GLOBAL SPORTS & ENTERTAINMENT



Developing Your Financial Game Plan

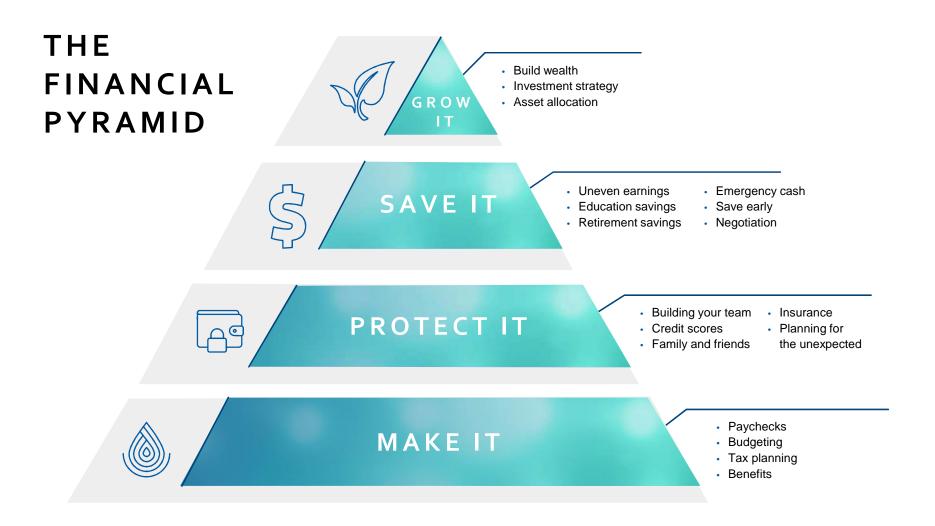
Presented by: Kathleen Kunkler

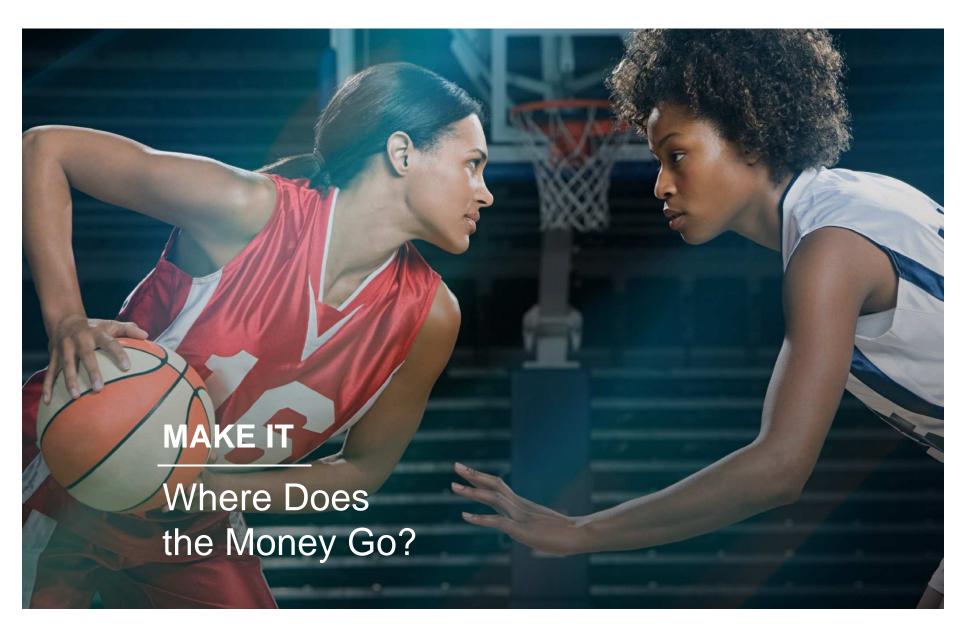
Prepared Exclusively for: WBCA

April 5, 2019

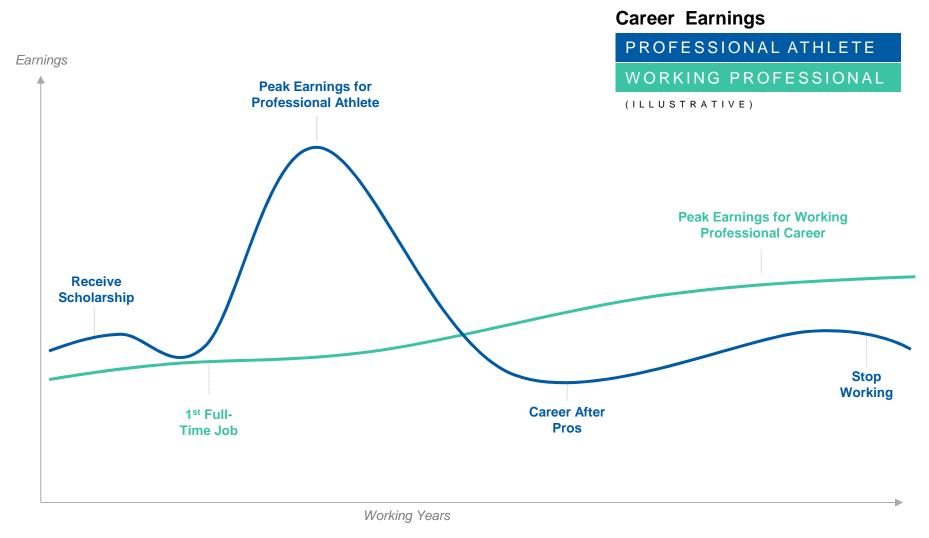


You Have a Choice With Every Dollar...





How Are Your Earnings Different?



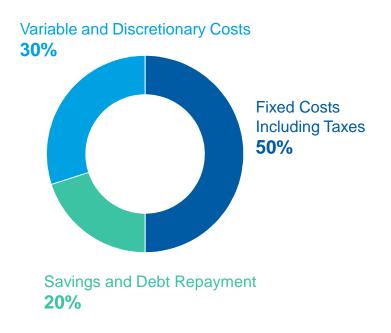
Example for illustrative purposes only. Individual experience may vary.

You Need to Save for the Events Ahead

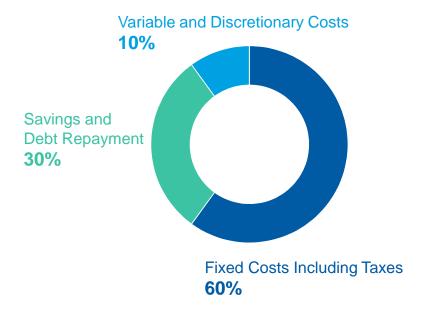


Where Should Your Money Be Going?

Working Professional



Professional Athlete



Example for illustrative purposes only. Individual experience may vary.

Don't Forget Taxes!

Although your income is high, it may not be as high as you think. To figure out the amount you have available to spend, save and invest (i.e. your "take home pay"), deduct taxes and fees from your salary.

\$1,000,000	SALARY (EXAMPLE)	
\$352,370	Federal income taxes	
\$7,350	Social Security Taxes (6.2%) (1)	
\$14,500	Medicare taxes (1.45%)	
\$7,200	Medicare surtax (0.9% on earnings over \$200K)	Beware of the state 'jock tax': When you play in different states, you not only pay taxes where
\$40,000	State income taxes (4% - rate will vary) (2)	you live, but you may also pay taxes to the states where you work (i.e., your away games).
\$50,000	Professional fees (5%) (3)	
\$18,000	Retirement plan contribution (max) (4)	Opportunity to save before spending.
(\$489,420)	Total taxes / fees / contributions taken a out of paycheck	
\$510,580	What's left	

^{1. 6.2%} on earnings up to \$118,500 (Source: ssa.gov)

^{2.} State income taxes - 4% as representative example http://itepnet.org/whopays3.pdf Rate will vary

^{3.} Assumes 5% agent fee

^{4.} Assumes player participating in league-sponsored 401(k) program contributing maximum contribution limit for 2017 (Source: ssa.gov) Example for illustrative purposes only

Steps to Create a Budget

Building a budget can help you keep track of where your money is going.

