Young Investors Webinar Series

Investing in Your Future – Navigating Your Financial Lifecycle

You can click on each link to jump to the discussion of the topic.

Introduction

- An Introduction to Chicago Partners
    - We are a Registered Investment Advisor (RIA) headquartered in Chicago.
    - We are a company of fiduciary wealth advisors, or advisors who always act in the best interest of the client.
- What is a Wealth Advisor?
    - We choose and oversee investments for clients' portfolios, recommend and place trades in client accounts, build long-term financial plans, and facilitate general account management.

Part I: Account Types

- Emergency Fund
    - What should be top priority is an emergency fund which assists the client with the ability to withstand a sudden negative financial disruption of income.
- 401(k)
    - A 401(k) is a retirement account that is offered through employers. The money invested in this account will substitute your income when you retire and will not be able to be withdrawn until you are 59 ½ years old.
    - A Roth 401(k) is made with after-tax dollars while a Traditional 401(k) is made with pre-tax dollars.
- Individual Retirement Account (IRA)
    - An IRA is another type of retirement account that allows you to prepare for retirement aside from employer-sponsored plans. This account is opened by an individual through a bank or broker.
    - A Roth IRA is made with after-tax dollars which allows the money earned in the account to be tax-free while a Traditional IRA is made with pre-tax dollars which reduces your taxable income.
- Taxable Brokerage Account
    - A taxable brokerage account is an investment account opened by an individual to invest excess cash to work towards short-term and long-term financial goals.
- Dollar Cost Averaging (DCA)
    - DCA is the act of investing a fixed dollar amount on a regular basis, regardless of the share price. This allows an individual to practice a steady investment strategy that can work better than trying to time the market where individuals often miss out on market opportunities.

Part II: The Financial Lifecycle Timeline

- Asset Accumulation
    - This stage includes early adulthood and the phase in your life in which you might be starting a family. It requires the development of a budget and savings plan along with investing in retirement savings accounts such as a 401(k).
- Conservation/Protection
    - This stage includes the peak earning years and pre-retirement phases in your life. These include your 40s-50s when most of your debt is paid off, so you can focus on building wealth and

identifying gaps in your financial plan. This is also the phase where you will potentially be investing more conservatively while maxing out your retirement plan.

- Distribution/Gifting
  - This stage is when you retire. It involves focusing on preserving wealth and transferring it to others. In this stage, estate planning and tax optimization strategies are important to focus on.
- Budgeting Based on Your Salary
  - Your emergency fund should equal **3 to 6 months** of fixed and variable monthly expenses to accommodate unexpected expenditures.
  - The **28/36 ratio** involves trying to spend no more than 28% of your monthly income on housing expenses and no more than an additional eight percent on debt, so that total debt service does not exceed 36% of your monthly income.
- Actionable Steps and Q&A
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