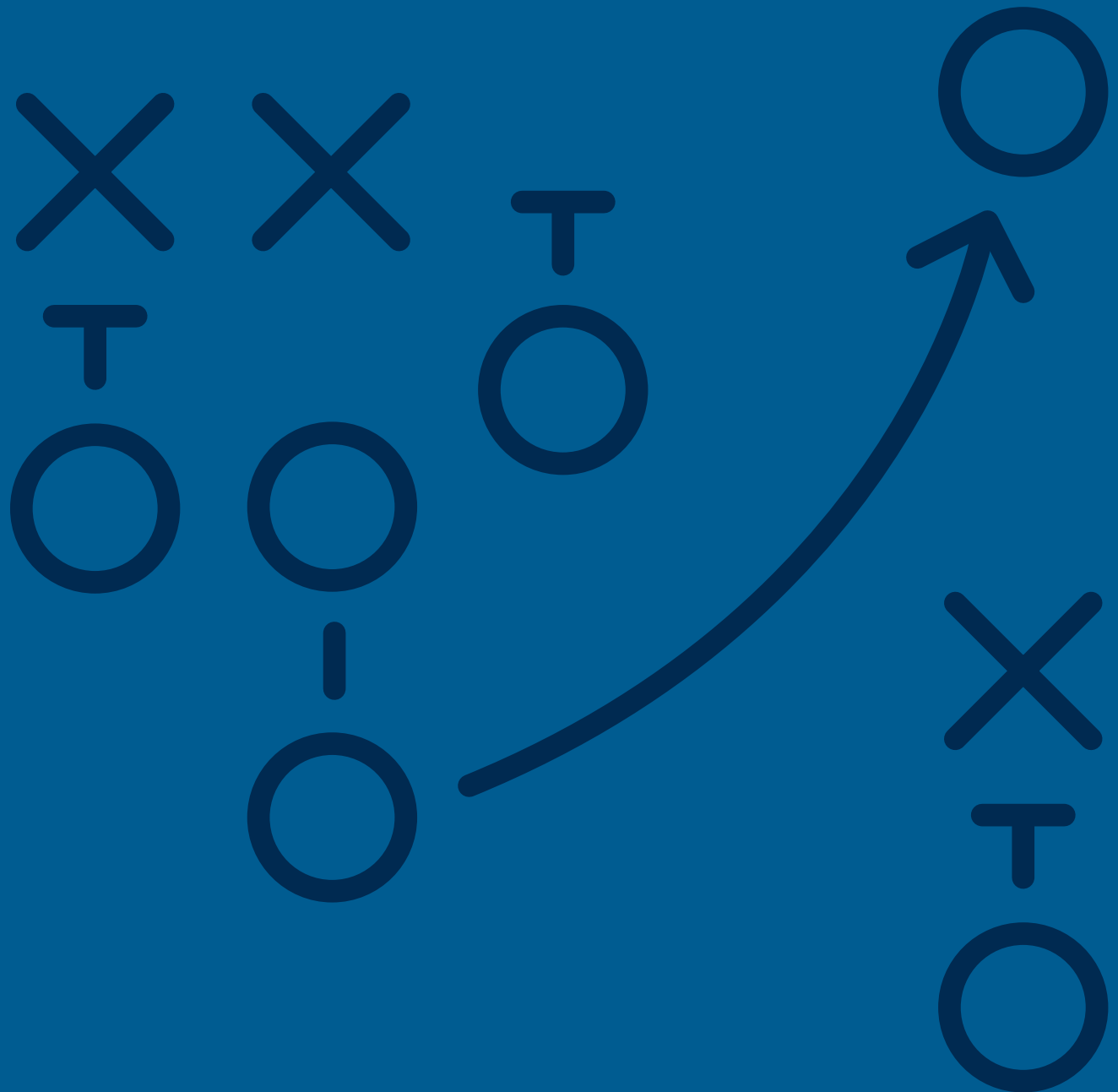


Playbook:

Your Guide to Life & Money



Playbook: Your Guide to Life & Money

Graduating College: A Whole New World



“There are far, far better things ahead than any we leave behind.” — C.S. Lewis

What Is Covered in This Chapter:

- Figuring out your next step in the real world
- Deciding where to live and what to look for in a location
- Handling the cost of reality with a winning budget
- Why credit is so important and how to make sure you're in the clear
- Determining whether grad school is right for you
- Must reads for college grads

