

Additional Resources

Financial Aid Calculators:

- ✿ <https://studentloans.gov/myDirectLoan/repaymentEstimator.action>
- ✿ <http://www.finaid.org/calculators/loanpayments.phtml>

Investment & Retirement Calculators:

- ✿ <https://www.ameripriseadvisors.com/charles.f.thensted/calculators>

Information:

- ✿ <https://studentloans.gov/myDirectLoan/index.action>
- ✿ <https://www.debt.org/students/>
- ✿ <https://www.creditkarma.com>
- ✿ <https://myfedloan.com>

Contributors

The Leadership LSBA Class would like to recognize the following contributors to "Personal Financial Savvy"

Valerie E. Fontenot

Frilot L.L.C.

1100 Poydras St., Ste. 3700

New Orleans, LA 70163

Phone: (504) 599-8295

Email: VFontenot@frilot.com

Edward F. Jurgielewicz III

New York Life Securities LLC

639 Loyola Ave., Ste. 1900

New Orleans, LA 70113

Phone: (504) 508-1374

Email: ejurgielewic@ft.newyorklife.com

Charles F. Thensted

Ameriprise Financial

1 Galleria Blvd., Ste. 1620

Metairie, LA 70001

Phone: (504) 322-2974

Email: charles.f.thensted@ampf.com



Serving the Public. Serving the Profession.

601 St. Charles Ave.
New Orleans, LA 70130-3404

www.lsba.org

www.lsba.org/goto/LeadershipLSBA

Personal Financial Savvy for Lawyers



A Publication of the
Louisiana State Bar Association
Leadership LSBA 2018-2019 Class



Louisiana
State Bar
Association®

STUDENT LOANS:

What to do now that you're done with school...

Did you know that U.S. student debt is \$1.4 trillion and \$2,858 in student debt is accrued every second? It's no secret that student loan debt is crushing many young Americans. However, student loan debt also affects those who have been in practice for many years and even those ready to retire.

If you feel like you're out of your league with debt, don't worry, some helpful tips are below.

Student Loan Tips:

- ✿ **Know Your Numbers:** Interest Rate, Balance, Maturation Date, Total Paid by Maturation Date on current plan. Make sure you keep track of these numbers so you can regularly refer to them.
- ✿ **Regularly (At Least Once A Year) Evaluate Your Student Loan Payment Plan Based On Your Current Lifestyle:** Most folks pick a loan plan and never look back. Maybe in the beginning of your career you couldn't afford large payments, but now maybe you can afford more. Annually review your numbers and consider switching from an extended plan with low payments to a standard plan with higher payments but reduced payback time.
- ✿ **Loan Forgiveness:** Are you eligible for any loan forgiveness programs (PSLF, income-based repayment)? If so, check the requirements and make sure to re-certify every year.
- ✿ **Interest:** Interest on student loans compounds daily. Consider autopay for interest rate deductions because every little decrease helps.
- ✿ **Payments:** Pay on TIME. Many loan forgiveness programs require timely payments in order to qualify for forgiveness. Pay EXTRA if you can.

Retirement: What to Consider When Saving

It is not enough to simply set money aside in a savings account for retirement; attorneys should consider investing to get some growth on long-term savings. The time to start investing, even a small amount, is now. There is an actual cost to waiting. Imagine that a solo attorney would like to have \$750,000 saved for retirement by age 65: Assuming that their investments earn an average of 7% each year, they would have to save \$305/month if they began saving at age 25, \$640/month if they started at age 35, or \$1,470/month if they started at age 45!

Many worry about the constant ups and downs of the stock market, but it is critical to maintain a long-term view when planning for retirement. If you look at the over 60-year history

of the S&P 500 Index (an index that tracks the stocks of 500 large U.S. companies), there has never been a 20-year time period where the index posted a negative return. There is no use in trying to time the market. It's more advantageous to consider your total time in the market.

A quality financial advisor can help analyze your current situation, educate your decisions, and provide guidance on strategies for achieving your future financial goals. When first sitting down with an advisor, be prepared to bring: a budget, an employer benefits statement, pay stubs, tax returns, statements for any existing investment accounts, insurance policies, debt information, and any details on wills or trusts.

Retirement Saving Tips:

- ✿ Create a budget; this helps determine what you can realistically save.
- ✿ Start saving as early as possible. Something is better than nothing!
- ✿ If your employer offers a plan with a match, at least contribute up to the match.
- ✿ Maintain a long-term view: ignore the daily ups and downs of the stock market.
- ✿ Consider diversifying your savings from a tax standpoint.
- ✿ Talk to a professional, but be sure it's a good fit for you.
- ✿ Constantly reassess both your goals and progress.

Investing: Making Logical Decisions with Your Investment Dollars

The secret to getting a better return on investment is to buy a stock and forget about it. Warren Buffet says "If you aren't willing to own a stock for 10 years, don't even think about owning it for ten minutes." Investors should have a "buy-and-hold" mentality, potentially holding stocks for decades. If you constantly buy and sell stocks, it'll take away a significant percentage of your returns in the form

of trading commissions and taxes. If you are likely to need your investment returned within a few years, consider not investing in the stock market. At the same time, it is smart to establish an exit strategy for liquidating your holdings- especially if there are fundamental changes to the business that affect its ability to grow over the long term.

Investment Tips:

- ✿ Make Investments Automatic- Set up an automatic investment plan in which a set amount of money will be invested into some type of investment account on the same day each month.
- ✿ Never Invest in a Business That You Don't Understand- You must understand how a company makes money and the main drivers that influence the industry before you invest.
- ✿ Learn from Your Mistakes- Keep a record of the investment mistakes you've made so that you don't repeat them. Share these lessons with your children and grandchildren so that they can avoid the same mistakes.
- ✿ Be Cautious of Commissions- Don't let a financial professional bully you into investing in products which pay big commissions to the seller but are not the best investment for the buyer.
- ✿ Diversify Your Investment Mix - Investing in multiple sectors will help prevent you from losing too much if one area goes down while others remain stable or rise.
- ✿ Be Aware of "Time Horizons"- Reserve your riskiest investments for the part of your portfolio you are holding for the long term, like retirement accounts.
- ✿ Control Your Emotions- The biggest hurdle to stock market profits is an inability to control your emotions when faced with a possibly temporary setback. Know your risk tolerance before investing.