Here are a few simple steps to set up and maintain a personal budget.





2



3

TRACK YOUR EXPENSES

- Review bank account and credit card statements and write down cash purchases
- Use a simple spreadsheet or an online tool that will automatically gather your spending data
- Consider tracking your purchases every day for a week to learn where your money is going

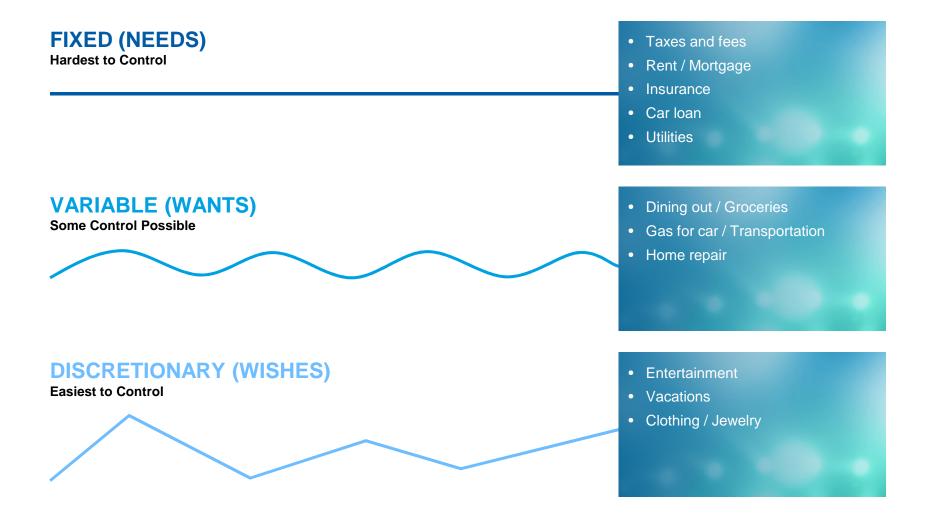
ANALYZE YOUR SPENDING

- Review your expenses and note anything that was surprising, big or small
- Look for 2 3 items that you can easily cut back on right away (e.g., cups of coffee)
- Identify 1 2 things that you can try to spend less on in the future (e.g., utilities)

CREATE A MONTHLY BUDGET

- Use the template on the next page or an online tool to list your monthly purchases
- Calculate how much you are spending on fixed expenses versus variable and discretionary expenses
- Target 60/30/10 and look for ways to find or maintain that balance