Congratulations! It is finally here—the grand finale after years of self-discovery, sporadic sleeping patterns, and the pursuit of anything and everything that interests you. You have graduated... and now what? Armed with a college degree and a blank slate, your future awaits. You are about to embark on a journey of infinite possibilities, yet without the ability to opt out of early morning classes or charge meals to a student ID card. Get ready for exciting new adventures (and challenges) like figuring out where to live, why credit matters, how to manage debt, what boxes to check on your taxes, and who to call for a dentist appointment (note: “call mom” is no longer the answer). To help ensure you are prepared for what’s ahead, it is important to understand how your financial decisions today can impact your opportunities tomorrow. A bright future awaits—go forth and prosper.

Budgeting for the Real World

When used as a guide, a budget can be incredibly empowering. Having a good understanding of your monthly saving and spending habits will allow you to make smart financial decisions that will position you for success in the long run.

Like dieting, however, budgeting can have the opposite effect if you're too restrictive. (Cutting out sweets altogether is more likely to lead to a midnight Oreo binge, after all). Your goal is to find a balance between living for today and saving for tomorrow.

Things are about to get a bit more complicated (and costly). In addition to your Netflix account and penchant for online shopping, you will have to factor in new expenses like rent, insurance, and utilities. By taking the time to create a monthly budget based on what's coming in and what's going out, you can avoid money-related stressors and get on with life.

CREATING A POST-COLLEGE BUDGET

Ready to tackle real-world realities? Here is a step-by-step guide for creating a post-college budget.

1 Understand what you're working with.

Figure out how much money you have in your various savings and checking accounts (include any investment accounts, if applicable). These are known as your "assets" or what you own. Then tally up any debt or outstanding loans you may currently have (student loans, credit card debt, etc.). These are known as your "liabilities" or what you owe. Finally, calculate how much income will be coming in from your new job, internship, and side project(s) each month. Make sure you calculate total income after taxes.

2 Estimate your fixed expenses.

Fixed expenses are the expenditures that won't change much from month to month and can be seen as "essentials" for sustaining your lifestyle.

Here is a list of potential fixed expenses:

RENT

STUDENT LOAN PAYMENTS

MEDICAL EXPENSES (PRESCRIPTIONS, MEDICATIONS)

INSURANCE

Car Insurance

Health Insurance

Dental Insurance

Property Insurance

UTILITIES

Water, Garbage, Sewer

Electricity, Heat

Internet

Cell Phone

PERSONAL CARE

Food & Groceries

Laundry

Toiletries & Personal Care

Gym Membership

Household Items

Pet Supplies

TRANSPORTATION

Car Payment (if leased)

Parking

Public Transportation Pass

Gas

WHO CARES?

So who is interested in your credit score, anyways?

More people that you may think, including:

One of the most important reasons you should care about your credit is because a good credit score helps position you as a trustworthy, responsible customer. A low credit score can have significant implications on your ability to access money: It can affect your application for an apartment rental, car financing, a graduate school loan, or a home mortgage. A low credit score can also result in higher interest rates and down payments because you will be considered a “high risk” borrower. To help avoid being scrutinized when it comes to future important financial decisions, make sure you are establishing good credit.



UTILITY COMPANIES



MORTGAGE LENDERS



HOME INSURERS



EMPLOYERS



CREDIT CARD COMPANIES



GOVERNMENT AGENCIES



AUTO INSURERS



LANDLORDS



WINNING PLAYS for Keeping up Your Credit:

Avoid late payments.

Late payments on anything from medical and electric bills to credit card dues and monthly rent can cause your credit score to drop and may be noted on your credit report for up to 7 years. Credit bureaus typically don't report late payments until 30 days after the payment is due, but don't let it get to that.

Avoid canceling credit cards.

Canceling a card will decrease the amount of total credit in your name and lower your credit utilization ratio as a result, even if you have no balance on a card.

Stay below a 30% credit utilization rate.

Keep in mind that your credit score takes your overall credit utilization into account, as well as the credit utilization rate for each individual card.

Automate payments.

Set up automatic payments for your credit cards to avoid being penalized for late payments.

Make copies.

If you know that several people will be inquiring about your credit within a short period of time (e.g., when you're moving or applying for a loan), offer to send them a recent copy of your credit report instead of having them each make a formal credit inquiry on your behalf.

Avoid applying for several credit cards at once.

