



# MASTER YOUR MONEY

What you need to know about money from budgeting to investing.

**MASTER YOUR MONEY**



# ABOUT

US

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## OUR SUPPORT

**Gimli**  
Office Support

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**BUDGETING.**



**DEBT.**



**LOANS.**



**INVESTING.**

# BUDGETING.



## What is a budget?

- \$ Managing the money coming in and the money going out
- \$ Inflows – cash coming in
- \$ Outflows – cash going out

## What is a balanced budget?

- \$  $\text{Inflows} - \text{Outflows} = \$0$



# HOW TO TRACK



**Pen & Paper**



**Spreadsheets**



**Free Apps**



**Paid Software**

# CREDIT vs DEBIT

- \$ Acts as a loan
- \$ No interest if paid within billing period
- \$ Can help build credit history

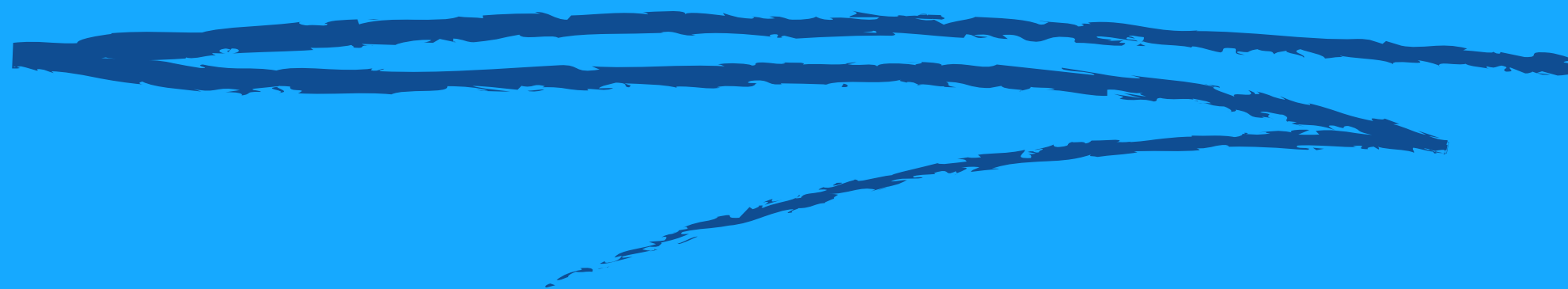
- \$ Money comes directly from your bank account
- \$ Running as "credit" provides more protection
  - \$ Does not help build credit
  - \$ Money still comes from bank account

**KEY  
TAKEAWAYS**

- \$ Pay yourself first**
- \$ Build the habit of tracking income and expenses**
- \$ Find a method that works for you**
- \$ Periodically review your expenses (and trim them!)**



# DEBT.

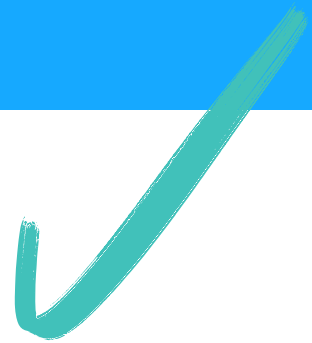




**Not all debt is created equally.**

**-John Caserta**

# TYPES OF DEBT



## Good Debt

- Typically lent by a bank to an individual or business
- Often secured
- Low interest rates
- Flexible repayment
- Tax deduction
- Used for appreciating assets



## Bad Debt

- Often unsecured
- Typically used to purchase assets that depreciate in value
- High interest rates
- Flexible repayment
- No tax deduction
- Used for depreciating assets

## \$ Prioritize high interest debt

- \$ Credit cards
- \$ Personal loans

## \$ Determine true cost of good debt

- \$ Factor in deductions
- \$ Compare potential investment returns with the cost of debt



## Subsidized

- \$ These loans receive an interest subsidy in which the government pays accruing interest on your behalf while you're enrolled in school and during periods of grace and authorized deferment.
- \$ As of July 2012, direct subsidized loans (aka subsidized Stafford loans) are no longer available to graduate or professional students

## Unsubsidized

- \$ These loans accrue interest from the date of disbursement. If the interest is unpaid, it will be added back to the principal balance (original amount borrowed) at specific points via a process called capitalization. You are responsible for this interest.



