

# *10 Things You Can Do Now to help put your Financial House in Order*

Sponsored by



**Date: December 1<sup>st</sup> 2011**  
**Location: Hong Kong Buffet**  
**3628 E State St**  
**Rockford, IL 61108**

**6:00pm Networking**  
**6:30pm Dinner**  
**7:30pm Presentation**



# Agenda

- About IEEE
- Speaker Introduction
- Presentation
- Raffle Drawing

# IEEE Vision

To Advance Global Prosperity By:

- Fostering Technological Innovation
- Promoting Community World-Wide
- Enabling Members' Careers

# About IEEE:

**Since 1884, IEEE has been fostering technical innovation for the benefit of humanity.**

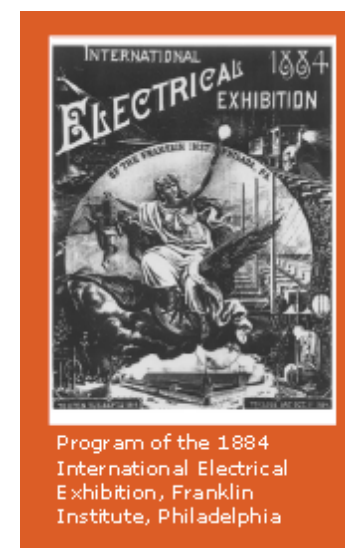
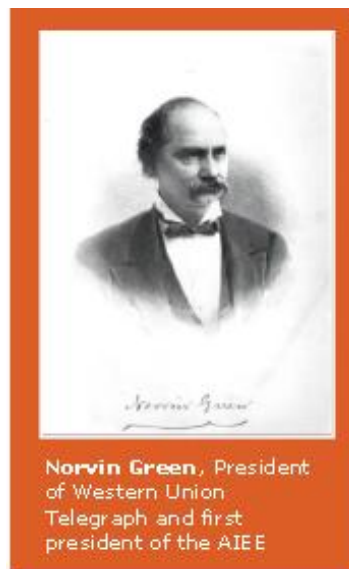
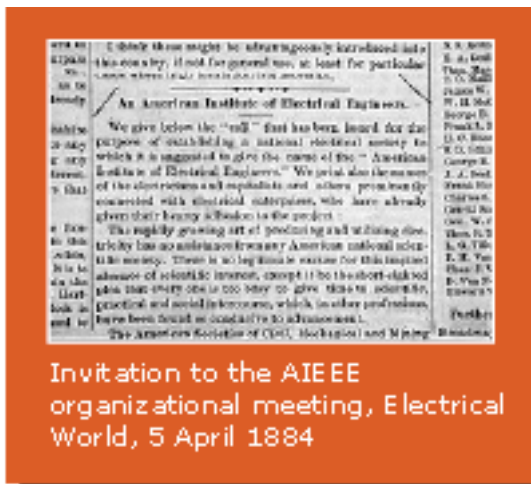
**1884: The American Institute of Electrical Engineers is founded**  
**A small group of individuals met in New York and founded the AIEE to advance the new field and represent the US at the 1884 International Electrical Exhibition in Philadelphia. Norvin Green of Western Union became the first president.**

# About IEEE:

**1884: The American Institute of Electrical Engineers is founded**

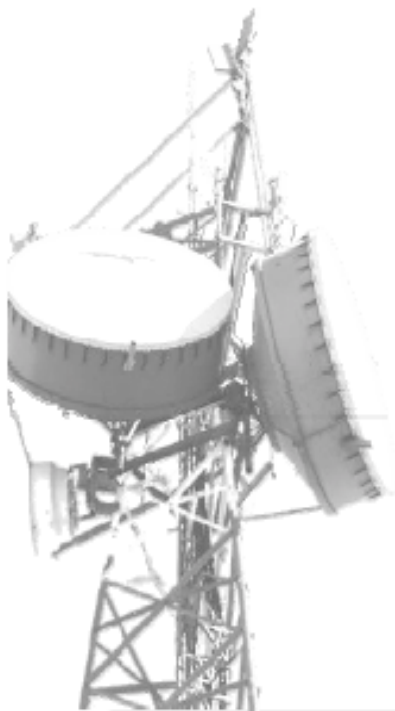
**A small group of individuals met in New York and founded the AIEE to advance the new field and represent the US at the 1884 International Electrical Exhibition in Philadelphia.**

**Norvin Green of Western Union became the first president.**



# The Birth of Radio

Radio, a new electrical technology, arose in the first decade of the twentieth century. Wireless telegraphy using spark transmitters was the original application, but particularly after the invention of the vacuum tube amplifier, it began to be used to transmit speech and music.



**1901**  
Guglielmo Marconi and George Kemp with equipment used in transatlantic wireless telegraphy



**1912**  
Radio telegraph operators' communications with the sinking Titanic demonstrated the power of radio



**1922**  
Triode vacuum tube inventor Lee de Forest with a radio

# Formation of the IRE, 1912

With the new industry came a new society in 1912, the Institute of Radio Engineers or IRE, modeled on the AIEE, but devoted to radio, and later increasingly to electronics.