Credit institutions record all credit inquiries made in your name. Multiple inquiries within a short amount of time can suggest that you might be “high risk,” which may have a negative impact on your score.

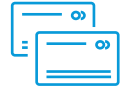
Be cautious when co-signing a loan.

If your co-signer defaults on a payment, it could have a negative impact on your score, too.

Review your credit report annually.

Many credit reports have mistakes that could result in a lower credit score, so make sure to request a report once a year. Not all institutions report to all three credit bureaus, for example.

Playing With Plastic



Credit Cards

Credit cards allow you to borrow up to a certain limit and pay it back in monthly installments over time. Credit card companies and the banks issuing these cards make money by charging you interest rates on the amount borrowed. In some cases, interest rates can be upwards of 15%.

You have probably been warned about the dangers of credit cards, given their ability to let you spend more than you currently have in your account. It can be very easy to rack up high-cost debt, resulting in a vicious cycle that can have serious consequences for your long-term financial well-being. While you should proceed with caution, there are several benefits to using your credit card wisely. One of the most obvious benefits is that most credit cards reward you for spending money.

Debit Cards

Debit cards or ATM cards can be used in similar fashion to credit cards, but the money you spend is withdrawn directly from your checking or money market account. In other words, you cannot spend more money than you currently have in that account. Unlike credit cards, debit cards do not help you build a credit history, and they don't offer rewards.

CONVENIENCE

Consider the location of the nearest bank branches, as well as their online and mobile experience. If you travel a lot, you may want to ask about their travel policies and international presence.

FEES

Fees vary depending on the bank and account type. One way to reduce or eliminate fees is to opt for an account with a higher minimum balance requirement, or choose a bank with ATMs close to your home or office to avoid withdrawal fees from non-affiliated ATMs.

Charge Cards

If you have ever made a purchase at a department store or large retail chain, you probably experienced the pitch at the checkout counter: "Receive a 30% discount on today's purchase by opening a store card." These store cards are similar to credit cards, but you are required to pay your balance in full every month. Be careful not to charge more than you can pay off at the end of the month or you may incur large penalties and potentially damage your credit rating. Also, make sure to check fees and interest rates, as these are often higher than those that accompany a bank-issued card.

Choosing a Career Path That Is Right for You

Sure, you probably thought you knew exactly what you wanted to do when you were in the 4th grade. But unless you have spent the past twenty-something years training to be an astronaut, you probably feel a bit overwhelmed by the sheer number of possibilities out there. (Note: for all those would-be astronauts, it's not too late—NASA just reopened applications). So where do you start?

A little self-reflection can go a long way. By digging into what makes you tick, how you work best with others, and the skills you bring to the table, you can better identify the environments and career paths you are most likely to thrive in.

No. 1 Self-Evaluation

**Instructions:**

For each question in the Self-Evaluation Quiz, select the answer option that best reflects your personality and preferences. Circle your answers as you go, and sum up the numbers associated with each answer option (1, 2, or 3) to get your total score.

“I am a big believer in balance. While it’s incredibly important to remain disciplined about your finances, you can’t forget to enjoy your life that you work so hard for.”

ALICIA AEMISEGGER — CAPITAL MARKETS ASSOCIATE,
MORGAN STANLEY INVESTMENT MANAGEMENT

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Saving: A Penny Saved Is a Penny Earned

“Look to the future, because that is where you’ll spend the rest of your life.” — George Burns

What Is Covered in This Chapter:

- Ways to use saving as a tool to plan for the future
- Why compound interest can be a game changer
- Savings strategies for different timeframes
- Understanding retirement accounts
- Managing student loan debt

“Oops, I have saved too much money for all those things I’ve always hoped to do one day,” said no one, ever. Whether it’s 18 holes of golf, a trip around the world, a poolside mojito (complete with a mini umbrella), or quality time dedicated to a local non-profit, the possibilities for your own post 9-to-5 paradise are endless. The key to making your daydream a reality? Retire the notion that it is still too early to save, and start saving early so you will have the freedom to enjoy your future in style.

