think First

The Three-Step Approach to Financial Success

Creating a solid financial strategy can be a daunting task. Many people, when faced with a confusing array of investment and insurance options, choose to delay preparing for the future "until tomorrow." But if there is one strategy that is guaranteed to fail every time, it's procrastination.

At First Investors, we recommend simplifying the process by breaking your needs into separate categories. This can make preparing for the future seem much less intimidating and also help you understand exactly what products and services may fit your needs and goals.

There are three main areas that should be addressed as you develop a long-term financial strategy: savings, insurance and investments. By paying proper attention to all three, you can greatly increase your chances of meeting all of your financial needs and goals.

"By paying proper attention to all three components, you can greatly increase your chances of meeting all of your financial needs and goals."

Step #1: Savings

Savings should be the first component of any well thought-out financial strategy. The money that you designate for a savings account should be set aside strictly for the purposes of a ready cash reserve. In the event of a job loss or a sudden personal emergency, this money would be available to help get you through lean financial times. However, while this money should be easily available, it should not be frequently accessed.

Among the most popular savings vehicles are money market mutual funds.* These funds offer much lower returns than other mutual funds that focus on stocks and bonds, but they also carry a much lower potential level of risk. Money market funds often offer check writing privileges similar to a bank account, but are not FDIC insured. Many of these funds also offer you the ability to transfer money automatically from your paycheck or bank account directly into your money market account. That way, you avoid the temptation of spending money designated for savings.

"These steps are savings, insurance and investments."

Having money set aside in a savings vehicle can keep you from raiding your insurance and investment accounts when cash is needed. When savings are available as a "safety net," the other two components are better able to perform their intended functions. Life insurance may build cash value and protect your family's future, while investments can possibly grow in value, helping you prepare for future goals such as funding a college education.

Step #2: Insurance

According to a recent study performed by LIMRA International, one third of adults in the United States carry no life insurance at all. Those insured are more likely to have only group life insurance obtained through the workplace—and those with only group life insurance carry the lowest amounts of life insurance. And perhaps even more disconcerting is that this group coverage would likely cease altogether if an individual leaves or loses his job—leaving him and his family unprotected.

Most individuals seem to realize that saving and investing for the future are important. But what about protecting all that you have worked for and all that you are working towards? What would happen in the event of a breadwinner's untimely death? Would there be enough money for mortgage payments, car loans and tuition payments? And even if there were enough money available for withdrawal

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* *An investment in a money market fund is not FDIC insured or guaranteed by any other government agency. While a money market fund seeks to preserve the value of your investment at $1.00 per share, there is no guarantee that it will do so. It is possible to lose money by investing in the fund.*

from your savings and investment accounts, what would be left over after outstanding expenses were paid? Would a child's education suddenly become unaffordable? Would a spouse's comfortable retirement still be realistic? These are serious issues but fortunately, life insurance was designed to answer questions just like these.

Your financial services representative can give you a realistic estimate of how much protection would be needed to keep the dreams and goals of the ones you love within reach. In many instances, it is not enough to purchase insurance that only replaces two or three years of income. While that amount might be sufficient to pay a large portion of the breadwinner's outstanding debts and final expenses, it won't be nearly enough to fund future needs like college, mortgage payments and retirement. Those dreams would be destroyed due to a failure to plan. That is why it is so important for people to remember step number two when they are developing their financial strategies. Protect your loved ones and your dreams, because no matter how much money you're putting away for the future, your dreams can disappear in an instant due to an unforeseen event.

Step #3: Investments

Once an emergency reserve has been set aside, and a sufficient level of life insurance coverage is in place, it's time to review your investment strategy. The investment component of your financial strategy should be designed to provide long-term growth for future needs and goals.

Your representative can help you determine what investments best meet your goals and tolerance for risk. There are literally thousands of investment options to choose from, and many of them may not be in synch with your goals for the future.

Mutual funds are one of the most popular investment options. Mutual funds pool the money of a large group of investors, and are professionally managed to meet a specific goal, such as growth of capital or current income. There are also plans specifically geared towards saving for retirement, such as IRAs, as well as investment choices that are tailored to help accumulate money for education costs, such as Education Savings Accounts and 529 Plans. Your representative would be happy to explain all of these options and more, in order to find the investments that best suit your needs.

Just as no two people are alike, no two investment strategies are alike. Speaking with a professional can help take some of the stress and guesswork out of your finances and can make you better prepared to make informed decisions.

Not Written In Stone

If you've already begun planning for the future using our approach, you're off to a great start. But, if there have been any major changes in your life, such as a marriage or the birth of a child, you should revisit your strategy and make sure it is still providing you with enough protection and potential growth for the future. It is generally a good idea to evaluate your financial strategy every year, regardless of major life changes, just to make sure you are on the right track. Your representative would be happy to schedule regular appointments with you to answer any questions.

Talk With A First Investors Financial Services Representative

Building a successful financial strategy may sound simple, but putting it into practice requires expertise and discipline. Put the skills of a highly qualified financial services representative to work for you.

For information on how you can learn more about our three-step approach, please call your financial services representative to arrange an appointment. If you do not already have a representative, please visit us on the web at www.firstinvestors.com to find the office nearest you. One of our representatives would be happy to work with you. Understanding all of your options and formulating a clear picture of your dreams, needs and goals will put you well on your way to building a solid foundation of success.

Neither First Investors nor its representatives offer tax, legal or estate planning services. Clients should contact their personal tax and legal advisers for any advice about tax-related investment decisions, estate planning or gifting.

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Financial Services With A Personal Touch

First Investors has been serving the needs of investors since 1930. Through the Great Depression, World War II, numerous recessions and bull and bear markets alike, we have remained committed to our mission—helping our clients reach their financial goals. Today, we offer a wide range of financial products and services, including mutual funds, annuities, and life insurance. We pride ourselves on delivering financial services with a "personal touch." Your First Investors Financial Services Representative is a licensed professional who will take the time to learn about your current financial situation and future goals in order to assist you with your financial needs.

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