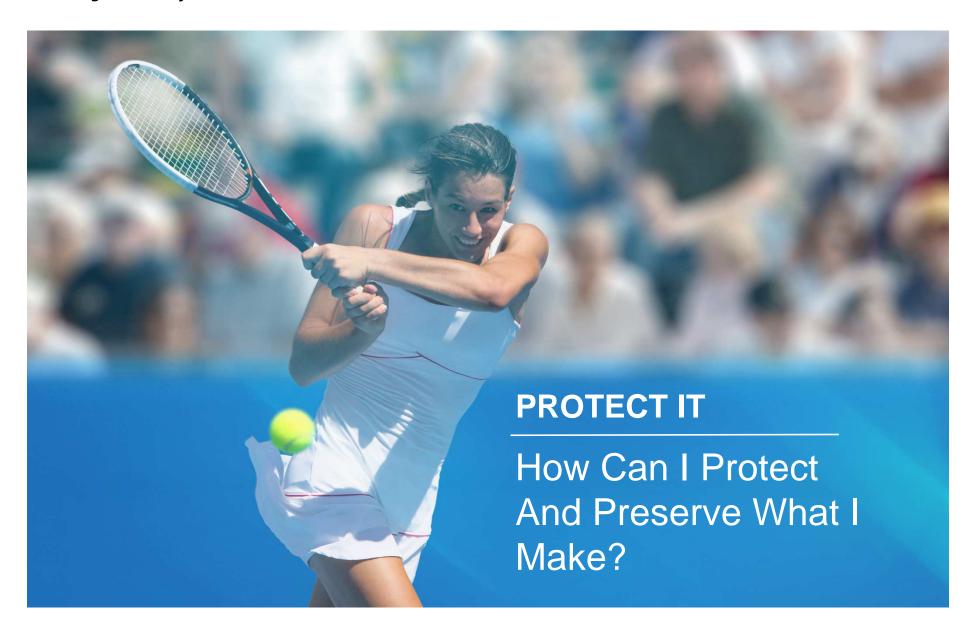
Not Every Expense Is the Same



Where Is My Money Going, And How Can I Adjust?

	Monthly Income
INCOME SOURCES	1. Salary
	2. Other sources
SOURCES	3. Total Income (1 - 2)
	Monthly Taxes and Fees
	4. Federal income taxes
	5. Social Security Taxes (6.2%)
	6. Medicare Taxes (1.45%) plus surtax on income over \$200 (.9%)
	7. State Income Taxes
	8. Total Taxes and Fees (4 - 7)
	Monthly Expenses
FIXED EXPENSES	9. Rent/mortgage (principle, interest, taxes and insurance)
(60%)	10. Car payments
	11. Car insurance
	12. Home utilities (electricity, water and gas)
	13. Cell phone(s)
	14. Cable
	15. Total Monthly Expenses (9 - 14)
	16. Total Fixed Expenses (8 + 15)
	17. Groceries
	18. Dining out
VARIABLE /	19. Gas for car
DISCRETIONARY EXPENSES (10%)	20. Entertainment
	21. Travel / Vacation
	22. Clothing / Jewelry
	23. Other expenses
	24. Total Variable / Discretionary Expenses (19 - 26)
SAVINGS (30%)	25. Income (line 3) – Fixed Expenses (line 16) – Variable Expenses (line 24)

For illustrative purposes only



Two Tools to Help You Track Your Credit



Source: myfico.com

Your FICO Score Is Determined by...



Do you pay your bills on time?
Paying your bills on time will improve your credit score



TYPES OF CREDIT

What types of credit do you have? Having a mix of credit types may improve your score



NEW CREDIT

Have you recently opened new accounts? Dong so could lower your score



LENGTH OF CREDIT HISTORY

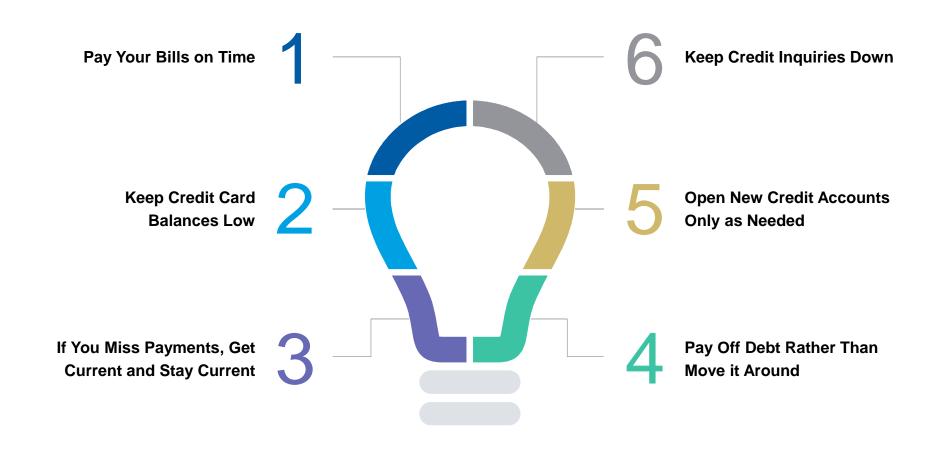
How long has your oldest and average account been open? The longer you've had credit history, the higher your score



