
This book has a “How to Use This Book” (Contents) that organizes his RULES into groups for those 1) in debt, 2) single, 3) married, 4) retired, 5) female, 6) young, 7) old, 8) a parent, OR 9) child of aging parents giving the title of each rule. By reading each group one gets a quick summary of what Ric thinks one needs to know about planning a financially successful life. Ric strongly advises his readers to get financial advice (about insurance, college planning, investments, & tax planning) from registered (NASD, State Licensed) and trained (FIC=Financial Investment Consultant) investment advisors because generally their livelihood DOES NO DEPEND on SELLING you something.

I decided to summarize each rule (some 6 pages handwritten), and then summarize that. I chose chronological categories of what one needs to know: Single, Married, & Planning Retirement.

**Single:**
Nearly 50% of your income is lost to taxes and 35% is needed for home and related expenses.
At age 14 children pay taxes as SINGLE taxpayers. If children have money their ability to qualify for college financial aid is REDUCED.
Investment success is based in TIME with DIVERSIFICATION over long periods.
The priority for contributing to retirement is: 1) company retirement plan (allows up to $2000 per year and tax free and consider as part of the earnings when evaluating jobs), 2) ROTH IRA, 3) variable (typically choice of various stock mutual funds) annuity.
To evaluate any potential investment consider (in priority order): 1) profit potential, 2) risk, 3) liquidity, 4) costs, & 5) tax implications.
You must keep up with tax law changes. At a minimum you must read and understand the IRS and NYS yearly summary of tax law changes.
Never add money to a non-deducible IRA (add to a variable annuity instead).

**Married:**
The following has been found to work successful financial marriage: 1) bills paid when due, 2) no debt accumulation (ideally reducing outstanding debt), 3) saving regularly, 4) neither of you feels burdened with financial responsibilities, & 5) neither of you feels the other is failing to live up to your common financial responsibilities.
Never buy Life Insurance as an investment or on children (consider health factors).
Insurance should be owned (pays premiums) by other than the insured to avoid taxation in your estate of the death benefit.
Select monthly mortgage payment amount that is lower (with slightly higher interest rate-which may be tax deductible) to FREE UP CURRENT INCOME for other critical needs (term life insurance, possibility disability insurance). Close on your loan early in the month for lowest fees.
Missing a mortgage payment is worse than missing a paid to date credit card payment.
Establish trusts in your will for minor (<18 years) children. Prenuptial agreements are a requirement prior to a second marriage. There are 9 facts to be considered in a divorce (focus on the money); 1) draft carefully, 2) understand difference between child support and alimony, 3) ex-spouse must buy and maintain life and disability insurance, 4) if you were the economically dependent spouse you are entitled to some of the other’s retirement and pension plans, 5) don’t ignore the tax consequences of retirement assets, 6) get an investment advisor to help if you don’t understand all the laws, 7) don’t ignore inflation, 8) protect YOUR credit, & 9) neither is likely to be able to afford the house alone. Money is a family affair and should be discussed at the dinner table.

Retirement Planning:
Buy Long-Term Care insurance early (~50 yrs or earlier if health isn’t good). The premium becomes more affordable due to inflation even with a 5% policy inflation rider, which is considered essential. Use Transfer on Death (TOD) for ownership transfer of assets between generations to avoid probate and capital gains taxes. You will NOT be in a lower tax bracket when you retire if you understand and implement the concepts of financial planning. List lowest price of range on MLS with footnote describing the full range when selling a home or property. Your retirement portfolio should include 9 major assets classes: stocks, bonds, government securities, real estate, precious metals, natural resources, commodities, foreign currencies, and international securities. Check the rate of return vs other existing investment opportunities when investing and look to the future. At a point in time, to select each asset-class investment, diversify mutual funds to get the best stock market returns long-term. International stock and small capitalization stocks have the lowest risk. Electric and gas regulated utilities offer secure dividend growth for a part of your portfolio. One’s inheritance should be gifted before death so it will arrive at the time of greatest financial need of the new owners who must understand how any investment works before the gift. A Chartable Reminder Trust (CRT) may be the best tax avoidance solution for a sizable stock portfolio. Retirement will lead you to mentor younger workers, volunteer, or otherwise do something entirely different than before to maintain cognitive and physical ability (Doing nothing will fast become boring). Comment: You must select the best financial road to retirement, as well as investments, to allow retirement fund accumulation over your working years. Establishing a trusting relationship with a licensed, educated, financial advisor, plus reading written materials by leading mutual fund providers on “sense of the economic future” should allow YOU TO MANAGE YOUR OWN situation successfully.

David Stout, retired life insurance and investments agent licensed by NASD and NYS Insurance Dept. Created August 2008.