



Michael R. Clancy, MBA, CFP®, CLU
Executive Director of Financial Planning
Drexel University College of Medicine
(215) 991-8595
Michael.Clancy@DrexelMed.edu

Financial Planning

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2025



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The best time to
plant a tree was
20 years ago.

The second-best time is now



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Step by Step Guide

1. Identify an investment Goal
2. Budget to be able to set aside money towards an Investment Goal
3. Open and fund an investment account*
4. Invest within that account based on time-frames and Risk Tolerance
5. Monitor/Rebalance based on needs and changes to goals and time-horizons

*Taxable investment account can be used for any reason at any time. Subject to ongoing taxes on interest, dividends and capital gains.

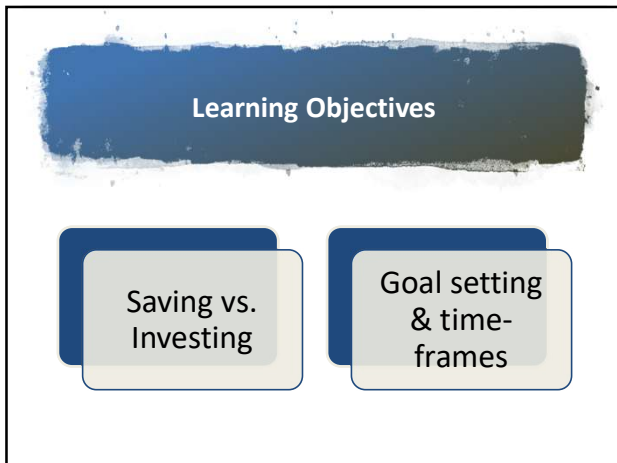
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Learning Objectives

- Saving vs. Investing
- Goal setting & time-frames
- Types of accounts
- Retirement Account Options and Roth IRA
- Matching contributions
- Investor Behavior
- Diversification
- Taxes

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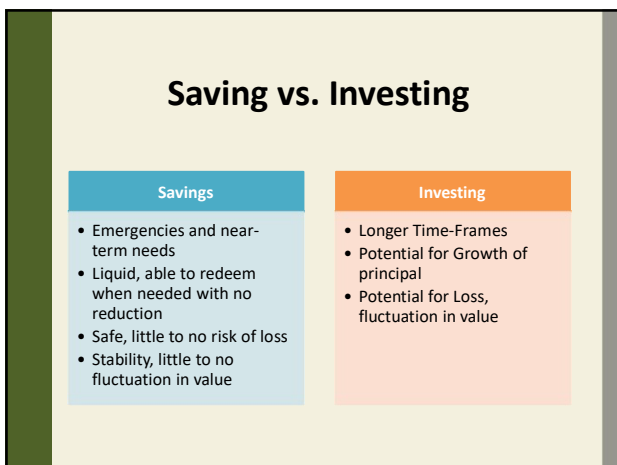


Learning Objectives

Saving vs. Investing

Goal setting & time-frames

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Saving vs. Investing

Savings	Investing
<ul style="list-style-type: none"> • Emergencies and near-term needs • Liquid, able to redeem when needed with no reduction • Safe, little to no risk of loss • Stability, little to no fluctuation in value 	<ul style="list-style-type: none"> • Longer Time-Frames • Potential for Growth of principal • Potential for Loss, fluctuation in value

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Saving vs. Investing

Savings

- Bank savings account and CD's
- Money Market accounts
- U.S. Savings Bonds
- Fixed Annuities

Investing

- Stocks, Bonds, Mutual Funds
- Real Estate
- Variable Life and Variable Annuities
- Fixed Annuities

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Investment Goals

Short Term

- Down payment on a house
- Pay all cash for a vacation house

Medium Term

- Be Debt-Free by _____
- Pay for a child's wedding
- Pay for college

Long Term

- Provide for Retirement years
- Down payment on Retirement community

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Time-Frames

Time-Frames until needed

- Next year for down payment
- 12 years for when child starts college
- 25 years from now when retiring

Time-Frame of use

- Could be down payment on house (one-time)
- Could be child's college years (over four years)
- Could be to provide for retirement (over 30yrs)