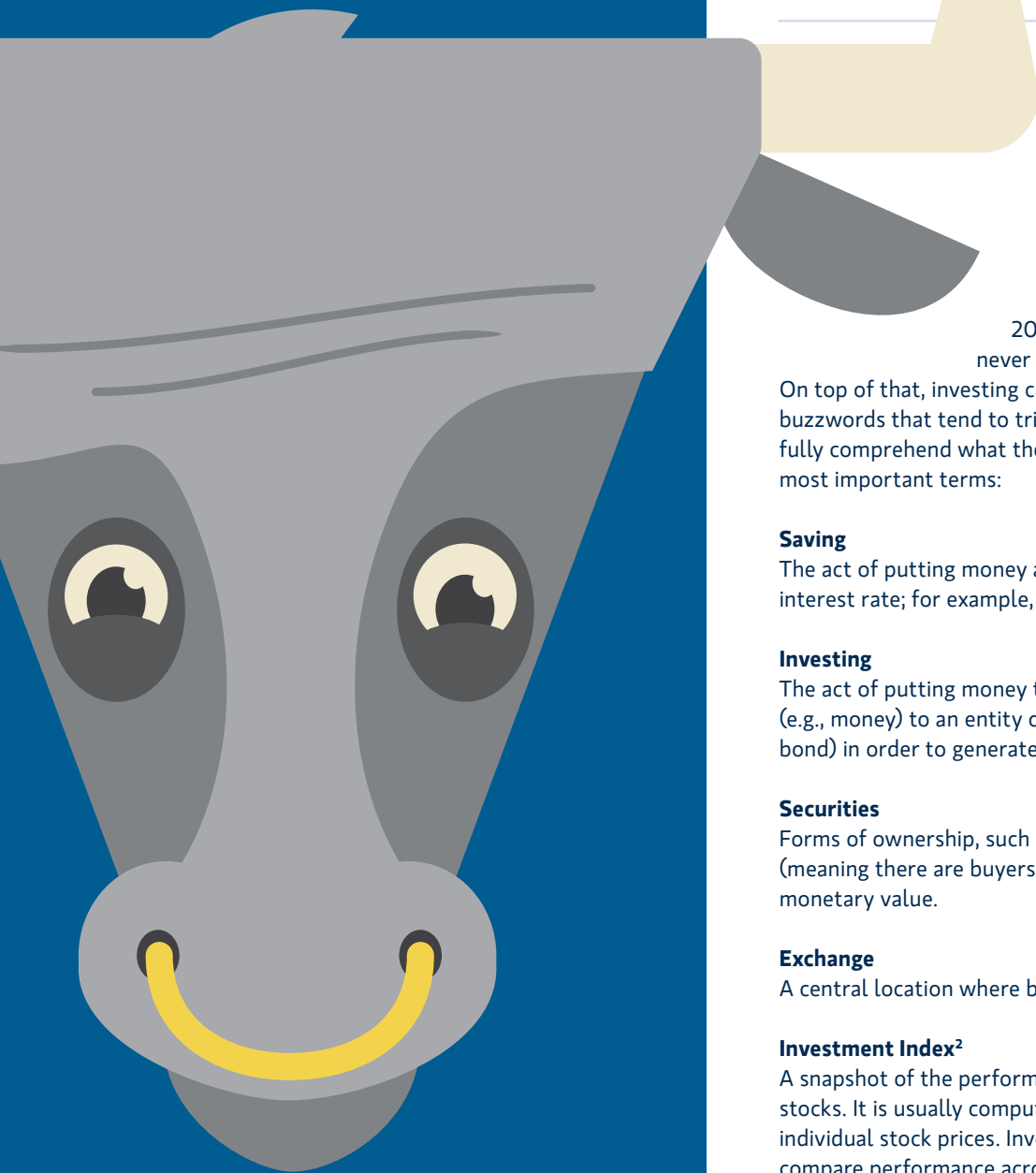
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Investing: Cut the Bull— the Bear Basics of Investing

What Is Covered in This Chapter:

- The basics of investing, including asset classes, stocks vs. bonds, and the long-term play
- What “the market” actually means and ways to talk about it
- The principles of investing and the importance of managing risk
- Getting started and determining your investment strategy
- Ways to find the right Financial Advisor

In today’s fast-paced reality, balancing work, family life, and social engagements can be challenging enough—let alone finding time to create an investment plan. But creating an investment strategy that incorporates your lifestyle goals and tolerance for risk is essential. Setting clear goals for the short-term, long-term, and everything in between will help you decide what trade-offs you are willing to make to prepare for the important milestones ahead. This chapter will cover some of the basic principles of investing so that you can build your financial confidence and make more informed decisions about creating and managing your wealth.



If you thought investing was only for the super-wealthy, think again.

