

Peter D. Cooper, Single age 32

Background: Looking for a quick debt reduction coaching plan

Occupation: Nurse for a large Medical Group

Annual Salary: \$85,000

Situation

Peter had \$25,000 in student college loans outstanding, which he felt was holding him back in moving along in life and someday purchasing his first home. He was paying the minimum payment of \$250 on the school loan. He was very good at saving in his company 401k Plan and with their matching he had saved over \$350,000 for retirement. He had saved \$10,000 and had it in a bank Certificate of Deposit (CD) earning 1.25%.

Concerns

One of Peter's biggest concerns was running out of time saving for a home while reducing his school loan.

Expectations

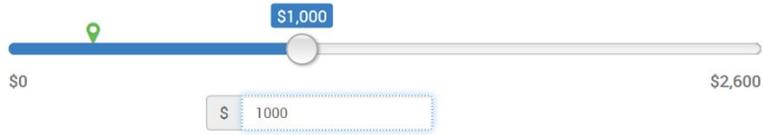
He expected to maintain the standard of having a savings cushion in the bank of 10,000 an amount meant to last him 3-6 months of his fixed expenses just in case something came up.

Solution

We recommended the "Financial Freedom Block"- This Quick View coaching program is designed to provide you with a plan to eliminate debt and establish savings for retirement or other financial goals. We also recommended opening up an after tax investment account to earn more than the 1.25% he was earning. The biggest problem with the CD was it was taxing him at his ordinary income of 85k, (30% estimated taxes) yet was only yielding a 1.25% annual return. He was better off earning at least 5-7% return in a compounding interest investment and paying a capital gains tax of only 15%. He would earn 4-6% more compounded interest and pay over 50% less in taxes. Taking \$5,000 from the investment account and starting a savings/investment towards his home purchase and investing an additional \$1,000 per month would pay have enough for a downpayment of \$20,000 pay his school loan off, and maintain his \$10,000 emergency savings. All of this can be accomplished by his 36th birthday or 4 years later using the disciplined coaching plan we put together for him.

Optimize ?

Amount available to apply to all Goals (per mo.)



✓ College Loan - \$25,000 >

Debt Free in Feb 2021

✓ Emergency Fund - \$10,005

Met in Jan 2018

✓ Purchase A Home - \$20,000 in 2022 >

Met in Dec 2021