IRE logo



**Alfred Goldsmith**  
IRE Co-founder and first  
journal editor



IRE annual banquet, NY, 1915. Among those attending were **Tesla**, **Samoff**, **de Forest**, and **Alexanderson**

# AIEE and IRE serve their members and their professions

Both societies ran technical conferences, published journals, promulgated standards, developed codes of ethics, and encouraged the training of student engineers.



Proceedings of the  
AIEE, September 1916

NBC engineers at an IRE banquet

Proceedings of the IRE  
September 1926

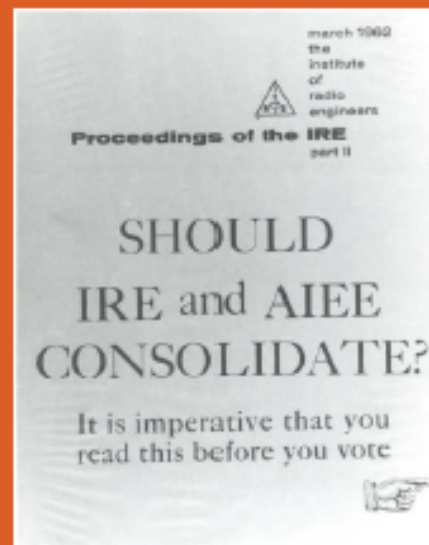
# AIEE + IRE = IEEE

The idea that there should be one organization for all electrical engineers was an old one, and became more powerful as the profession expanded beyond its separate roots in power and radio. In 1962, the boards and memberships of the two institutes agreed to merge. On January 1, 1963, the IEEE, or Institute of Electrical and Electronic Engineers was born with 150,000 members, 140,000 of whom were in the United States.



1962

Symposium on the proposed merger, IRE National Convention



Special merger issue of the Proceedings of the IRE



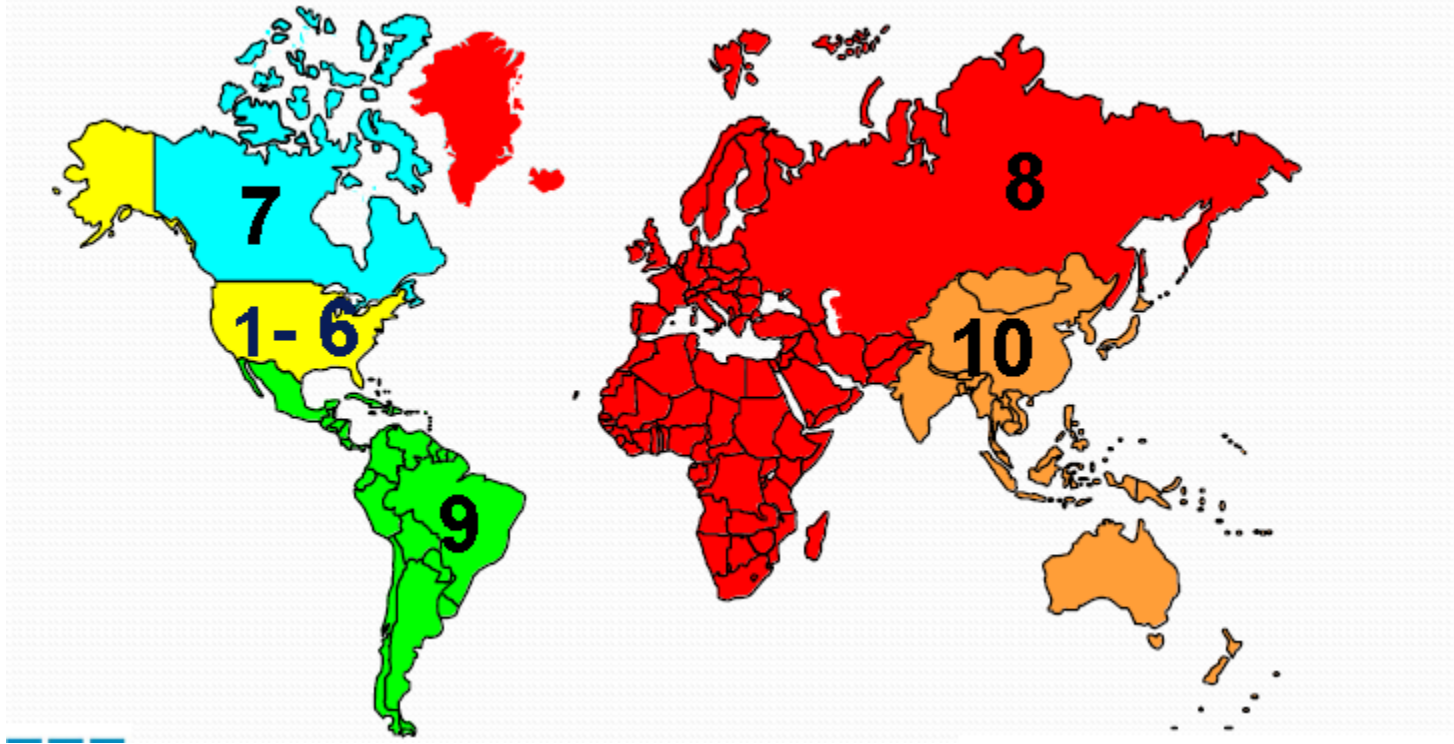
The badge of the new IEEE combined the right hand rule from the IRE with the kite from the AIEE

