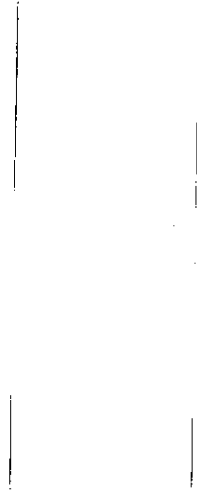


Financial Plan



Capital Markets

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The day that I have chosen as my starting date for my financial plan is the first day that I will start my new job at the Bank of New York Mellon (Located in Pittsburgh). I am now currently an intern working in the Asset Services department as an account analyst but when I reach graduation my position will change and I will be working full time on the trade team for a large investment firm client at BNYM. This is an important start date for my financial plans as it is the time of my graduation and the start of my career. Along with choosing a start date for my financial plan I think it is also important to establish a benchmark that I can monitor throughout my life that will help me assess my financial progress, this benchmark is my net worth. Net worth is a good measurement because it is a comprehensive financial overview it includes investments, savings, 401k, physical assets and in contrast liabilities such as student loan debt, rent, bills, etc. My current net worth on the day that I start my new job and graduate will be a pitiful -\$23,334. Starting with a deficit will make the first couple of years of my career extremely important (Missouri State) (Kabala and Natali).

One Year Plan

My first year plan is quite simple. Being the first year that I am out of school and finally making a decent amount of money, my plan mostly consists of making sure that I allocate my salary accordingly. Most importantly my one-year plan is to establish some sort of monthly system that will keep me on track while paying back student loans and saving in accordance with my goals. Having already signed a lease for my new apartment and living in apartments for the last couple years I have a pretty good estimate of what my monthly housing expenses will be. It is also important to add that I intend to rely on public transportation for the five years to come. Given my estimate of monthly expenses (see

Figure 2) and salary that I will receive (after taxes) I have created my one-year goals (Kabala and Natali).

I plan to pay off at least 3000 dollars worth of principal in my student loans, which will require me to pay back more than the recommended minimum payments. I will pay back 400 dollars a month in order to achieve my goal of 3000 dollars. Given my monthly budget I will have about 900 dollars left over after I allocate my money the way I have planned, barring any unforeseen expense I additionally plan on using this monthly remaining cash to pay back my loans even quicker. I also plan to pay 2500 annually into the 401k that I will have at BNYM. I arrived at this dollar figure by taking 6% of my expected salary, if I contribute 6% of my base pay BNYM will match and contribute an amount equal to 5% of my base pay and it is definitely something of which I want to take advantage (BNY Mellon).

During my first year after college I am also going to start an emergency fund. The goal for my emergency fund by the end of the year is to have enough saved that if required I could pay at least two months of rent, bills and food. In order to achieve the previous amount I will save 160 dollars every paycheck, which will sum to 1920 at year-end (Kabala and Natali).

Being only one year after my initial employment I realistically do not expect much if any advancement of my (soon to be) current career position. I do however expect to create a network and to take advantage of any opportunities that will help achieve my three-year career goal. If I have a net worth of -\$15,000 by the end of this year I will know that I have achieved the goals that I set out (See Figure 3) (Wells Fargo).

Three Year Plan

Three years from now I plan to focus on making myself more financially secure, advancing my career, investing, continuing my education and achieving a life goal of mine. In the future I will have more money than I previously had to achieve these goals as I expect my living expenses to be the same and my salary to grow.

According to Dr. Meg Jay in her book *The Defining Decade* as much as two-thirds of your salary growth happens in your twenty's and I fully intend not to miss out on this salary growth. My goal by my third year at BNYM is to advance to a management level of senior analyst on the trade team in which I will work. A conservative estimate for a senior analyst salary is 60,000 dollars, it is this salary, which will allow me to reach student loan repayment goal (Senior Analyst Salaries in Pittsburgh, PA) (Collegestats.org).

As I said previously I intend on living in my apartment for the next three years and so my living expenses will stay the same as the previous years. With the extra income I have available in the third year I intend to increase my student loan payments to double the amount I paid before and pay 800 dollars a month. With this increase in my student loan payments I will be able to reach my goal of having 18,000 dollars of my student loan principal paid off.

