

# Financial Prudence as a Pharmacist: Maintaining a Kingdom Focus

*CPFI Annual Conference - June 2021*

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Your Financial Pharmacist



# Disclosure

- Tim Ulbrich is the Co-Founder and CEO of Your Financial Pharmacist





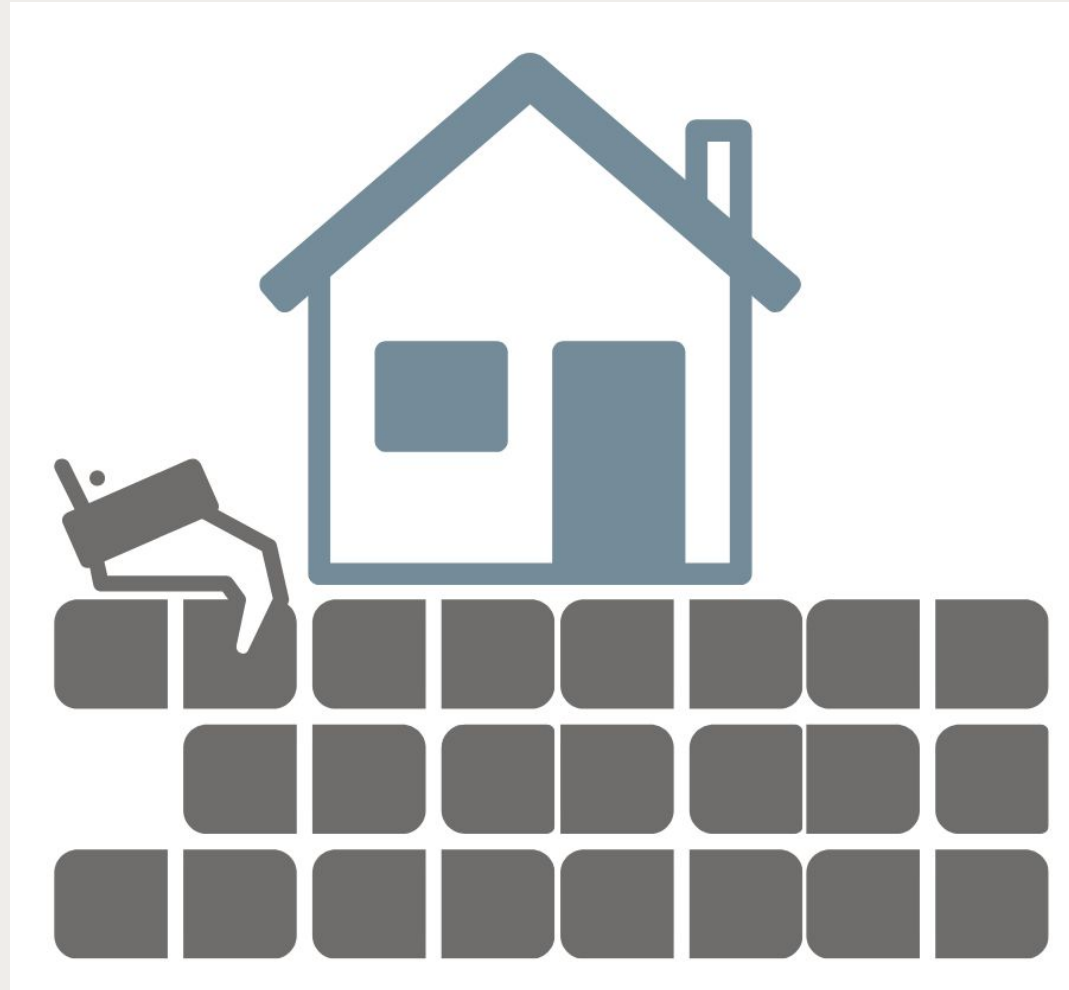
My journey into (and out of!) \$200,000 in student loan debt