# BUILDING CREDIT HISTORY

## What is a FICO Score?



**FICO Scores are calculated using many different pieces of credit data in your credit report. This data is grouped into 5 categories as you can see to the left.**

**KEY  
TAKEAWAYS**

- 💰 **Good vs. bad**
- 💰 **Interest and capitalization**
- 💰 **Length of repayment**
- 💰 **Credit scores**

# LOANS.

## + Grants and Scholarships



## LOANS



- Borrowed from a lender
- Pay back within a certain time frame with an interest rate
- Can be from a private lender or the federal government

## GRANTS



- Typically awarded to students based on financial need
- Come from state or federal governments, non-profits, and schools
- Generally, you do not have to pay them back

## SCHOLARSHIPS



- Awarded specifically for education-related expenses
- Can be awarded for a variety of reasons including merit, talent, or academic performance

**INVESTING.**

## INVESTING

VS

## SAVING

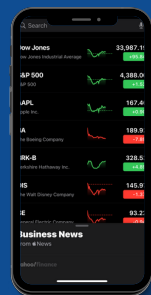
- \$ Involves risk
- \$ Higher growth potential
- \$ Mid- or long-term goals
- \$ May be illiquid

- \$ Rarely involves risk
- \$ Lower growth potential
- \$ Short-term goals
- \$ Typically liquid

## Ask yourself:

- \$ How much am I willing to lose?
- \$ How long do I have until I need the money?
- \$ Do I want my investing to reflect certain values?
- \$ Do I need immediate access to the money?
- \$ Do my expectations align with my investments?

**BEFORE  
YOU START**



**STOCKS**



**BONDS**



**CASH EQUIVALENTS**



**OTHER**

**FUNDS**

**MUTUAL FUNDS**  
Active Management

\$\$\$

**ETF**  
Trade intra-day

Mutual funds are sold by prospectus only and are subject to various types of risk. Before investing in a mutual fund, carefully review the fund's prospectus and consider the fund's investment objectives, risks, charges and expenses.

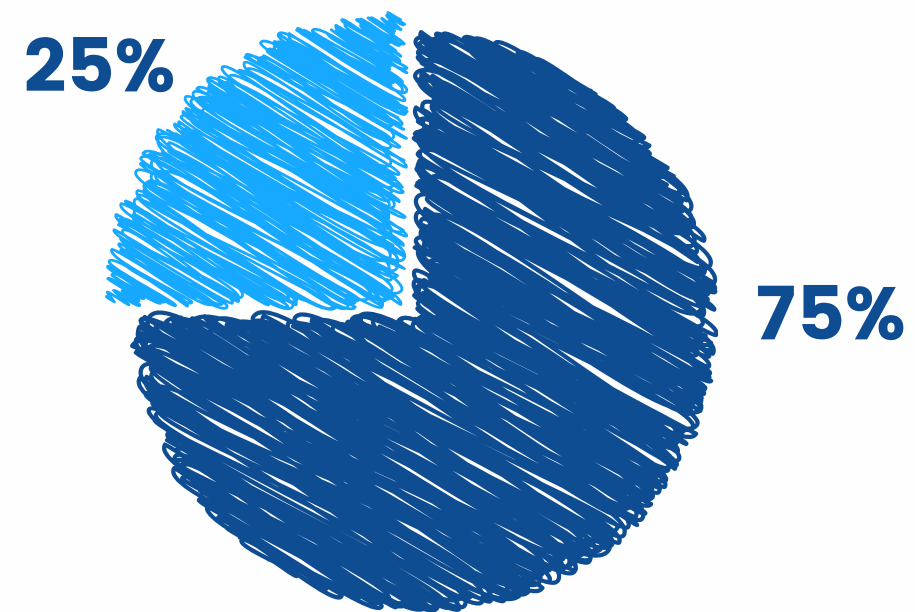
**INDEX FUNDS**  
Passive Management

\$

**ETF**  
Trade intra-day

# COMMON PORTFOLIO ALLOCATIONS

## CONSERVATIVE



● Stocks ● Bonds

## MODERATE



● Stocks ● Bonds

## AGGRESSIVE



● Stocks ● Bonds

Not all strategies may be appropriate for all investors

# GETTING STARTED

## DIY

- Relatively low cost
- Complete control over creating and managing your portfolio



## ROBO-ADVISORS

- Relatively low cost
- Some control over creating and managing a portfolio



## PROFESSIONAL PORTFOLIO MANAGER

- Relatively higher cost
- Professional management of portfolio





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THANK YOU



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