CHICAGO PARTNERS | WEALTH ADVISORS

Young Investors Series

Investing in Your Future:

Navigating Your Financial Lifecycle

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Meet the Team

Today's Speakers:

Byron Mandell, CFP®
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What is Chicago Partners?

A **Registered Investment Advisor (RIA)** headquartered in downtown Chicago

Also known as a “**private wealth manager**” for high-net-worth individuals and families

A **fiduciary** advisor, or an advisor always acting in the best interest of the client

Builds financial plans, makes investment recommendations, and provides account oversight

Works with over 2,000 clients and $5 billion in assets under management

Jake Hianik, CFP®
Wealth Advisor

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Today's Agenda

Jake Hianik, CFP®
Wealth Advisor

Part I	Account Types
Part II	Introducing Your Financial Lifecycle

Part I

Account Types

Emergency Fund, 401k, IRAs, & Taxable Brokerage Account

Byron Mandell, CFP®
Senior Wealth Advisor

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Account Types: Emergency Fund

Byron Mandell, CFP®
Senior Wealth Advisor

Definition: Assists the client with the ability to withstand a sudden negative financial disruption of income.

Term Length: Cash and cash equivalents with short-term maturities (3-6 months)

Priority: This is the most important! Always fill this first because you never know when you'll need it.

Account Types: 401(k)

Definition: This is a retirement account is offered through employers. The money invested in this account will substitute your income when you retire.

Term Length: You will not be able to withdraw this money until you are 59 1/2 years old.

Priority: After the emergency fund and before IRA, as your employer might match your contributions to amplify your investment efforts.

Byron Mandell, CFP®
Senior Wealth Advisor

Traditional vs Roth 401(k)

	Roth 401(k)	Traditional 401(k)
Contributions	Made with after-tax dollars	Made with pretax dollars
Withdrawals	All withdrawals, including earnings are tax-free provided that they're qualified distributions	All withdrawals, including earnings, are taxed
Employer Contributions	Contributions are made with pretax dollars	Contributions are made with pretax dollars

Byron Mandell, CFP®
Senior Wealth Advisor

Account Types: Individual Retirement Accounts (IRAs)

Definition: Another way to save for retirement as you age; this is opened by the individual through a broker or bank.

Term Length: You will not be able to withdraw this money until you are 59 1/2 years old.

Priority: This is important for retirement, after the emergency fund and the 401(k).

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Wealth Advisor

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Traditional vs Roth IRA

	Roth IRA	**Traditional IRA**
Contributions	Made with post-tax dollars. There is no immediate tax break but when you start withdrawing, the money you paid in and earned in the account is tax-free.	Made with pre-tax dollars which reduce your taxable income.
Withdrawals	Contributions can be withdrawn at any time during the tax year, tax-free and penalty-free. Five years after your first contribution and age 59½, earnings withdrawals are tax-free, too.	Withdrawals are penalty-free beginning at age 59½.
Employer Contributions	N/A	N/A

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Account Types: Taxable Brokerage Account

Byron Mandell, CFP®
Senior Wealth Advisor

Definition: Your investment account, used to work towards short-term and long-term financial goals.

Term Length: You can keep this money for as long as you want, but it's important to focus on long term goals rather than short-term market fluctuations.

Priority: While this account is important, the emergency fund, 401(k), and IRA should take priority over your individual brokerage account as you can withdraw this money at any point.

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Dollar Cost Averaging

Byron Mandell, CFP®
Senior Wealth Advisor

Dollar Cost Averaging: DCA is practice of investing a fixed dollar amount on a regular basis, regardless of the share price.

