessimism, grown on skepticism, mature on optimism and die on euphoria. The time of maximum pessimism is the best time to buy, and the time of maximum optimism is the best time to sell.” –Sir John Templeton

Behavioral Bias	Description	Example
Anchoring	The tendency for investors to focus on an initial piece of information as the primary reason for a decision	Investors do not adjust expectations for an investment's return based on new information but continue to rely on the information available when they initially made the purchase
Herd Mentality	The tendency of investors to follow what other investors are doing	Investors hear that their peers are making money in tech stocks and therefore decide to purchase tech stocks in their own portfolio to join in the gains
Overconfidence	The tendency for investors to believe that their own judgements are more accurate and reliable than they really are	Investors believe they can consistently beat the market with their investment picks and therefore tend to overtrade their accounts, which ultimately causes them to underperform
Confirmation Bias	The tendency for investors to seek out information and opinions that agree with their own views	Investors believe the market will go up over the next three months and only seek out news stories that support their beliefs and dismiss news stories that challenge their beliefs
Recency Bias	The tendency for investors to more readily recall an event that happened recently rather than one that occurred in the more distant past	Investors are more likely to focus on a recent bull market when making decisions rather than a bear market that occurred several years ago
Loss Aversion	The tendency for investors to be more sensitive to a loss than to a gain of the same amount	Investors are likely to be more upset about a \$1,000 loss in their investment portfolio than they are pleased with a \$1,000 gain
Endowment Effect	The tendency for investors to value the investments they own more highly than the current market value	Investors expect to sell their shares of a particular stock at a certain price but wouldn't pay the same amount to purchase the same stock on the open market
Representativeness	The tendency for investors to ignore statistical probabilities and instead believe one event or piece of information is representative of future outcomes	Investors forecast future investment results based on the last five years of investment performance and ignore the investment's longer-term track record

The Cost of Market-Timing

The Risk of Missing the Best Days in the Market, 2002-2021



PRIYL20

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Source: Morningstar

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CONSTRUCTING A PORTFOLIO

- Identify Goals
 - What goal are you investing for (& for how long)?
 - How much are you investing?
- Identify Risk
 - Look at the risk as it pertains to this particular goal.
- Determine Diversification
 - How should you spread your money out among various investments?
- Allocate Assets
 - Research to pick investments- stocks, mutual funds, exchange traded funds, bonds, money market, cash, precious metals, etc)

RISK TOLERANCE

Factors

- Psychological
- Age & resources to replace principal
- Experience

In the Investment World

- Business risk
- Exchange rate risk
- Reinvestment risk
- Interest rate risk
- Liquidity risk
- Market risk

TIME & RISK

- **Inverse relationship**
 - **As time horizon increases, investment risk decreases because long-term performance stabilizes**
 - **As time horizon decreases, investment risk increases because short-term returns are more volatile**
- **The other side of risk is inflation**
- **There is risk in being too aggressive and being too conservative**

SOME COMMON FACTORS TO REMEMBER

- **Time**
 - The earlier you begin compounding, the better!
 - Keep in mind time in retirement, not just time until retirement
- **Inflation**
 - Some inflation (e.g. medical) > others
- **Taxes**
 - What will your tax rate look like?

DIVERSIFICATION

- **Defensive move in investing**
 - Used to minimize risk
 - Tempers loss in a bear market
 - Allows more consistent performance under a range of market conditions!
- **Don't put all eggs in one basket!**



NON-DIVERSIFIED PORTFOLIO

- 500 shares IBM
- 750 shares Microsoft
- 200 shares HP
- 150 shares Apple
- 332 shares Cisco
- 584 shares Dell
- 224 shares Intel

This information is not intended as a solicitation or an offer to buy or sell any security referred to herein.

DIVERSIFIED PORTFOLIO

- 300 shares (technology)
- 250 shares (energy)
- 200 shares (transportation)
- 225 shares (food/hospitality)
- 10 notes (corporate bond)
- 3 notes (treasury bond)
- 584 shares (money market)

Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

FIVE FUNDAMENTAL TRUTHS

- No perfect investment
- No risk-free investment (if it looks too good to be true, it probably is)
- Investors = long-term optimists
- Investment decisions = compromises
- Invest regularly versus timing the market

PLANNING FOR THE UNKNOWN



RAYMOND JAMES®

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Phone: 225-339-3329 Fax: 225-344-7923



Client Name:

May 2, 2022

Estimated Net Worth:

As your financial advisor, I provide guidance on the financial and planning services listed below. Checked items are areas that we have worked on together so far. However, if you have questions or would like to work on other services or a new situation arises, please contact me to discuss.

RISK

<input type="checkbox"/>	Cash Flow Analysis
<input type="checkbox"/>	Health Insurance (Medicare)
<input type="checkbox"/>	Life Insurance
<input type="checkbox"/>	Long Term Care Insurance
<input type="checkbox"/>	Disability Insurance
<input type="checkbox"/>	Lending & Debt Insurance
<input type="checkbox"/>	Emergency Funding
<input type="checkbox"/>	Annuity Discussion

LEGAL

<input type="checkbox"/>	Estate Planning
<input type="checkbox"/>	Will/Trust
<input type="checkbox"/>	Account Titling
<input type="checkbox"/>	Beneficiary Review
<input type="checkbox"/>	Net Worth Analysis
<input type="checkbox"/>	Survivor Needs
<input type="checkbox"/>	Power of Attorney

PLANNING

<input type="checkbox"/>	Goals & Objectives
<input type="checkbox"/>	Net Worth Statement
<input type="checkbox"/>	Retirement Accumulation
<input type="checkbox"/>	Retirement Income Analysis
<input type="checkbox"/>	Distribution Strategies
<input type="checkbox"/>	Social Security Education
<input type="checkbox"/>	Estate Planning
<input type="checkbox"/>	Legacy Planning
<input type="checkbox"/>	Education Funding
<input type="checkbox"/>	Gifting
<input type="checkbox"/>	Budgeting

TAXES

<input type="checkbox"/>	Tax Planning
<input type="checkbox"/>	Wealth Transfer Strategies
<input type="checkbox"/>	Tax Efficient Allocations
<input type="checkbox"/>	Charitable Giving
<input type="checkbox"/>	Stock Options
<input type="checkbox"/>	Concentrated Stock Positions

INVESTMENTS

<input type="checkbox"/>	Asset Allocation
<input type="checkbox"/>	Performance Reporting
<input type="checkbox"/>	Investment Review
<input type="checkbox"/>	Investment Policy Statement
<input type="checkbox"/>	Risk Tolerance
<input type="checkbox"/>	401 (K) Education
<input type="checkbox"/>	Large Purchase Advice

CLIENT FINANCIAL STAGE

- ☐ Starting Out - Accumulation & Growth
- ☐ Mid Life - accumulation, Growth & Risk Management
- ☐ Pre-Retirement-Accumulation, Protection & Risk Management
- ☐ Early Retirement - Protection, Income & Distribution
- ☐ Estate & Legacy - Protection, Distribution & Wealth Transfer

CURRENT TOP GOALS:

WHAT IS MOST IMPORTANT TO YOU?

WHAT WOULD YOU LIKE TO DISCUSS NEXT MEETING?

COMMUNICATIONS STANDARDS TYPE

TYPE	FREQUENCY
<input type="checkbox"/> Telephone Calls	Example: 4-6 _____
<input type="checkbox"/> In Office Visits	Example: 2-4 _____
<input type="checkbox"/> Email	Example: 10-15 _____

NEXT MEETING DATE: _____

Please Initial that your account was reviewed _____

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

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