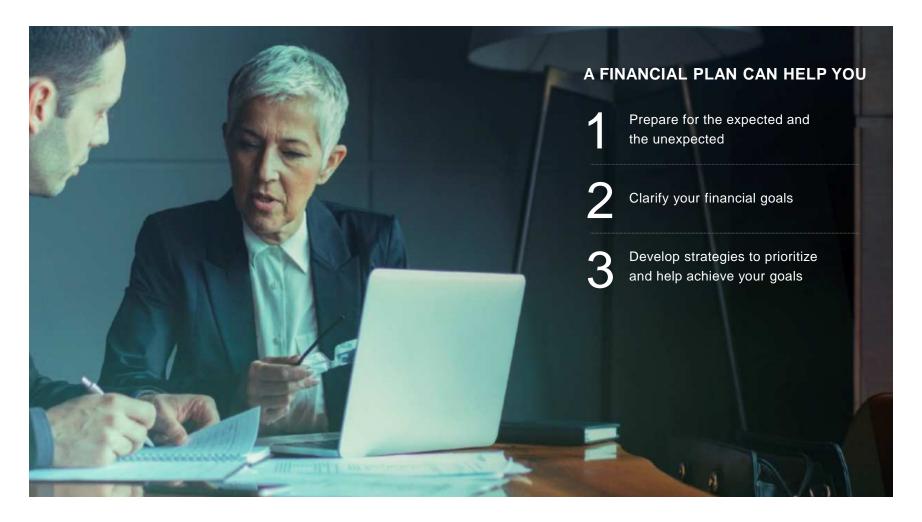
AMOUNTS OWED

Are you using a large % of your available credit?
Do not utilize a large proportion of your available credit since doing so will lower your score

Tips For Improving Your Credit Score



Have a Financial Plan



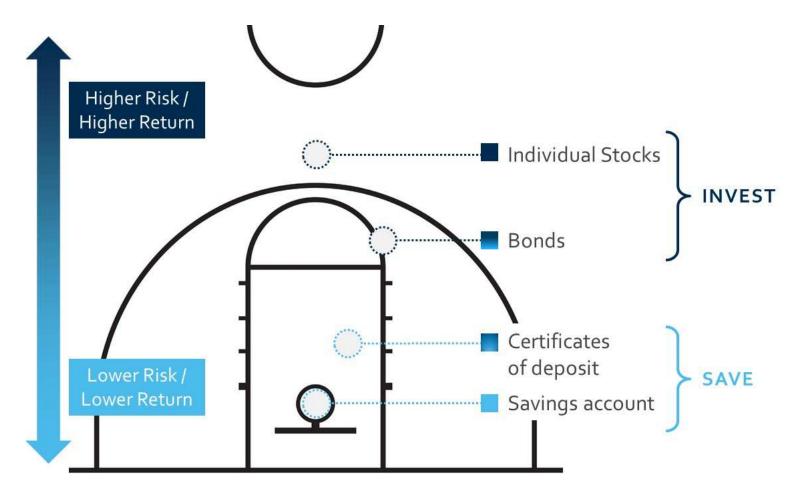
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Importance of Investing



Common Types of Investments

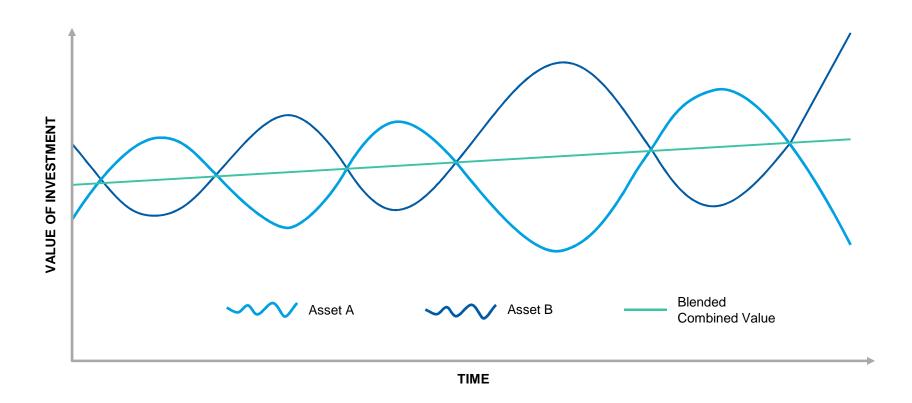
When Selecting Appropriate Investments, it Is Important to Consider Both Potential Returns as Well as Downside Risks (Including the Potential Loss of Capital)



Example for illustrative purposes only. Individual experience may vary.