# IEEE Structure

## Geographic and Technical

- 10 Geographic Areas
- Regions 1 - 6 United States
- Regions 7 - 10 Other Countries
- 38 Technical Societies
- Technical Specialties

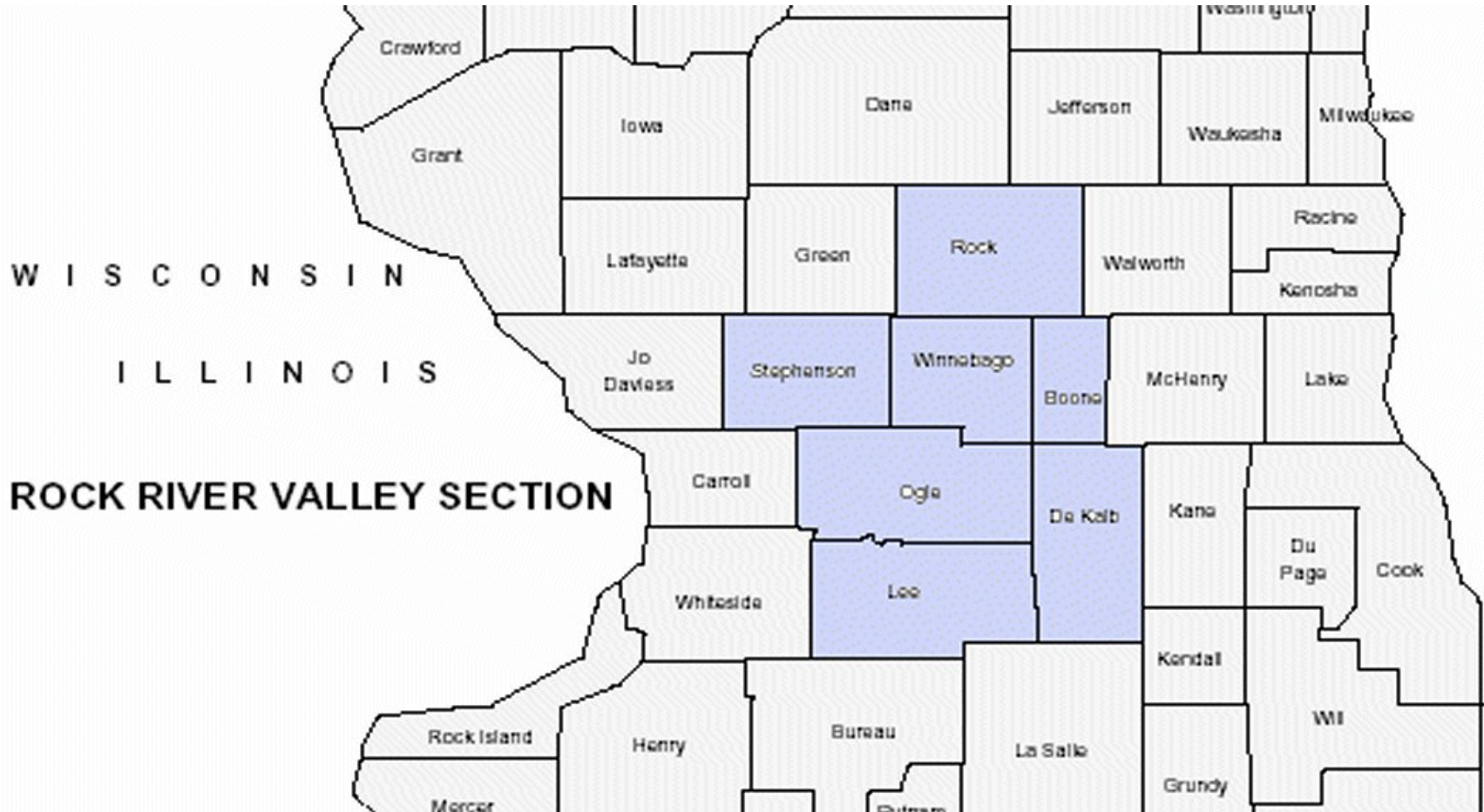
# IEEE Geographical Organizations



# IEEE US Regional Map



# IEEE Rock River Valley Section Map



# IEEE Rock River Valley Section History

- 1947 Rock River Valley Section (RRVS) established
- 1992 RRVS Industry Applications Society (IAS) Chapter established
- 1995 RRVS Joint Computer Society/Control Systems Society Chapter established
- 1996 RRVS Power Electronics Society (PELS) Chapter established
- 1997 IEEE Chicago/Rockford Consultants Network Affinity Group established
- 2003 RRVS Graduates of Last Decade (GOLD) Affinity Group established
- 2007 RRVS Electromagnetic Compatibility Society Chapter established
- 2010 RRVS Women in Engineering (WIE) Affinity Group established