There are lots of ways that people at every asset level can start investing—as long as they have sought out appropriate advice and understand the risks involved.

Remember, saving is a prerequisite to investing. Make sure you have sufficient savings to cover monthly living expenses as well as cash reserves available in case of emergencies before you begin investing money in the markets.

The Basics

On the surface, investing can be intimidating. This makes sense since according to a survey conducted in 2014, almost 70% of Millennials have never received any formal financial education.¹

On top of that, investing can involve an endless number of financial buzzwords that tend to trigger the snooze button before you can fully comprehend what they mean. Let's break down some of the most important terms:

Saving

The act of putting money away in an account with a relatively low interest rate; for example, a bank account.

Investing

The act of putting money to work by committing financial capital (e.g., money) to an entity or a financial product (i.e., a stock or bond) in order to generate a potential profit.

Securities

Forms of ownership, such as stocks, that can be traded on a market (meaning there are buyers and sellers) and have a measurable monetary value.

Exchange

A central location where buyers and sellers can trade securities.

Investment Index²

A snapshot of the performance and value of a certain selection of stocks. It is usually computed based on a weighted average of the individual stock prices. Investors use indices as a benchmark to compare performance across categories and industries.

Cash and Cash Equivalents

The money you have saved in your checking and savings accounts, as well as short-term, low-risk investments like money market funds and certificates of deposit.

Stock³

A share of the value of a company that can be bought, sold, or traded as an investment; this ownership is also referred to as equity.

Bond⁴

Essentially an IOU from the issuer to pay the bondholder a specific sum of money at specific intervals and to repay the principal amount of the loan at maturity. A bond is also referred to as fixed income.

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Starting a Business: Setting Up Shop



“It’s not about ideas. It’s about making ideas happen.” — Scott Belsky, General Partner, Benchmark

What Is Covered in This Chapter:

- First steps for founders when starting a business
- Understanding what business structure is right for you
- The importance of creating an all-star team and network of advisors
- The landscape of funding opportunities
- Things to consider before investing in a startup
- Steps for filing taxes as a business owner
- Best practices for planning and pitching your business

Do what you love. Advances in technology and unprecedented access to information have drastically changed the way we work and created an environment in which entrepreneurship can thrive. Career paths are no longer restricted to the traditional 9–5, allowing people to pursue new ideas and opportunities. Whether you are opening a small restaurant in your hometown, starting an online retail business, or investing in your friend’s new mobile app idea, you are in for one crazy ride. Building a business from scratch can be a lot harder and riskier than some may think, but if you are able to align your profession with your passions, it can be worth all the blood, sweat and tears that go into the process.

4 Apply for an Employer ID Number (EIN)

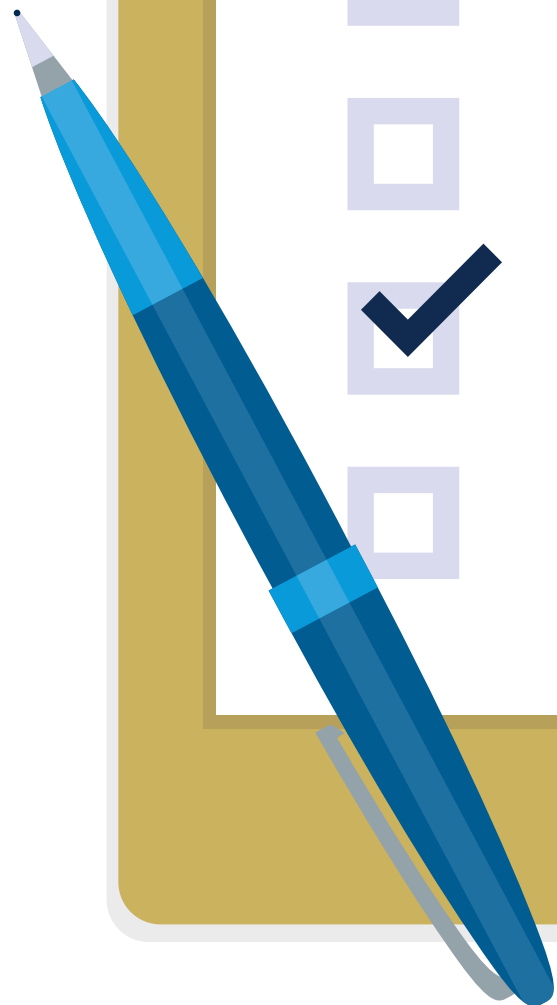
An EIN is also known as a Federal Tax Identification Number and it is essentially a social security number for your business. You will receive your EIN when you register as a legal corporate entity with a state. Make sure you keep several copies of this document, as you will be required to use the number on most tax forms and other administrative documents.