Diversification Benefits

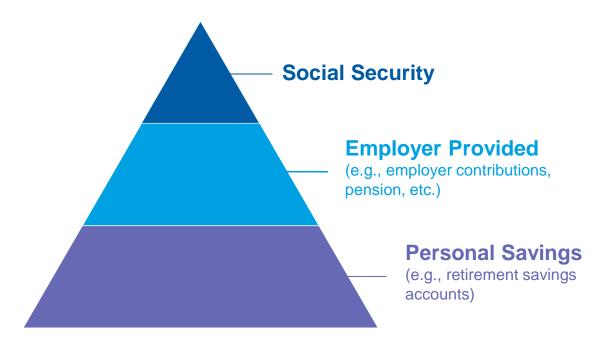
Spreading assets among different financial assets is called diversification. In a diversified portfolio, your return can be positive even if some assets are losing value.



Example for illustrative purposes only. Individual experience may vary. Diversification does not guarantee a profit or protect against loss in a declining financial market.

Where Will Retirement Money Come From?

For most people, retirement income will come from three main sources:





Tip: Your employer-funded retirement benefits and Social Security alone may not be enough.

Note: The diagram is illustrative and does not intend to suggest that each income source is of equal value. The relative size of each income source will differ based on individual circumstances. The diagram only shows the main incomes sources. Individuals may have other income sources such as property income etc.

Individual Retirement Account (IRA)

An Individual Retirement Account is another way to save for retirement. There are two main types of IRAs – **Traditional IRA** and **Roth IRA**.



	Traditional IRA	Roth IRA
Regular contributions	 Pre-tax AGI limits may apply¹ \$6,000 max for 2019² \$1,000 Catch-up contribution if age 50 or over 	 After-tax AGI limits apply \$6,000 max for 2019² \$1,000 Catch-up contribution if age 50 or over





Consider a Traditional IRA if:

- · You need the tax break right now
- You don't intend to withdraw the funds until retirement
- You anticipate paying taxes at a significantly lower rate in retirement when the funds will be withdrawn and taxed

Consider a Roth IRA if:

- · You don't need the tax break right now
- You want more flexibility to withdraw your contributions at any time penalty free and tax-free
- You don't want to take mandatory distributions at age 70½



Action: Consider contributing to a Traditional IRA or Roth IRA to better prepare for a more secure retirement.

Notes

- 1. Adjusted gross income (AGI) limits will apply if you or your spouse are an active participant in an employer sponsored retirement plan.
- 2. The maximum if \$7,000 if you are age 50 or older.

Employer-provided Retirement Benefits

 An employer retirement plan is a great way to save for retirement on a pre- or post-tax basis. Some employees may also be eligible for a pension



Defined Benefit Plan

- Employer-funded benefit payable to you at retirement
- Typically based on factors such as salary and years of service
- May provide a regular monthly check or a lump sum payout
- Check whether you are eligible for a pension from your current/previous employers

Defined Contribution Plan

- Employer, employee or both make regular contributions
- Save on a pre-tax (401(k) or 403(b)) or post-tax basis (Roth 401(k) or 403(b))
- In some cases, employees may also be eligible for a pension
- IRS contributions limits (e.g., \$19,000 for 401(k) plans)



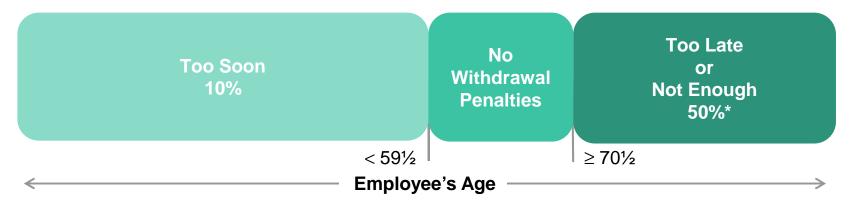
Action: Consider starting or increasing your retirement plan contribution to at least the amount that is matched if you are eligible.