# IEEE Rock River Valley Section History

## 2001 IEEE RRVS Executive Committee



Chris Wrate  
Chair,  
cwrate@ieee.org  
815-633-7400



Prof. Don Zinger  
Vice Chair,  
NIU St Br Counselor  
d.zinger@ieee.org  
815-753-0540



Alkesh Patel  
Secretary,  
alkesh.patel@ieee.org  
815-394-2487



Larry Wachowiak  
Treasurer  
l.wachowiak@ieee.org  
815-397-9090



Bob Parro  
Joint Computer/Control  
Systems Chapter Chair,  
Newsletter Editor  
b.parro@ieee.org  
815-877-6670



Vietson Nguyen  
PELS Chapter Chair  
vnguyen@ieee.org  
815-394-3230



Jitendra Solanki  
IAS Chapter Chair  
J.Solanki@hs.utc.com  
815-394-5675



Joe Etminan  
Educational Activities Chair  
joe@ednet.rvc.cc.il.us  
815-654-5514

# IEEE Rock River Valley Section Today

## 2011 IEEE RRVS Executive Committee



**Alkesh Patel**  
Chair  
alkesh.patel@ieee.org  
815-394-2487



**Larry Wachowiak**  
Vice Chair  
lwachowiak@ieee.org  
815-397-9090



**Rakesh Vasudevan**  
Secretary  
rakeshw@ieee.org  
815-226-4299



**Adrian Vandergriff**  
Treasurer  
avandergriff@ieee.org  
815-226-2518



**Jitendra Solanki**  
PACE & MD Chair  
j.solanki@ieee.org  
815-394-6675



**Bob Parro**  
Communications Chair  
b.parro@ieee.org  
815-877-6670



**Joe Etninian**  
IAS Chapter Chair  
joetninian@ieee.org  
815-921-3088



**Prof. Don Zinger**  
NIU St. Br. Counselor  
d.zinger@ieee.org  
815-753-0540



**Dr. Sam Barada**  
Computer/Control  
Systems Chair  
sbarada@ieee.org  
815-226-6751



**Jamal Shafii**  
EML/EMC Chapter Chair  
jamalshafii@ieee.org  
815-394-5676

## Northern Illinois University Student Branch Officers



**Tom Buzan**  
Chair



**Aaron Whipple**  
Vice Chair



**Pathik Shah**  
Treasurer



**Michelle Case**  
Secretary



**Terry Johnson**  
GOLD Chair  
terryjohnson@hs.uto.com  
815-394-2447



**Mark Harris**  
PELS Chair  
m.harris@ieee.org  
815-226-6098

Messages for student officers can be left at the NIU Dept of Electrical Engineering, (815) 753-9974 or e-mail at [sb.niu@ieee.org](mailto:sb.niu@ieee.org)

The Rock River Valley Section gratefully acknowledges the following companies and colleges for supporting Section Officers:

[Hamilton Sundstrand](#) • [Northern Illinois University](#) •  
[Rock Valley College](#) • [River North Solutions](#)

# IEEE Rock River Valley Section Today



# IEEE Today

- More than 375,000 members, including nearly 80,000 student members in more than 160 countries
- 324 sections in ten geographic regions worldwide
- 1,784 chapters that unite local members with similar technical interests
- 1,616 student branches and 452 student branch chapters at colleges and universities in 80 countries
- 38 societies and 7 technical councils representing the wide range of technical interests
- 390 affinity groups consisting of Consultants' Network, Graduates of the Last Decade (GOLD), Women in Engineering (WIE) and Life Members (LM) groups
- Nearly 1,300 standards and projects under development
- Nearly 2 million documents in the IEEE *Xplore*® digital library
- Publishes a total of 144 transactions, journals and magazines
- Sponsors more than 850 conferences annually

# About Presenter:

## **PROGRAM:**

Jon Aldrich, CPA, CFP®, Principal at Focus Financial Advisors wealth management firm in Rockford will discuss things you can do in the upcoming New Year to help your financial well being. He will discuss topics such as how to monitor your credit rating, reviewing investments, saving on taxes, establishing wills and powers of attorney,

ways to earn more interest on your savings, insurance needs and several other topics concerning your finances.

## **SPEAKER:**

Jon is a longtime Stateline resident and is a Principal at Focus Financial Advisors, a fee only wealth management firm. Jon graduated from Rockford West High School and earned his accounting degree from Northern Illinois University. Jon is a CPA (Certified Public Accountant) and a CFP® (Certified Financial Planner). Prior to joining Focus, he worked for a national public accounting firm and was also the Chief Financial Officer for a Rockford based manufacturing company. Jon has over 20 years of experience in the financial industry.