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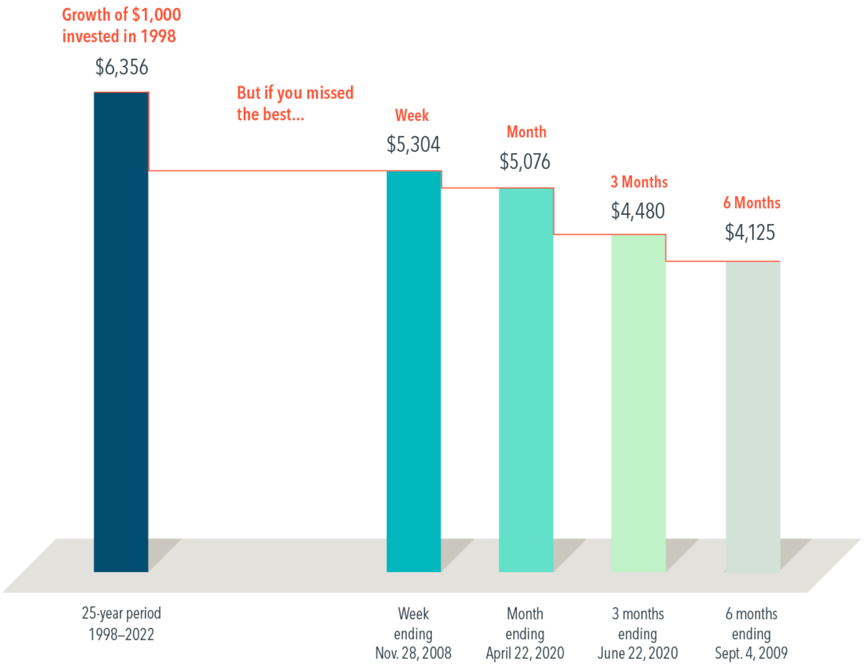
Don't try to time the market!

Byron Mandell, CFP®
Senior Wealth Advisor

Missed Opportunity

Russell 3000 Index Total Return, 1998-2022



Part II

Your Financial Lifecycle

Budgeting, Saving, and Investing for each stage of your life

Jake Hianik, CFP®
Wealth Advisor

The Financial Lifecycle Timeline

Beginning

1. Asset Accumulation

2. Conservation/Protection

3. Distribution/Gifting

End

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Wealth Advisor

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The Financial Lifecycle Timeline

Beginning

1. Asset Accumulation

- Early Adulthood: Debt Repayment, Budgeting, Saving
- Starting a Family: Focus on Saving and Investing

2. Conservation/Protection

3. Distribution/Gifting

End

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Wealth Advisor

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Asset Accumulation

Early Adulthood:
- Teenage years and early adulthood
- Plan to pay off education debt
- Develop budget
- Develop savings plan
- Open employer-sponsored retirement accounts

Starting a Family:
- Entering 30s
- Preparing for marriage or children
- Financial needs shift away from debt repayment and towards saving and investing
- Investing beyond 401(k)

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The Financial Lifecycle Timeline

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Wealth Advisor

Beginning

1. Asset Accumulation

2. Conservation/Protection

- Peak Earning Years: More financial resources to reach goals
- Pre-Retirement: Choosing retirement age, maxing out retirement plans

3. Distribution/Gifting

End

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Conservation/ Protection

Peak Earning Years:
- Early 40s
- Paid off consumer debt besides mortgage
- Focused on building wealth
- More financial resources to commit to reaching goals
- Prioritize what is important and identify gaps in financial plan

Pre-Retirement:
- Entering 50s
- Choosing retirement age
- Deciding when to take Social Security benefits
- Planning for long-term care needs
- Maxing out retirement plans, investing more conservatively

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The Financial Lifecycle Timeline

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Wealth Advisor

Beginning

1. Asset Accumulation

2. Conservation/Protection

3. Distribution/Gifting

- Retirement: Focus on preserving and passing down wealth

End

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Distribution/ Gifting

Retirement:

- 60s but could be earlier or later in life
- Focus on preserving wealth and passing it on
- Tax optimization strategies
- Estate planning

Jake Hianik, CFP®
Wealth Advisor

Budgeting Based on Your Salary

Byron Mandell, CFP®
Senior Wealth Advisor

3 to 6 Months

Your emergency fund should equal 3 to 6 months of fixed and variable monthly expenses to accommodate unemployment, losses of significant assets, or other unexpected major expenditures.

28/36 Ratio

Try 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.

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Actionable Steps

- Begin tracking your monthly expenses to guide your budgeting and saving efforts.
- Contribute to your emergency savings fund.
- Analyze and understand your employer's 401(k) investments and benefits.
- Open a taxable brokerage account (can be done through Schwab).

Byron Mandell, CFP®
Senior Wealth Advisor

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Q&A

Thanks for attending!

Stay tuned for our next installment!

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