I intend to increase my 401k payments to the amount that BNYM will match which is 300 a month and I intend to contribute the same amount to a Roth IRA (Roth IRA Taxes and Tax Issues) (BNY Mellon). I also intend to double my emergency fund savings in the third year of my employment. Along with all of these increases in savings, I expect to start investing the remaining money elsewhere in order to create a form of passive income for myself. I will invest the remaining, approximately 1000 a month in ETFs at first in order to ease myself into investing, with plans to take higher yielding, managed approaches once I

am more established (See Figure 4). If I am successful in implementing the previous, barring any unforeseen circumstances, I should conservatively have a positive net worth of about 24,000 (See Figure 5).

Lastly I have two goals to achieve by the end of my third year at BNYM. I am going to apply to the Joseph M. Katz School of Business or comparable graduate program by my third year after the start of my career. BNY Mellon offers tuition reimbursement and I think that it would be extremely unwise of me not to take such an opportunity. As mentioned before a large amount of salary growth happens in one's twenties and I intend to do everything I can to make the growth large.

Five Year Plan

Five years from now it is hard to predict much of one's life and as a result my plans are slightly vague on the details but they are particular goals I want to achieve nonetheless. Five years from now I expect to be much more financially solid than I ever have been before and as my goals have consequently become larger and more substantial in response. By my fifth year of employment at BNY Mellon my goal is to have doubled my original salary. I will have hopefully have achieved this by moving up to a team lead position which is one small step higher from the position I endeavor to hold in year three of my career (Account Manager Team Lead Salary in Pittsburgh, PA).

As I intend to do in my prior plans I will also increase the amount of money in relation to my wage increase that I will contribute monthly to my 401k and my emergency savings. Ideally at this stage in my life I will invest in actively managed funds, as I believe they have the potential to earn more than the ETFs that I would have invested prior in the three-year plan. Unlike the previous years by year five I hope to have paid all of my student

loans completely and to use the monthly payments that would normally go towards student loans to start saving for a house. Given the unpredictability of a five year project I will be happy if I double my net worth from my year three plan by the end of the fifth year.

Five years after the start of my career I hope to have completed half of my graduate education (MBA), given that I will take night classes to continue working while I am in school, I believe this is the only realizable timeframe. Finally, a personal goal of mine is to save enough money at the end of five years to take a long dreamed about rock climbing trip to the Moab desert in Utah to climb the famous "Ancient Art" (See Figure 6),

I believe that all of these plans are achievable but not without hard work and constant scrutiny of my spending and saving. It is important that I revisit and adjust my plans as time goes on; this is why I have included my approximate net worth in the plans. I will use my net worth as sort of milestone or benchmark, which will help me assess how well I am doing and make changes if necessary. I don't think that I will have any problem living simply, during college I have lived and paid for everything on my own and I think this familiarity with budgeting will work in my favor for the next five years.

Appendix

Figure 1.

<u>Assets</u>		<u>Liabilities</u>	
Cash & Cash Equivalents		Current Bills	
Checking Account	\$180.00	Charge Accounts	\$0.00
Savings Account	\$156.00	Credit Card Balances	\$0.00
CDs	\$0.00	Utilities	\$120.00
Life Insurance Value	\$0.00	Rent	\$1,200.00
Saving Bonds	\$0.00	Insurance Premiums	\$0.00
Total Cash & Cash Equivalents	\$336.00	Taxes	\$0.00
		Other Bills	\$0.00
Personal Property		Total Current Bills	\$1,320.00
Estimate Equity in Home	\$0.00	Outstanding Debt	
Other Real Estate	\$0.00	Home Mortgage balance	\$0.00
Household Furnishings	\$650.00	Other Mortgages	\$0.00
Specific Items of Value	\$0.00	Automobile Loan Balance	\$0.00
Automobiles	\$0.00	Student Loan Balance	\$23,000.00
Other Personal Property	\$0.00	All Other Loan Balances	
Total Real & Personal Property	\$650.00	Total Outstanding Debt	\$23,000.00
Invested Assets			
Stock & Mutual Funds	\$0.00		
Bonds	\$0.00		
Government Securities	\$0.00		
IRAs	\$0.00		
Pensions	\$0.00		
401(k)s and Similar plans	\$0.00		
Total Invested Assets	\$0.00		
Total of All Assets	\$986.00	Total of All Liabilities	\$24,320.00
		Net Worth	-\$23,334.00

Figure 2.