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The Cost of Delay



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Learning Objectives

Types of accounts

Retirement Account Options and Roth IRA

Matching contributions

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Types of Accounts

Taxable

All Activity shows up on tax return
Interest, Dividends, Capital Gains
Can claim a capital loss
Tax-Free income has no impact on taxes

Tax Deferred

Activity is not reflected on tax return
No claiming capital loss

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Types of Accounts

Taxable

- Individual or Joint Account
- Custodial Accounts (for minors)
- Trust Accounts

Tax Deferred

- Retirement Plans (401k, 403b, 457, TSP)
- IRA (Traditional, Rollover, Roth)
- 529 (College Savings)
- Annuities (retirement)
- Life Insurance (Death Benefit, Estate & Business)
- Health Savings Account (medical)

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Retirement Account Options

401K, 403b, Traditional IRA

- Tax Deduction Up Front
- Tax Deferral During
- Taxed upon withdrawal

Roth IRA & Roth 401K/403B

- No Tax Deduction
- Tax Deferral During
- No Tax upon withdrawal

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Retirement Account Options

401K, 403b, Traditional IRA

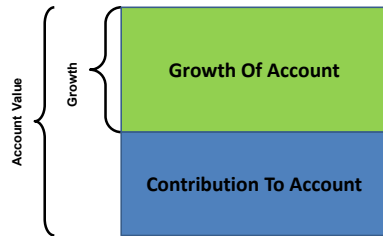
- Ability to borrow from employer plan
- \$23,500/yr. 401k/403b limit
- \$7,000/yr limit IRA
- Penalty < age 59 & ½
- Req. Min Dist. age 73

Roth IRA & Roth 401K/403B

- Withdrawal of Roth IRA contribution any time
- \$23,500/yr. 401k/403b limit
- \$7,000/yr. limit Roth IRA
- No Req. Min Distribution
- Penalty < age 59 & ½

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Roth IRA Portions



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Roth IRA Considerations

- Tax Free withdrawals during retirement
- Can always remove contributions
- Contribute to Roth IRA when Income Eligible
- Convert existing retirement assets into Roth IRA's during Low-Income years
 - Report on Tax Return that year as income
 - Low to non-existent federal taxes during school years
 - Early retirement years when in a low tax bracket

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Matching Contributions

Without Employer Match

- \$100,000 Salary
- 4% Employee Contribution
- 6% Rate of Return
- \$333.33 / Month Contribution

- \$220,430 after 25 years
- \$294,051 with 3% raise

With Employer Match

- 50% match up to 4%
- 2% Employer contribution
- 6% Rate of Return
- \$166.67 / Month Employer Contribution

- \$330,645 after 25 years
- \$441,076 with 3% raise

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Learning Objectives

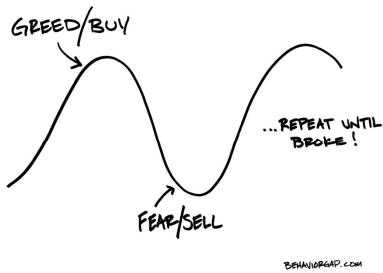
Investor
Behavior

Diversification

Taxes

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Typical Investor Behavior Pattern



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2000 - 2013 U.S. Stock Market



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Mitigate Investment Risk



HAVE A LONG TERM
PERSPECTIVE



DIVERSIFY ACROSS ASSET
CLASSES

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Diversification Across Multiple Asset Classes



Stocks

A share of a company



Bonds

Corporations, Universities
Federal, State, Local
governments



Cash

Money Market Funds



Real Estate

Apartments, Malls, Offices,
Health Care Facilities



Commodities

Oil & Gas, Livestock,
Agricultural, Timber, Gold



Alternatives

Crypto
Collectibles

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Diversification



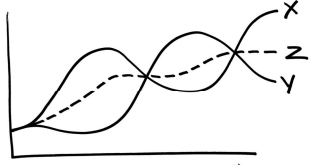
DIVERSIFICATION...

