



Establishing your baseline financial goals

Ideas for those unsure of where to begin their financial journey.



When it comes to securing your financial future, getting started is often the hardest part. That may be because many individuals don't even know where to begin. But every great achievement starts with one thing: a goal.

Read on to learn how you can help yourself set foundational goals towards attaining greater financial security. So you can protect those who matter most.

Setting your financial goals can be as easy as 5-10-15-20!

Why are goals so important?

Whenever you start any journey, you need to map out how you will get from where you are now to where you want to be. It's the same when it comes to your finances: Establishing goals for yourself will help you map out what you want to achieve financially – so you'll stand a greater chance of actually reaching those goals.

Nothing is set in stone.

Life changes. That means your goals will change over time, too. But setting goals today can help to put you on the right path right now. Then, on a regular basis, you can review your goals and adjust or realign them as necessary.

Important considerations: Types of goals & the key financial components.

There are two types of goals to consider when it comes to your finances – short-term goals and long-term goals.

In addition, you'll see that planning your financial future will revolve around four key financial components:

- Income
- Savings
- Retirement
- Debt

It can be as easy as 5-10-15-20!

Consider setting your financial goals around these four financial components using the concept of 5-10-15-20:*

- 5:** Increasing your annual income by at least 5% each year
- 10:** Saving at least 10% of your net annual income
- 15:** Targeting a retirement nest egg of about 15 times your annual income
- 20:** Planning to have your debt (excluding your mortgage) paid down within 20 years

* 5-10-15-20 are guidelines for your consideration. Your goals may be different based on your personal financial situation and other factors.



Putting 5-10-15-20 into action

Increasing your annual income by at least 5% each year (short-term goal)

Key Question: Do you have a solid understanding of all sources of income that may be available to you?

Important considerations that will help you answer this question:

- Does your employer provide an annual cost-of-living or merit increase that can help you reach this goal?
- Is overtime pay available to you?
- Do you have other sources of income that may be available to you such as rental income?
- Do you have any hobbies or other personal efforts that can be used to generate income?
- Have you met with your tax advisor to review any tax minimization strategies?*

Action steps to help increase your income by 5% each year:

- 1 _____
- 2 _____
- 3 _____

Saving at least 10% of your net annual income (short-term goal)

Key Question: How, and how much, are you saving each month (not including retirement savings)?

Important considerations that will help you answer this question:

- Has a household budget been created – and followed – to accurately identify amounts that can be saved each month?
- Have you created an emergency fund equal to at least six months of salary?
- Do you automatically save a certain amount of your pay each month via direct deposit into a savings account?
- Do you know the interest rate for each of your savings accounts? Are you directing more money into higher-yielding accounts?
- Are there regular expenses that can be cut – or minimized – to make available funds that can be set aside for the future?

Action steps to help you save at least 10% of your net annual income:

- 1 _____
- 2 _____
- 3 _____

* The information provided is not written or intended as specific tax or legal advice. MassMutual, its employees and representatives are not authorized to give tax or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel.

Targeting a retirement nest egg of about 15 times your annual income (long-term goal)

Key Question: Do you have an estimate of when you will retire, and where your retirement income will come from?

Important considerations that will help you answer this question:

- Have you identified your target retirement date?
- Do you know what your estimated monthly Social Security benefit is, based on your target retirement date?
- Do you have retirement accounts, such as 401(k), 457, 403(b), IRA and Roth IRA?
- Do you have other sources of income (such as annuities, rent payments, investment earnings) that can provide you with monthly income in retirement?
- Have you tried to estimate your cost of living in retirement and how it will affect your retirement income needs?

Action steps to help you target retirement savings of about 15 times your annual income:

- 1 _____
- 2 _____
- 3 _____

Having your debt (excluding your mortgage) paid down within 20 years (long-term goal)

Key Question: Do you know your total debt and have you made plans to pay it down?