<u>1 year Plan</u>			
Ordinary Monthly Expenses			
Housing (Rent and Bills)	\$850.00	Yearly Salary	\$42,000.00
Transportation (Bus Pass)	\$96.00	Tax Estimate	\$ 5,190.00
Food	\$150.00	After Tax	\$36,810.00
401k	\$210.00	Monthly Salary	\$ 3,067.50
HealthCare	\$0.00		
Entertainment	\$150.00		
Clothing & Services	\$150.00		
Student Loans	\$400.00		
Emergency Fund	\$160.00		
Sub Total	\$2,166.00		
Remaining	\$ 901.50		

Figure 3.

<u>Assets</u>		<u>Liabilities</u>	
Cash & Cash Equivalents		Current Bills	
Checking Account	\$180.00	Charge Accounts	\$0.00
Savings Account	\$2,076.00	Credit Card Balances	\$0.00
CDs	\$0.00	Utilities	\$150.00
Life Insurance Value	\$0.00	Rent	\$700.00
Saving Bonds	\$0.00	Insurance Premiums	\$0.00
Total Cash & Cash Equivalents	\$2,256.00	Taxes	\$0.00
		Other Bills	\$0.00
Personal Property		Total Current Bills	\$850.00
Estimate Equity in Home	\$0.00	Outstanding Debt	
Other Real Estate	\$0.00	Home Mortgage balance	\$0.00
Household Furnishings	\$650.00	Other Mortgages	\$0.00
Specific Items of Value	\$0.00	Automobile Loan Balance	\$0.00
Automobiles	\$0.00	Student Loan Balance	\$20,000.00
Other Personal Property	\$0.00	All Other Loan Balances	\$0.00
Total Real & Personal Property	\$650.00	Total Outstanding Debt	\$20,000.00
Invested Assets			
Stock & Mutual Funds	\$0.00		
Bonds	\$0.00		
Government Securities	\$0.00		
IRAs	\$0.00		
Pensions	\$0.00		
401(k)s and Similar plans	\$2,520.00		
Total Invested Assets	\$2,520.00		
Total of All Assets	\$5,426.00	Total of All Liabilities	\$20,850.00
		Net Worth	-\$15,424.00

Figure 4.

<u>3 year Plan</u>			
Ordinary Monthly Expenses			
Housing (Rent and Bills)	\$850.00	Yearly Salary	\$60,000.00
Transportation (Bus Pass)	\$96.00	Tax Estimate	\$ 8,822.00
Food	\$150.00	After Tax	\$51,178.00
401k	\$300.00	Monthly Salary	\$ 4,264.83
IRA	\$300.00		
Entertainment	\$150.00		
Clothing & Services	\$150.00		
Student Loans	\$800.00		
Emergency Fund	\$320.00		
Sub Total	\$3,116.00		
Remaining	\$ 1,148.83		

Figure 5.

<u>Assets</u>		<u>Liabilities</u>	
Cash & Cash Equivalents		Current Bills	
Checking Account	\$180.00	Charge Accounts	\$0.00
Savings Account	\$7,836.00	Credit Card Balances	\$0.00
CDs	\$0.00	Utilities	\$150.00
Life Insurance Value	\$0.00	Rent	\$700.00
Saving Bonds	\$0.00	Insurance Premiums	\$0.00
Total Cash & Cash Equivalents	\$8,016.00	Taxes	\$0.00
		Other Bills	\$0.00
Personal Property		Total Current Bills	\$850.00
Estimate Equity in Home	\$0.00	Outstanding Debt	
Other Real Estate	\$0.00	Home Mortgage balance	\$0.00
Household Furnishings	\$650.00	Other Mortgages	\$0.00
Specific Items of Value	\$0.00	Automobile Loan Balance	\$0.00
Automobiles	\$0.00	Student Loan Balance	\$3,800.00
Other Personal Property	\$0.00	All Other Loan Balances	
Total Real & Personal Property	\$650.00	Total Outstanding Debt	\$3,800.00
Invested Assets			
Stock & Mutual Funds	\$12,000.00		
Bonds	\$0.00		
Government Securities	\$0.00		
IRAs	\$0.00		
Pensions	\$0.00		
401(k)s and Similar plans	\$8,640.00		
Total Invested Assets	\$20,640.00		
Total of All Assets	\$29,306.00	Total of All Liabilities	\$4,650.00
		Net Worth	\$24,656.00

Figure 6.



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