5 Choose a tax year

Business owners can choose when they want to file their tax return. Many small businesses use the calendar year as their accounting period, but some cyclical businesses may prefer to choose another fiscal year. You can align your tax year with the school year for instance, beginning in September and ending in August. Be sure to consult with a tax advisor to see what best suits your business.

6 Choose an accounting system

Don't wait until you start earning revenue to get your accounting infrastructure set up. It can be a lot harder to do after the fact and you can get into some serious trouble if the numbers don't add up. Consider using accounting software for bookkeeping to help save you and your accountant a lot of painful number crunching when it's time to prepare your tax returns and financial reports.



Business Plan Essentials



1

EXECUTIVE SUMMARY

The most important part of a business plan is the executive summary. At a minimum, it should include a top-line description of your business, an overview of your key goals, and a compelling mission statement. The truth is, a lot of people don't bother to read beyond the first two pages so make sure you tell a crisp, accurate, and engaging story that sparks reader curiosity and leaves them wanting to know more.



2

COMPANY DESCRIPTION

Describe what your company offers, what differentiates your business from others (your "secret sauce") and which markets you will serve.



3

MARKET ANALYSIS

Based on the research you have conducted on your potential customers and industry trends, provide a realistic assessment of the size, scope, and nature of your market opportunity.



4

ORGANIZATION & MANAGEMENT

Detail how your business will be structured and who will serve in the key roles.



5

SERVICE OR PRODUCT LINE

Describe the products or services you will sell and how they will benefit your customers. Describe your product lifecycle and how you will keep your product pipeline full.

Who to Have on the Bus



With far more enthusiasm than working capital, many early-stage entrepreneurs try to build their businesses with little to no help. However, as chief executive, salesman, accountant, administrator, tech support and virtually everything else, you will find it increasingly challenging to know how and where to focus your attention in the most productive way.

One approach is to focus on the task with the highest potential for impact first—in other words, the task that can make all other to-dos easier to complete. For most entrepreneurs, that task is talent.

Learning how to hire complementary staff and efficiently outsource non-core functions is one of the more important skills a new business owner can develop. When it comes to functions that are directly related to generating revenues for your business, hire the best possible people you can find and make sure they complement your skill set. For other operational and administrative support activities such as bookkeeping, marketing, human resources, and legal, consider hiring another firm or freelancer.

“When it comes to hiring, I am a big advocate of leveraging your network, especially for finding early team members.”

•
ALEXANDRA WILKIS WILSON,
CO-FOUNDER AND CEO OF GLAMSQUAD; CO-FOUNDER OF GILT

TIP: No matter how quickly you are growing, avoid hiring anyone before you have properly interviewed and vetted him or her. It can be helpful to do reference checks and small companies may consider instituting a “trial period” of 1-3 months before hiring someone full time.



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Tying the Knot: To Half and to Whole

What Is Covered in This Chapter:

- Questions to ask your future partner before making it official
- Real talk on all things related to love and finances: prenups, savings, and spending habits
- Budgeting for bling, weddings, and honeymoons
- Navigating newlywed expectations and managing joint finances

From planning the big day to planning the rest of your lives, tying the financial knot involves adjustments and compromise. For richer or poorer—with an emphasis on the richer part, preferably. By understanding expectations, setting common goals, and mapping out life as a couple, there are lots of ways you can build a healthy financial foundation for the future, together.

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Buying a Home: Making Moves



“We shape our dwellings, and afterwards our dwellings shape us.” — Sir Winston Churchill

What Is Covered in This Chapter:

- Determining if and when you should buy
- The cost of buying a home and ways to help you prepare financially
- Mortgage basics and the process for securing home financing
- A step-by-step checklist for finding, assessing, and closing on your future home
- Common mistakes for first-time homebuyers and ways to help you avoid them
- Questions to ask before signing on the dotted line

Buying your first home just may be the most important (and intimidating) investment decision of your adult life. More than simply a roof over your head, your home can serve as a place to settle in, entertain friends, raise a family and start building equity in a tangible asset. But before taking the leap, it’s important to evaluate all the factors before signing on the dotted line. Understanding the real estate market, total costs of homeownership, and available financing resources are all critical to finding and securing your dream home. Happy house hunting—your DIY Pinterest board awaits.



