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Introduction to Life Planning & Living Life on Purpose

A Division of Feliciano Financial Group

Inspiring people to be proactive and live life on purpose.

Living life on purpose is all about knowing what's most important to you; it's about how you view your money rather than on your calculation of what you have. The keys to living life on purpose have less to do with financial planning and more to do with your perception of what your money is supposed to do for you.

The keys to "Living Life on Purpose" start with understanding your financial comfort. Financial comfort is not going to be based on how much you have, or how well you've invested it. Financial comfort is an emotional concept, not a rational numbers-based idea. Your comfort assumes that whatever your financial situation is

- it doesn't cause you undue stress on a daily basis
- you can do the things you want to do given the lifestyle you're used to
- you can handle the unexpected challenges to your financial situation
- you can use your money to reflect the values that guide you through the next phase of your life

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More About Feliciano Financial Group

Inspiring people

Our mission... to inspire and motivate people to be proactive and live life on purpose.

Our focus is helping people and/or businesses be proactive with how they manage their life and their businesses. We help people discover and define what's most important about money, work and life so they can develop strategies to live their lives and manage their businesses with purpose.

We have several areas of specialization:

- Life Planning**
Live Life on Purpose
- Employer & Group Planning**
Win. Win. Win.
- Business Planning Services**
Bridging Life & Work
- Insurance Services**
Protecting Your Loved Ones

Key Number ONE: Education & Delegation

Everyone should have a general idea of what investment options are open to them, the tax considerations on their retirement nest egg and understanding the basics of investment and interest rate markets.

Remember that "knowledge is power", though a better phrase would be "applied knowledge is power". In other words, your knowledge in financial areas should protect you from irrational fears or stress if possible, by arming you with enough knowledge to view your financial situation without emotion.

There are scores of experts available to you who can help you with the details of investment strategies, tax planning, estate planning or a myriad of other considerations. Some people will take advantage of the information that's out there, while others will turn financial knowledge into a hobby.

Jim, aged 60, is a retired geologist living in Western Canada. He has always been interested in his investments and has handled his own portfolio for a number of years. The introduction of on-line trading meant that Jim no longer had to deal with an Investment advisor and was able to use his own information and research to buy and sell stocks. Jim's routine each day in his retirement is to be at his computer at 6:30AM each morning to catch the stock market opening. On the wall facing his desk are two televisions tuned to two different business networks. Jim will stay at his desk until 10 or 11AM each morning, reading information and trading his portfolio. When asked how he was enjoying his retirement, he will say "I'm not retired; I have become a professional investor."

Not everyone is cut out to become an investment or money expert, nor do they need to be. In fact, many retirees use the pursuit of investment knowledge as a replacement for the jobs they retired from rather than to enhance the quality of their retirement life.

Education will empower you, delegation will set you free.

Key Number TWO: Emotion

Ron S. "I grew up in a household where my parents didn't have all of the money that they should have to live the lifestyle that they had. My father believed that it was more important to look the part than to earn it. I still remember extravagant holidays and dinners out, followed by bill collectors and my parents fighting over money. I said that that would never happen to me, but I can't seem to save any money either. If it weren't for my wife, we would be completely broke".

For many, money is an emotional catalyst that can act as a stimulant or a depressant depending on the day and the individual. Some become so focused on their financial situation that it overshadows everything else in their lives. They live in fear the money will not be there when they need it or that it will disappear leaving them destitute. Others use money as a drug, spending it freely to make them feel better about who they are. Often, excessive spending can be the result of a self-image problem that's satiated by buying expensive toys, trips or meals.

Much of the emotion we attach to money and its place in our lives comes to us from the lessons we learned from our parents, guardians or those closest to us as children. Understanding how your emotions can cause money to become a stressful issue in your life is important in maintaining financial comfort in the next phase of your life.

Where did your emotions around money come from?

What attitudes about money do you remember growing up with? What was the influence of your parents, grandparents or guardians? It's important to answer these questions, but first you need to be asked these questions.

Key Number THREE: Efficiency

Brian and Janet are a financially successful professional couple who've begun to seriously plan for their retirement. One of the questions they asked during our workshop was "how much retirement was actually going to cost?" They felt they had done all of the right things financially to live the kind of life they wanted, though they had no idea of what their spending would look like in their the next phase of their life. Janet had been told that most people spend less in retirement. "I can't believe that", she told me. "If Brian and I are going to do all of the things that we want to do, its going to take a lot of money". I asked them if they could tell me how much money they spend today on their normal household budget. Brian laughed and said, "we talk all the time about creating a budget for ourselves, but the fact is that we never think about the money that we spend or where it goes. We have always paid our bills and haven't had to worry."