# 10 Things You Can Do Now to Put Your Financial House in Order

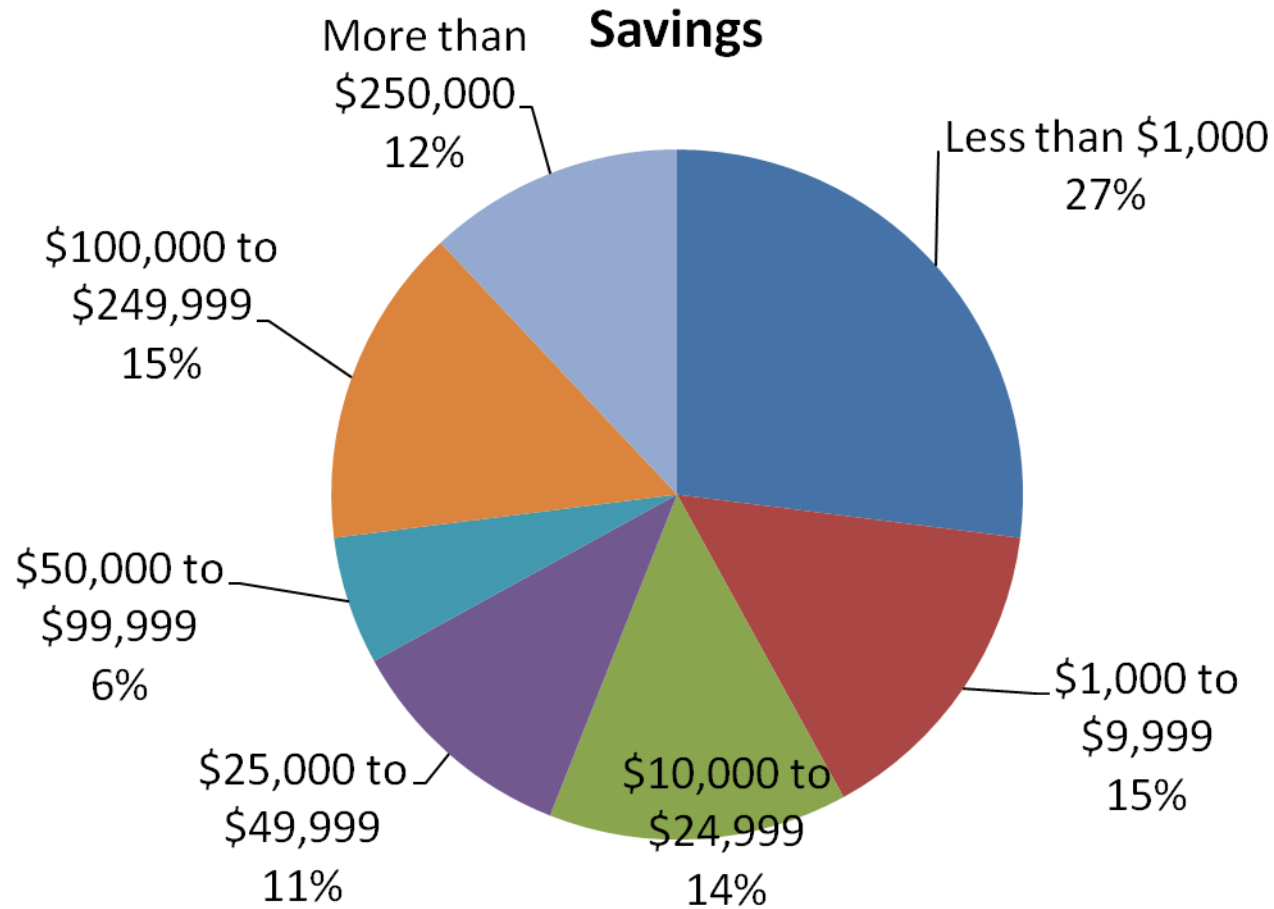
Jon L. Aldrich, CPA, CFP®

Focus Financial Advisors, Inc.

[www.focusfinancialadvisors.com](http://www.focusfinancialadvisors.com)

# Amount of Retirement Savings by Amount 2010

Source: Employee Benefit Research Institute 2010 Survey



# Live Within Your Means

- What is that daily Starbucks craving costing you? \$4 a day x 5 days a week x 50 weeks = \$1,000 a year



# Are You Saving Enough?

- Are you saving at least 10% of your gross income at a minimum?
- Are you taking advantage of the Company match on your 401(k)? THIS IS FREE MONEY!
  - Where else can you get a guaranteed return of 25%, 50% or even 100% on your money?



*At a minimum, contribute enough to your 401(k) plan to qualify for the company match , if available.*

# Use Your Flex Spending

- If your company offers a Flex Spending account for medical and child care expenses make sure you utilize it.
- Allows you to pay out of pocket medical and child care expenses with pre-tax dollars.
- Can provide significant savings on an annual basis, by lowering your taxable income for federal, state, Social Security & Medicare.
- You need to use it or lose it.

# Use Your Flex Spending-Example

- Married, Gross income \$75,000, paid bi-weekly.
- Assume \$2,000 a year in out of pocket medical expense + \$2,000 a year in child care expenses, for a total of \$4,000.
- Each paycheck is reduced by \$153.85 for Flex Contributions, but taxes are reduced by \$40.73 for each check, thus, net reduction \$113.12 each check.
- Since tax savings are \$40.73 x 26 pay periods, annual tax savings is \$1,059
- You end up getting \$4,000 worth of medical and child care expenses for \$2,941
- This is a 26.5% savings. Not Bad!