BEHND CAP

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Diversification Reduces Volatility

THE THEORY OF DIVERSIFICATION



X = RISKY INVESTMENT #1
Y = RISKY INVESTMENT #2
Z = LESS RISKY "PORTFOLIO"

BehaviorMap.com

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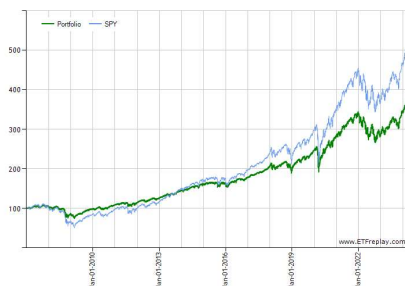
100% Stock vs. 60/40 Stock/Bond Mix



www.ETFreplay.com

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100% Stock vs. 60/40 Stock/Bond Mix



www.ETFreplay.com

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Ten Years 100% Stock vs. 60/40 Stock/Bond Mix



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YTD - 100% Stock vs. 60/40 Stock/Bond Mix



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HOW

Make Investing part
of your budget no
matter how small

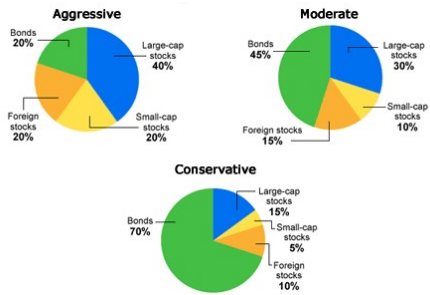
- Most likely through your retirement plan at work
- Dollar Cost Averaging

Take a balanced
approach appropriate
for your goals and risk
tolerance

- Keep it simple
- Coordinate all of your accounts.

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Various Portfolios



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Where can you Invest?

- Banks
- Trust Companies
- Brokerage Firms
- Online/Apps
- Insurance Companies
- Mutual Fund Companies
- Advisory Firms
- DRIP's
- Wells Fargo, PNC
- US Trust
- Morgan Stanley, Merrill
- E-Trade, RobinHood, Acorn
- MetLife, NY Life
- Vanguard, Fidelity, TIAA-CREF
- Literally 1000's
- Each Company

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What can you invest in

- Stocks
- Bonds
- **Mutual Funds**
- Annuities
- Limited Partnerships
- Life Insurance*
- Hedge Funds
- ETF's
- Cash
- Commodities
- Real Estate & REIT's
- Tax Credits
- CD's
- Options
- Horse Breeding
- Collectibles
- Bitcoin
- Life Settlements
- Litigation Finance

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Mutual Fund

- Collection of investor funds used to purchase investments
- Shares are Priced at the end of the day after expenses are removed
- Managed by a Fund company
- Can be narrowly focused (just U.S. stocks)
- Can be broad (multiple asset classes)
- Can follow a set list (index, passive)
- Fund manager has discretion (active)

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Growth & Value

Growth investing

Focus on companies that managers believe will experience faster than average growth as measured by revenues, earnings, or cash flow. Primarily use earnings to develop new products.

Value investing

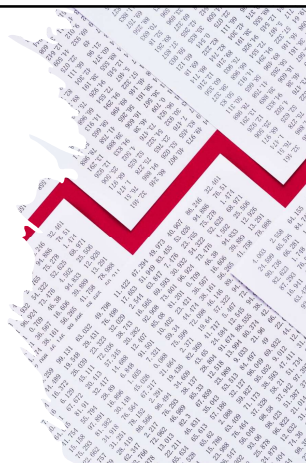
Focus on companies whose stock prices don't necessarily reflect their fundamental worth. often investing in mature companies that are primarily using their earnings to pay dividends

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Market Capitalization

The market value of a company's outstanding shares. This figure is found by taking the stock price and multiplying it by the total number of shares outstanding.

Large	>\$10 Billion
Mid	\$2B - \$10B
Small	< \$2B



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Fill In The Box

Morningstar Style Box™

			Large
			Medium
			Small
Value	Blend	Growth	

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Approx. 80% of U.S. Stock Market

Morningstar Style Box™

			Large
			Medium
			Small
Value	Blend	Growth	

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Rising Interest Rates

5% is the current Market Rate

\$10,000 @ 5%
Pays \$500/year in interest

Present Value today =
\$10,000

Market Rates Rise to 6%

\$10,000 bond @5%
Pays \$500/year in interest

Present Value Now =
\$9,264

Still paying \$500/year interest so the Yield To Maturity is still 6% reflecting market rates.