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Withdrawal Penalties For 401(k) Plans

Avoid withdrawal penalties on your 401(k) by taking out the funds at the right time.





*Required minimum distributions from an After-tax (Roth) 401(k) Plan can be avoided by rolling over the funds into an after-tax (Roth) IRA

Note: There is no penalty for distributions made before age 59½ in the following circumstances:

- Upon your death or disability
- If you retire at age 55 or later
- Under very limited other circumstances

401(k) Rollover

 When switching jobs, employees need to decide what to do with the money they have accumulated in previous 401(k) plans



Top mistakes to avoid1

- Cashing out your old 401(k)
- Violating the 60 day rule
- Not consolidating all of your 401(k)s
- Not being aware of the Net Unrealized Appreciation rules



Tip: Consider speaking to a Morgan Stanley Financial Advisor for advice on how to roll over a 401(k) from a previous employer.

Source:

1. Morgan Stanley, "Five Mistakes to Avoid when Rolling Over Your Old 401(k)" article.

Social Security

 Social Security provides you and your spouse with retirement, death, or disability benefits, depending upon your situation



Normal Retirement Age

• Age 65 – 67 depending on date of birth

Eligibility for Early (Reduced) Benefit

Age 62

Benefit Amount

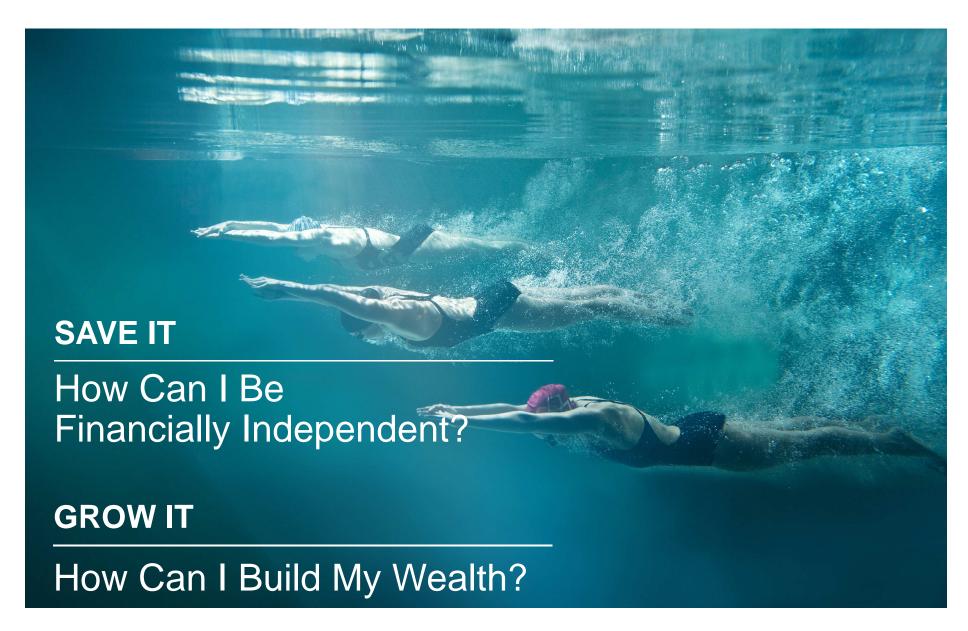
• Based on your Social Security taxable earnings over your career

Taxation

Up to 85% taxable based on your income level

Working After Retirement

- Benefits reduced until you reach Normal Retirement Age
- Reduction based on wages



Take Action

- Remember the pyramid: Make It, Protect It, Save It, Grow It
- Compare your spending to 50/30/20 and adjust as needed
- 3 Pull and review your credit report



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