# Emergency Cash Fund

- Establish a cash reserve equal to about 4 to 6 months living expenses.
- Gives you a cushion should you lose your job or have some other large expense come up unexpectedly.





# Where to ‘Stash the Cash’

- An FDIC insured online bank such as Capital One, Discover Bank, Ally or ING are paying around 1% on money market accounts.
- Blackhawk Bank has a free checking account that pays 3% as long as you use your debit card more than 10 times in a billing cycle. This is for balances up to \$10,000.
- Check your local credit union.

# Keep an Eye on Your Credit Score

- Avoid sites like freecreditreport.com which will charge you and try to sell you a lot of extras.
- Use annualcreditreport.com (This is the official site for consumers to check their credit reports)
- This site gives you access to the 3 large credit reporting firms.



The site allows you access each company's report on your credit for free once every 12 months

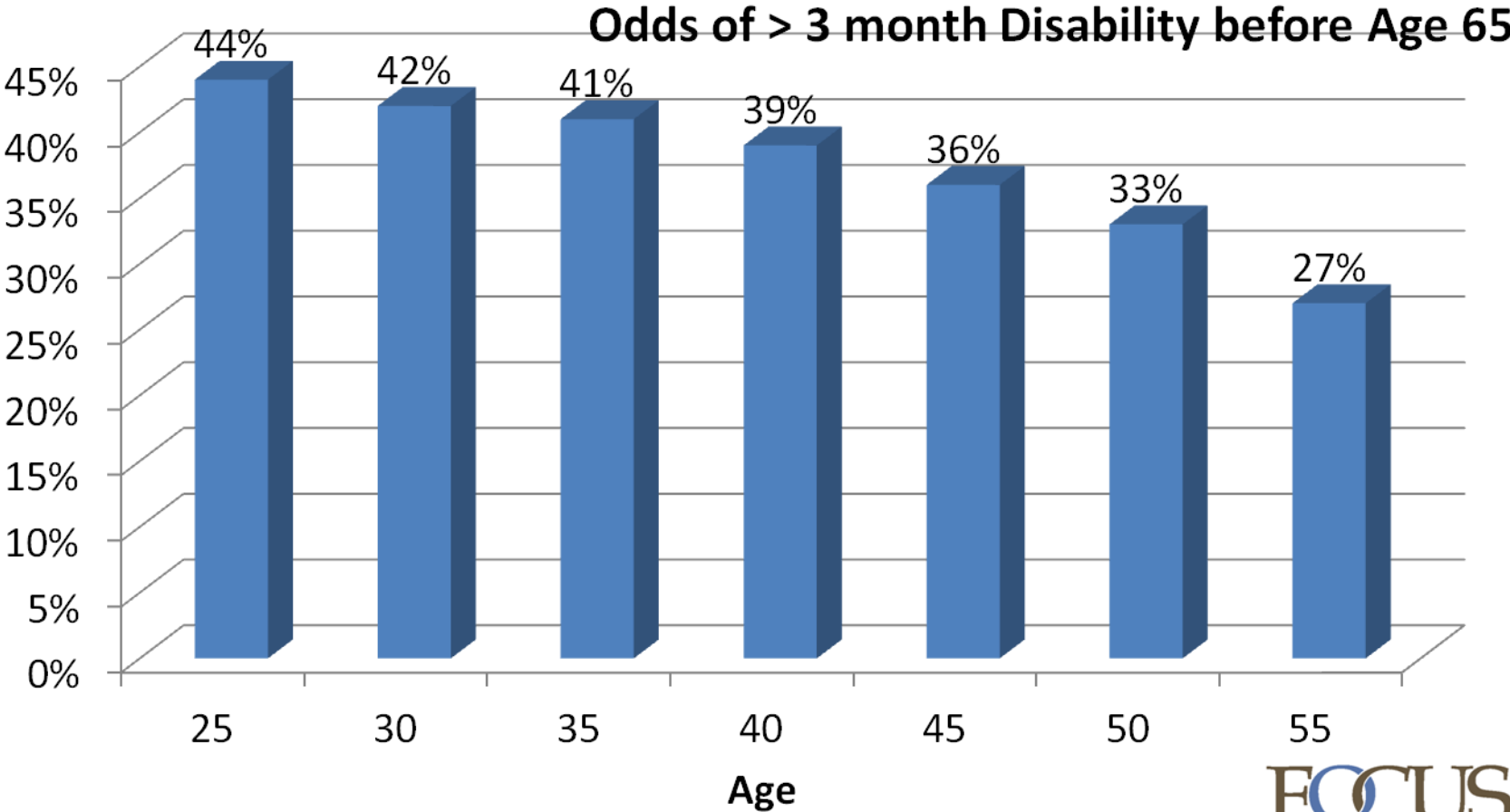
# Keep an Eye on Your Credit Score

- Check one of the 3 reports every 4 months and create a rotation so that you look at each one once every 12 months.
- If you find errors or accounts and balances that don't look right, investigate and take action immediately.
- They will charge you for your FICO score, but the important thing is to just make sure the credit report is accurate.
- Good way to identify identity theft early on.