Financial efficiency is having the knowledge you know where your money is going and you've worked out a budget that allows you to manage your resources and take away much of the uncertainty as to whether you have 'enough' to live your life. Many people feel that budgeting is only for those who have limited resources. On the contrary, budgeting in the next phase of your life makes sense regardless of how much money you have. If you're aware of how you spend your money and where you allocate your resources, you can maximize its use to serve your purposes.

A major cause of stress and uncertainty in this period of your life comes from not having control of certain aspects of your financial situation. For example, your income may fluctuate if you're self-employed or receive income from your investments. Your expenditures may fluctuate if you're hit with an unexpected bill you hadn't counted on (health care costs are a good example).

Keeping close tabs on revenues and expenditures is important in the business world. It's also important in your personal life as a way of managing uncertainty.

Bert and Marlene, a professional couple who retired on Bert's fiftieth birthday, had never done a budget when they were working. Bert relates, "We had no children and we were leading a life with lots of income. We never thought about what we wanted to do with our money or how we were spending it. If we needed to make a purchase or pay a bill, we would write a check. However, when we retired we recognized that our financial advisors had taught us how to save money, but no one ever taught us how to spend money. For the first two years of our retirement, we started to keep track of everything that we were spending. Our friends thought that we were being unnecessarily analytical, but we really wanted to get a handle on where our money was going." Marlene adds that, "now we have a really good idea of what our life costs and it allows us to plan ahead for our trips and those other things that we consider to be our retirement extravagances. If we didn't know how much we were working with, we would be spending blindly and neither one of us is willing to do that anymore!"

Key number FOUR: Efficacy

Belinda and Thomas had always been diligent about adding to their retirement nest egg and on the eve of their retirement sat down with their financial advisor to make adjustments to their plan. They had talked about their day-to-day obligations in this new life and had a pretty good idea of where they wanted to spend their money. Their financial advisor asked them how they felt about expenditures such as gifts, charitable contributions or other investments that they might make in their community. Belinda said they had never really considered these things because they didn't feel they had enough money to become philanthropic. "Our advisor pushed us to talk about how much we enjoyed contributing to our church and helping out our granddaughter", says Thomas. "He asked us whether we were using any of the money that we had to do things that we felt good about, things that were true to the values that we have. I guess that we never really thought about it in that way."

Efficacy is your ability to use your money and other assets in a way that's in keeping with the values you hold. It represents how effective you are using your money to benefit the causes, charities and people you really care deeply about. Is there part of your next phase of life nest egg you can use in ways that will make you feel good about who you are as a person?

Many people practice the adage that it's "better to give than to receive" but they don't think about ways they can systematically make their money work in meaningful ways. This is not to say you should think about sacrificing your day-to-day lifestyle to give to charity or to look after someone else—again, only you can make that decision in your next phase of life. However, part of financial comfort is the knowledge you're using your capital in a way that goes beyond simply looking after your normal living expenses.

Creating a legacy

A new trend in financial planning is to create a legacy plan as opposed to or in addition to an estate plan. While looking after the disposal of your assets in an efficient manner after you pass on is important, it's also important for you to think about what you want your money to do for you while you're still alive and long after you're gone.

Key number FIVE: Equilibrium

The last element of financial comfort is really your personal assessment of the first four elements, education, efficiency, emotion and efficacy. It's not enough for you to be well-educated on your money or financial matters and yet not enjoy the money you have. Some of our workshop attendees (and many financial services clients and their advisors) have become so caught up in understanding the nuances of markets, investment and tax strategies and asset allocation they forget Bill Bachrach's advice that, "it is not what money is but what money does"

Further, let's assume you've budgeted your money and you know exactly how much you have and where you want to spend it. That doesn't necessarily mean you're spending it in a way that would really make you feel good.

Equilibrium simply means you've combined all four elements in your financial planning in a way that makes your money and other financial assets a positive or a comfort in your next phase of life and not a stressor or an aggravator.

Each of these keys will put you on the right track to living life on purpose. Naturally, you'll have to work with your financial advisor, hopefully us, to put a plan into action.