Important considerations that will help you answer this question:

- Do you know your total amount of debt, including student loans, personal loans, and credit cards?
- Do you know the interest rate and applicable terms for each debt?
- Are you giving greater priority to paying down higher-interest loans?
- Do you allocate additional money toward paying down the principal on your debts?
- Have you created a pay-down schedule with estimated dates of completion?
- Do you know your credit score? Have you reviewed your credit reports that are made available by the major reporting agencies?

Action steps to help have your debt (excluding your mortgage) paid down in 20 years:

- 1 _____
- 2 _____
- 3 _____

Products and solutions that can help you reach your goals

Your financial goals are as unique as you are. And over time, they will change. But by starting today to identify your goals, you can create a strategy designed to help you achieve them.

Working with your MassMutual financial professional can help you identify the financial goals you have in both the short- and long-term – and create a customized road map that can help you work towards those goals. He or she can help you learn about and evaluate a wide array of financial and protection vehicles that can serve several purposes – some of which can provide you with valuable protection for yourself and your loved ones today, as well as help you work toward greater financial security in the coming years.

Whole life insurance

A whole life insurance policy has value beyond the immediate protection the death benefit it provides. The policy has the ability to build cash value¹ and participating whole life policyowners are eligible to receive dividends. While dividends are not guaranteed, the company has paid them consistently since the 1860's.

Whole life can also help you:

- ✓ Protect who matters most
 - ✓ Plan for retirement
-

Financial goals can be met with the help of whole life:

You can access your whole life policy's cash value during your lifetime to help with the following financial goals:

- Supplemental retirement income
- College savings
- Financing a business-related need
- Debt reduction or elimination

Any dividends received can be used for a wide array of purposes – including increasing your life insurance protection and reducing your premium.

¹ Access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured.

Disability income insurance

One type of insurance that's commonly overlooked when it comes to planning for a more secure financial future is individual disability income insurance (DI).²

If you become disabled, you'll still need to pay your bills and put food on the table. Even if you have disability income insurance through your employer, it may not be enough.³ DI can help protect more of your income if you become too sick or injured to work for an extended period of time.

DI can also help you:

- ✔ Plan for your financial future
- ✔ Protect your finances from the unexpected

You insure many assets like your home, your car and your life. But when you think about it, your ability to earn an income – when viewed over your entire career – is your most valuable asset. If you had to stop working due to a disability, the income you're earning now – and the income many of your financial goals rely on – may not be there anymore.

Annuities

Annuities are specifically designed to help you reach long-term financial goals, whether you want to put money aside for the future, enjoy guaranteed income you can't outlive, or both. Annuities may help your savings grow faster because you don't pay income taxes on the money in your contract until you take a withdrawal. Annuities also are unique in that they can provide guaranteed⁴ lifetime income.

Annuities can also help you:

- ✔ Save for retirement
- ✔ Manage income in retirement

As the owner of the annuity, you choose the income option that best meets your needs. You can elect to receive income from your annuity for as long as you live, for a specific period of time, or a combination of both.

An annuity can be a valuable financial vehicle – one that can help you fund your changing goals throughout your lifetime. Your financial professional can help you understand how annuities work – and whether or not one might be worthwhile for you.

² Disability income insurance has exclusions and limitation. For costs and complete details of coverage, call your agent or MassMutual at 1-800-272-2217 for referral to an agent.

³ Supplemental individual disability income insurance does not coordinate with group long term disability coverage. Claim decisions are rendered independent of each other.

⁴ Guarantees are based on the claims-paying ability of the issuing company.

Insurance products issued by Massachusetts Mutual Life Insurance Company (MassMutual®) (Springfield, MA 01111) and its subsidiaries, C.M. Life Insurance Co. and MML Bay State Life Insurance Co. (Enfield, CT 06082). C.M. Life Insurance Co. and MML Bay State Life Insurance Co., are non-admitted in New York.

For educational information and interactive tools that can help you reach your financial goals, visit www.MassMutual.com.