# Review Insurance-Life

- Do you have enough Life Insurance?
- How much life insurance do I need? Consider mortgage, dependents, college, child care, etc.
- Take advantage of employer sponsored insurance. (But, be aware, they are not portable)
- Good idea to buy your own policy while young and more easily insurable.
- Term or Whole Life?
- Where can I get? Local Agent, or consider [Reliaquote.com](http://Reliaquote.com) or something similar

# Review Insurance-Disability



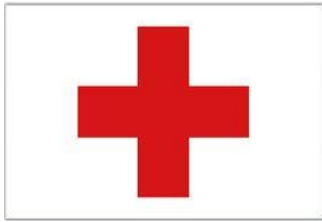
# Review Insurance-Disability

- You are much more likely to become disabled for a period of time than you are to “expire” before age 65.
- Every bit as important as life insurance for your financial plan.
- If offered by your employer, know difference between employer paying the premiums and you paying.
- If your employer pays the premiums, any benefits received are taxable to you. If you pay the premiums with after tax money, any benefits received are tax free. THIS CAN BE A BIG DIFFERENCE.
- Have to also be aware of the fine print in benefits, watch out of “own occ”, length of benefits, etc.



# Review Insurance-Umbrella

- What is Umbrella coverage?
- It is excess coverage that goes into effect when all underlying policies are totally exhausted.
- Sold in \$1 million dollar increments.
- Usually cheap coverage to purchase.
- Example- You have auto liability with a limit of \$500,000, and homeowners insurance with a limit of \$300,000. If you have a \$1 million dollar umbrella policy, your coverage is \$1,500,000 on an auto liability claim, and \$1,300,000 on a homeowners liability claim.



# Medical Insurance

- Review your plan's deductibles, out of pocket costs, your cost of premiums, in and out of network benefits, prescription costs, etc.
- If healthy and you do not have a lot of medical costs, go for the highest deductible you can to save on premiums.
- Crunch the numbers for the best plan for your situation. Put together an Excel sheet for a comparison.
- Can often save significant dollars just by changing your plan options.
- Consider Health Savings Accounts (HSA) if available.
- Also take advantage of Flex Spending Plans.

# Estate Planning



- Review your will if you have one. If you don't have one strongly consider getting one.
- Review your beneficiaries on your 401(k), IRA, life insurance, annuities, etc.
- If you have living trusts review those.
- Power of Attorney (POA) for health care and finance can be very important should something happen where you cannot manage your own affairs.
- Living Will – Medical directive that designates your wishes as to prolonging your life or “pulling the plug”

# Estate Planning

- Having your affairs in order can greatly reduce tension among family members.
- Allows you to be in control of where your assets go and not the state.
- Liquidating an estate can be a very tough process, and having things in order will greatly ease the burden for the executor of your estate.
- If you have significant assets, proper planning can save thousands of dollars of taxes.

# Saving on Taxes

- If you get a large tax refund each year, adjust your withholding on Form W-4 to have more take home pay each month. Why give the government an interest free loan?
- Maximize 401k contributions.
- Utilize Flex Spend and Flex Child Care Plans. (Big Savings)
- If you itemize, don't forget non-cash donations to charity (clothes, computers, appliances, etc.)
- Tax Harvest investments. Sell losers to offset gains on winners. (Watch out for Wash Sales)
- Save for college in a 529 plan (State Deduction)

# Saving on Taxes

- Prepay January 2012 mortgage bill by Dec. 31, 2011.
- Convert IRA to a Roth IRA.
- If you itemize and had a large purchase such as a car in which a large amount of sales taxes were paid you may get a larger deduction by deducting sales taxes paid for the year instead of income taxes paid to the state. (As of now, 2011 is the last year you can do this).
- Don't forget things that can add up for a possible deduction. i.e. unreimbursed job expenses, tax prep fees, legal fees for tax advice or tax planning, investment expenses, etc. If these are greater than 2% of your Adjusted Gross Income (AGI) you can deduct.
- However, with uncertain tax laws in 2012, you may want to consider accelerating income and reducing deductions in 2011. There is a possibility tax rates for many could be higher in 2012.

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# Track Spending

- Consider using Quicken or similar personal finance software. Even consider an Excel spreadsheet.
- With Quicken, you can download most transactions from your bank or credit card company, as well as your brokerage.
- You can download almost all information for your tax return from Quicken.
- The important thing is to have a budget and stay within it.  
**LIVE WITHIN YOUR MEANS!**
- It takes discipline, but the results can be impressive.

