

I. Pay yourself first (10%)

- Invest 10% of your net pay for mid to long term growth
- Use Scottrade taxable brokerage account
- Dollar cost average into relatively conservative mutual funds

II. Obtain term life insurance<sup>①</sup> (x%)

- Choose renewable and convertible term with guaranteed future premium costs if feasible
- Choose shorter term to allow for less coverage as your liabilities diminish. That is, as your self insurance capacity improves.
- Obtain coverage for your dependents and those you depend on
- Dependent amount = liability payoff + funeral costs + PV of amount to dependents - amount covered by work plan - SS benefits - savings
- Depend on amount = liability payoff + PV of amount you depend on - any coverage they already have for you - SS benefits

- Consider group plans from work, alumni association, or any other group that you belong to

III. Save for retirement (y%)

- In addition to pension to satisfy feasible desired lifestyles now and at retirement
- Picking order: (1) 401(k), (2) 403(b), (3) Traditional IRA, (4) Roth IRA
- Consider social security and pension income when determining amount to save
- Consider the absence of pension plan ~~to~~ and SS deductions.

IV. Manage discretionary income (2%)

- Pay off high rate non-deductible debt first. This is your best investment with discretionary income.
- Always comparison shop. A dollar saved is two dollars earned.
- Just say no to credit cards. It is better to defer gratification until you can pay cash for it.
- After taking care of I, II, and III what you do with 2% does not matter much

① Also obtain a will or living trust