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Accredited Investor

- Income > \$200,000 in each of two prior years and expectation to continue or joint income of >\$300,000 with spouse
- Net Worth > \$1,000,000 exclusive of primary residence
- Certain securities licenses (Series 7, 65, 82)

Can invest in Reg. D Private Placements

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Illiquid Investments

Illiquidity occurs when a security or other asset that cannot easily and quickly be sold or exchanged for cash without a substantial loss in value.

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Costs Are a Drag



Commissions – Prefer to avoid



Transaction Costs – Less is More



Expense Ratio – Lower is better

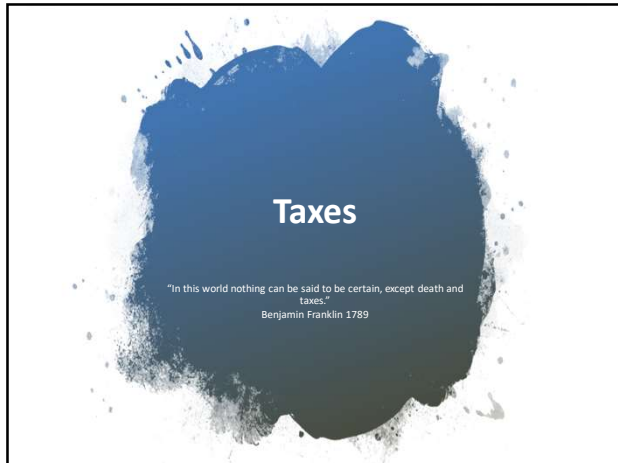


Income Taxes



Capital Gains Taxes

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**Tax Return
front page**

- Income
- Taxable Interest
- Dividends
- Capital Gains
- Rental Income
- Royalties
- Partnership Payouts

- It all flows into your AGI

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2025 Tax Brackets (single)	
Taxable Income Ranges	Marginal Tax Rates
• \$0 - \$11,295	10%
• \$48,475	12%
• \$103,350	22%
• \$197,300	24%
• \$250,525	32%
• \$626,350	35%
• >\$626,350	37%

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Capital Gains Depends on Taxable Income Levels (2025)

Status	0% Rate	15% Rate	20%Rate
Single	< \$48,350	\$48,351 - \$533,400	> \$533,400
Married – Joint	< \$96,700	\$96,701 - \$600,050	> \$600,050



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Capital Gains Schedule D

- Sales Price
- - Cost Basis*
- Gain or Loss
- Short Term: Owned less than 1 year
 - Taxed as Income
- Long Term: Owned > 1 year
 - Taxed at lower capital gain tax rate

*Cost Basis = purchase plus all reinvestments

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Capital Gains

Short Term Gain - Short Term Loss = Net Short Term
 Long Term Gain - Long Term Loss = Net Long Term

Net the two together to get a net Gain or Loss
 Up to \$3,000 of losses can be used to lower income
 Carryover unused losses until all used up

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Contribute to Tax Deferred Accounts to lower your taxable income

- Tread carefully with these products

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- Contributions to Retirement Plans are Pre-Tax.
- Reduces Taxable Income
- \$23,500 for 2025
- 22% Marginal Tax Bracket MTB
- \$5,060 less Federal Taxes

[illegible]

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• Tax Deductible	Upfront reduction in Income
• Tax Deferred	Earnings not taxable while inside the account
• Tax Free	Withdrawals are not reported as income and not subject to tax.