To Buy or Not to Buy?

Buying your first home comes with significant financial and lifestyle implications. It's a big decision! Although it may seem like the logical next step, just because your friends are making the leap doesn't necessarily mean it is right for you as well. Do your due diligence and weigh your options before putting a stake in the ground.

Questions to help you decide:



1. Do you see yourself moving to another city, state, or country in the next 3–5 years?
2. Have you calculated the estimated costs of homeownership in your desired city or neighborhood? (Don't forget to include maintenance costs and closing fees).
3. Have you reviewed your credit score recently?
4. Are there any other big-ticket expenses you anticipate needing to pay for in the near future?

PRO TIP

“When you rent an apartment, all your money goes straight into the pocket of your landlord or Management Company. You are not building equity or reaping any tax benefits. When you own property, on the other hand, you can build equity as the value of the property increases, and a portion of your monthly expenses (real estate taxes and mortgage interest) are tax deductible.”

•
ROBERT J. SMITH, ATTORNEY AT LAW

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Starting a Family: From Dollars to Diapers



What Is Covered in This Chapter:

- “Who’s on diaper duty?” and other important questions to ask before starting a family
- Baby budgeting 101
- Ways to start saving for your child’s education
- New parent checklists: from paperwork to policies
- Talking to your kids about money
- Puppy price tags and what to know before investing in a pet

Make way for the modern family. The age-old image of a 1950s kitchen featuring a mother behind the stove, a father who has just come back from the office, and two children sitting down to enjoy a Sunday roast is a thing of the past. Families today come in all shapes and sizes. Whether your family consists of yourself, a partner, and a pet, or a few kids and a pair of aging parents, it’s important to understand the building blocks of family responsibility.



New Parent Checklist

Create a baby buffer by saving up to six months of current living expenses.

Check your employer's maternity and paternity policies.

Consider purchasing life insurance or boosting your existing insurance.

Enroll your baby in your medical plan within 30 days of birth.

Create or update your estate plan to establish a guardian and preparations regarding financial support for your child if something were to happen to you.

Send in an SS-5 form to your local Social Security Office once the baby is born to request a social security number.

Talk to an accountant or tax specialist about certain tax benefits that you may be eligible for as a new parent (for certain child-related expenses such as childcare and/or adoption costs).

File a new W-4 form with your employer to claim your child as a "dependent," which can decrease the amount you pay in taxes. If you are a single parent, consider the option of filing as "Head of Household" rather than "Single" on your tax forms.

Line up an in-network pediatrician.

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Family Matters: Invest in What Counts

What Is Covered in This Chapter:

- Ways to beat the odds by preparing for a family business succession
- Challenges of family wealth and steps to inheriting wisely
- Strategies for encouraging inclusion and avoiding family conflict
- Estate planning basics to help protect your assets and loved ones
- The impact of passing on family values

Only family can warm your heart and make your blood boil all in the same four-hour road trip. No family is perfect, but the little imperfections may be a big part of how you became the person you are today. Whether you are inheriting wealth, a business, your grandmother's china set, or the infamous chocolate chip cookie recipe, it is important to understand how to be a responsible steward of family legacy. Through proactive planning and honest communication, you can navigate the complexities of family matters to preserve a happy hearth and home.

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Philanthropy & Legacy: Making Your Mark

“What counts in life is not the mere fact we have lived. It is what difference we have made to the lives of others that will determine the significance of the life we lead.” — Nelson Mandela

What Is Covered in This Chapter:

- The impact of the individual donor in modern-day philanthropy
- Ways that a philanthropic mission statement can help guide your giving strategy
- Strategies for contributing your time, talent, and treasure effectively
- Designing a philanthropic portfolio that reflects your mission
- Young philanthropists who are challenging the status quo

What mark do you want to leave on the world? What are the values that drive you? What matters most? Whether it's your time, talent, or treasure, giving back can be one of life's greatest rewards. Philanthropy can be a valuable tool for change, helping put your wealth to work, and therefore it should be approached as a practice that requires dedication and a well-thought-out strategy. By creating a mission statement, getting involved in areas you are most passionate about, and using your personal and professional strengths to make a difference, philanthropy can become a win-win proposition that helps transform the lives of others, as well as your own.