# Example of a Quicken Report

**Budget**

Delete Export Data ▾ Go to Category List Preferences How Do I? Save Report Customize

Back Forward Print

Date Range: Current Month Column: None

**Budget - Current Mo:5**  
7/1/2005 Through 7/31/2005 Using Dave's Budget

Report Graph

**Report History:**

- Budget
- Budget - Current Mo
- Salary - Jul 2005
- Fed - Jul 2005
- [Car Payment 1] - Jul 2005
- Budget - Current Mo:2
- Budget - Current Mo:3
- Budget - Current Mo:4
- Budget - Current Mo:5**
- [First Mortgage] - Jul 2005
- [Visa 2] - Jul 2005
- [Emergency Fund] - Jul 2005
- [Visa 2] - Jul 2005:2

Category Description	7/1/2005 Actual	- Budget	7/31/2005 Difference
<b>01. Take-Home Pay</b>			
Salary	4,000.00	4,000.00	0.00
Unemployment Inc	0.00	100.00	-100.00
Fed	-396.40	-400.00	3.60
Medicare	-77.20	-250.00	172.80
State	-150.00	-350.00	200.00
TO 401(k)	-240.00	-100.00	-140.00
<b>TOTAL 01. Take-Home Pay</b>	<b>3,136.40</b>	<b>3,000.00</b>	<b>136.40</b>
<b>02. Charitable Gifts</b>			
Charitable Gifts	-300.00	-300.00	0.00
<b>TOTAL 02. Charitable Gifts</b>	<b>-300.00</b>	<b>-300.00</b>	<b>0.00</b>
<b>03. Saving</b>			
TO Emergency Fund	-50.00	-50.00	0.00
<b>TOTAL 03. Saving</b>	<b>-50.00</b>	<b>-50.00</b>	<b>0.00</b>
<b>04. Housing</b>			
Homeowners Insurance	0.00	0.00	0.00
Household	0.00	0.00	0.00
Mortgage Interest	-602.21	-600.00	-2.21
Real Estate Taxes	0.00	0.00	0.00
Rent	0.00	0.00	0.00
Repairs or Mn. Fee	0.00	0.00	0.00
FROM Second Mortgage	0.00	0.00	0.00
TO Replace Furniture	-50.00	-50.00	0.00
TO First Mortgage	-122.79	-125.00	2.21
TO Second Mortgage	0.00	0.00	0.00
<b>TOTAL 04. Housing</b>	<b>-775.00</b>	<b>-775.00</b>	<b>0.00</b>
<b>05. Utilities</b>			
Cable	0.00	0.00	0.00
Electricity	-98.67	-100.00	1.33
Gas	-49.95	-50.00	0.05
Phone	-65.45	-50.00	-15.45
Trash	0.00	0.00	0.00
Water	-42.16	-50.00	7.84
<b>TOTAL 05. Utilities</b>	<b>-256.23</b>	<b>-250.00</b>	<b>-6.23</b>

**FOCUS**  
FINANCIAL ADVISORS



# Tips for Saving More

- Set up savings goals either in Excel or use the Savings Goals feature in Quicken.
- Deposit money to these each month and track. (The money can be all in one account, since you are tracking it).
- When you reach your goal and spend the money, update your list.



# Credit Cards

- By all means, try your best to not carry a balance. Pay off in full each month.
- If disciplined, use your card for everything and pay off each month. You can get cash back or travel rewards relatively quickly this way. ( Set up the automatic payment feature)
- Get a card with no annual fee. Discover gives cash back and no fee, there are plenty others as well.
- If disciplined, take advantage of the interest free payment offers, as long as you pay the balance off before due. Very important, otherwise all the accrued finance charges will be due as well.

# Other Ideas

- Refinance your mortgage, but keep paying the same amount to the new mortgage. This will reduce your interest, and the term of the loan.
- Escrow your own property taxes. Put aside the monthly amount into a savings account, so you earn the interest, not the bank.
- Pay insurance once a year instead of monthly to save on the monthly service charge most companies charge for monthly payments.



# Review Investments

- Rebalance Investments
  - Rebalance to your target asset allocation, at least annually, and preferably quarterly.
  - Review your goals and your risk tolerance if the current market volatility has you losing sleep, you need to re-consider your asset allocation.
- Offset winners and losers in taxable accounts to minimize capital gains taxes.
- Review your holdings. How do your investments compare with their benchmarks, fund expenses, manager changes, etc.? Are better options available for you?
- Try to ignore all the blathering on CNBS, it can be hazardous to your wealth.

# Investing & Markets

- If you are interested in some other viewpoints from very intelligent people besides what you hear from the Mainstream Media ( and what passes as journalism), try these sites for good economic & market commentary:
- The Big Picture – [www.ritholz.com/blog](http://www.ritholz.com/blog)
- Pragmatic Capitalism – [www. Pragcap.com](http://www.Pragcap.com)
- Calculated Risk – [calculatedrisk.blogspot.com](http://calculatedrisk.blogspot.com)
- Advisor Perspectives- Doug Short – [www.dshort.com](http://www.dshort.com)
- Thoughts from the Frontline – John Mauldin – [www.johnmauldin.com](http://www.johnmauldin.com)
- FT/Alphaville – [ftalphaville.ft.com](http://ftalphaville.ft.com)

Besides the Wall Street Journal, Bloomberg and Barrons, these are some of my daily reads to get a good perspective of what is going on in the world.

# Other Non-Financial Things to Consider in 2012

- Volunteer for a local non-profit or charitable organization.
- Be active in the community. (Join a civic organization, or get on a Board of Directors of a local organization).
- Network – Expand your network of business associates, attend Chamber events, etc. (Be active in IEEE.)
- Spend quality time with family & friends!