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Taxes & Penalties?				
Account Type	Tax Deductible	Tax Deferred	Earnings Tax-Free	< age 59 & ½ Penalty
Company Plan	\$	\$		\$
Traditional IRA*	\$	\$		\$
Roth IRA		\$	\$*	\$**
Qualified Annuity**	\$	\$		\$
Non-Qualified Annuity		\$		\$
Life Insurance		\$	\$*	N/A
Taxable Accounts		\$***	Capital gain/loss	N/A
HSA	\$	\$	\$*	N/A
529		\$	\$*	N/A

*with conditions **came from pre-tax funds ***Takes Effort

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Be Tax Efficient



Take Income & Bonuses in low tax years



Itemize your expenses that can offset income



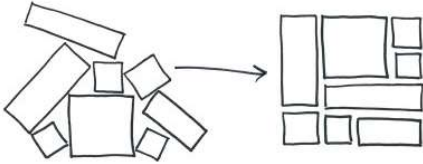
Offset Capital Gains with Capital Losses



Make Charitable contributions that are tax-deductible

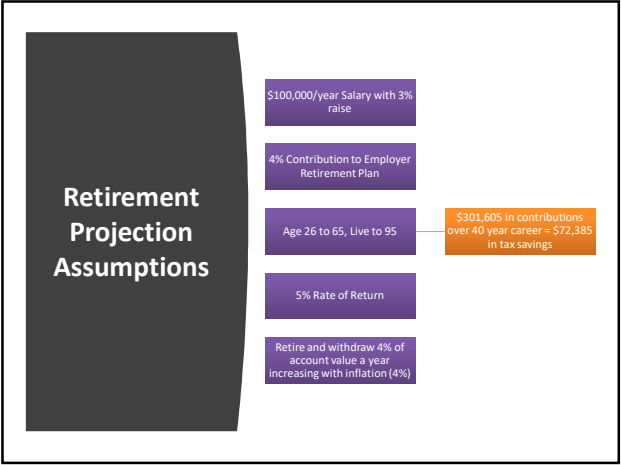
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Putting all the pieces together

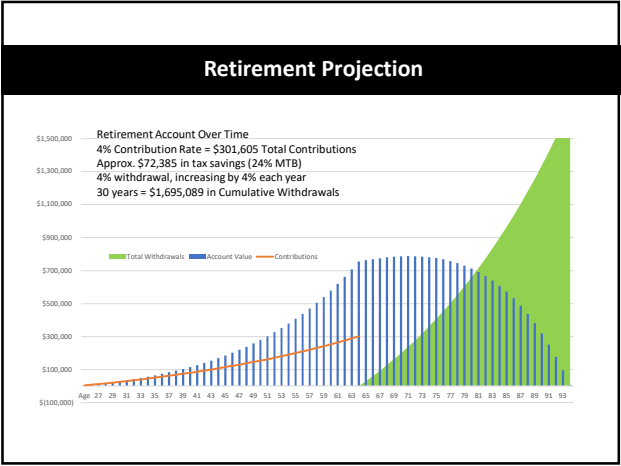


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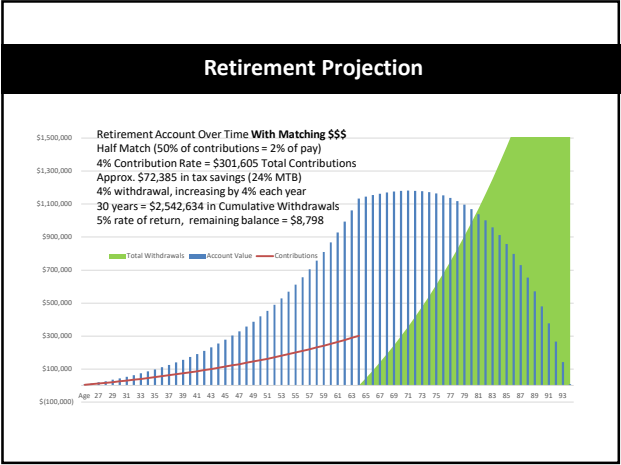
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Step by Step Guide

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Step by Step Guide – Fine Tune

Choose an Account Type appropriate for that Goal if you can commit those dollars to that goal only. These have tax benefits

- ✓ H.S.A. for Future **Health** needs only
- ✓ IRA/401k etc. for future **Retirement** needs
- ✓ 529 for future **College** needs

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Beginning Investing

"An investment in knowledge pays the best interest."

Benjamin Franklin



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