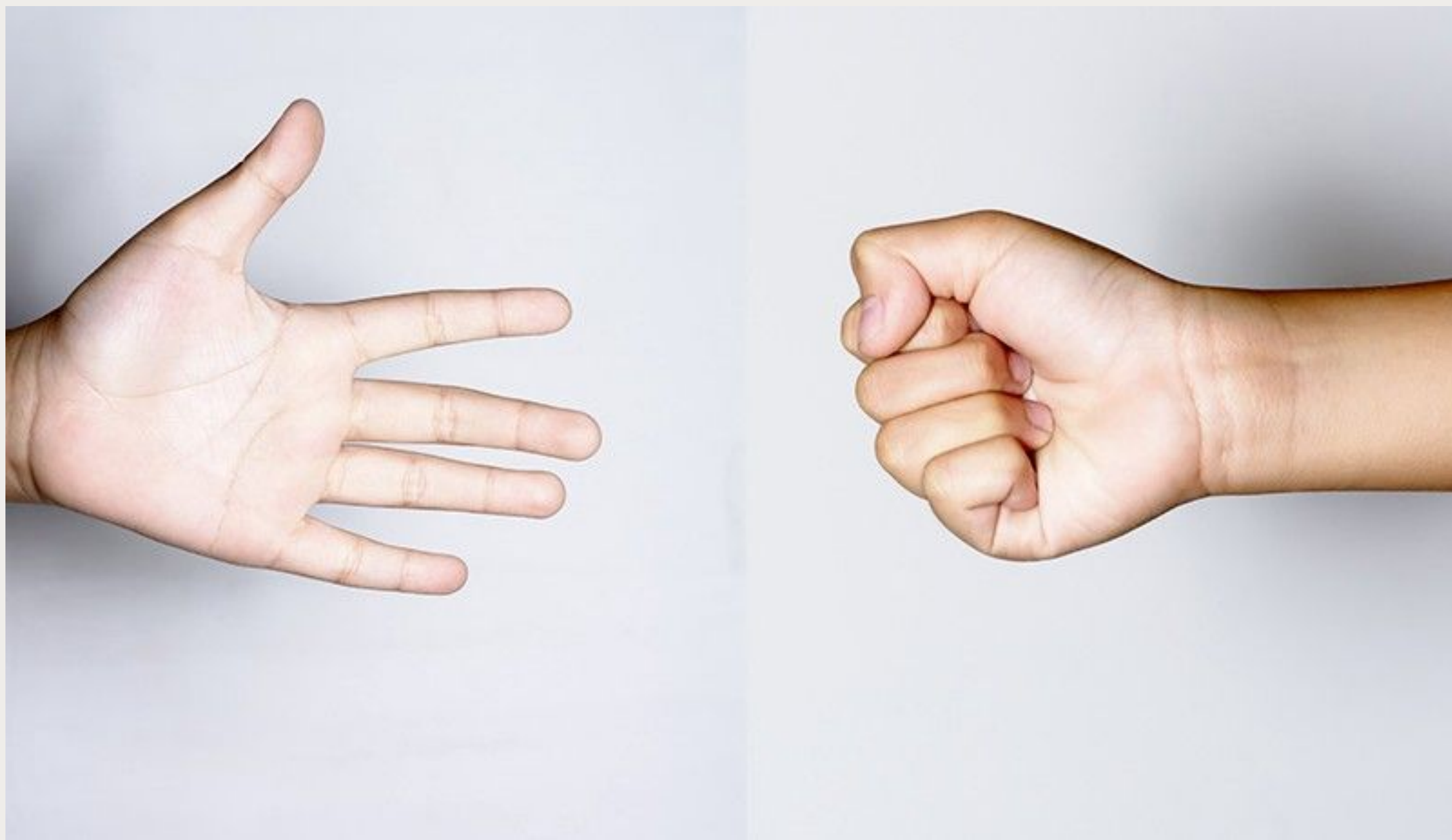
# At the end of this session you should be able to...

- ✓ Determine a student loan repayment strategy
- ✓ Explain important considerations for building an emergency fund
- ✓ Define tax-advantaged retirement accounts
- ✓ Describe how insurance plays an important role in protecting one's financial plan



**Key takeaway:** Maintaining a kingdom focus with your finances, being a good steward of your resources, and being in a position to give is dependent upon having a strong financial foundation





# Checklist for a strong \$ foundation

- ✓ Developing (and automating!) a monthly system
- ✓ Knocking out the baby steps
- ✓ Having a student loan repayment plan
- ✓ Preparing for the catastrophic
- ✓ Having a plan for long-term investing



# Checklist for a strong \$ foundation

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# #1 - Developing (and Automating!) a System

- What does financial 'success' look like for you?
- Why do you care about this topic of money to begin with?
- If we were to fast forward 25 years and you were to look back...what would need to happen that you would think to yourself "well done!"?



# #1 - Developing (and Automating!) a System

Your  
Why

20+  
Years

5 Years

1 Year



**I will** \_\_\_what you want to achieve\_\_\_

**by** \_\_\_date you want to achieve\_\_\_

**so that** \_\_\_why you want to achieve it\_\_\_

# #1 - Developing (and Automating!) a System

1

Set Goals

2

Track spending (90 days)

3

Set Budget

4

Choose Tracking System

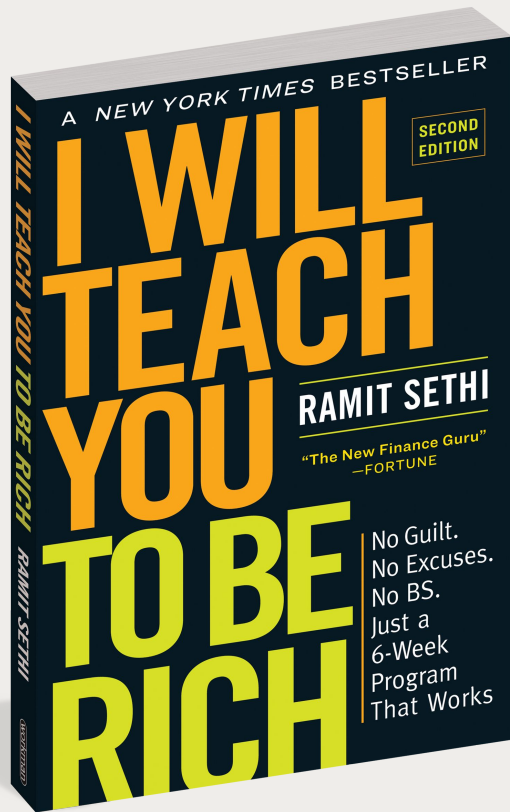
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Automate, Automate, Automate



# #1 - Developing (and Automating!) a System

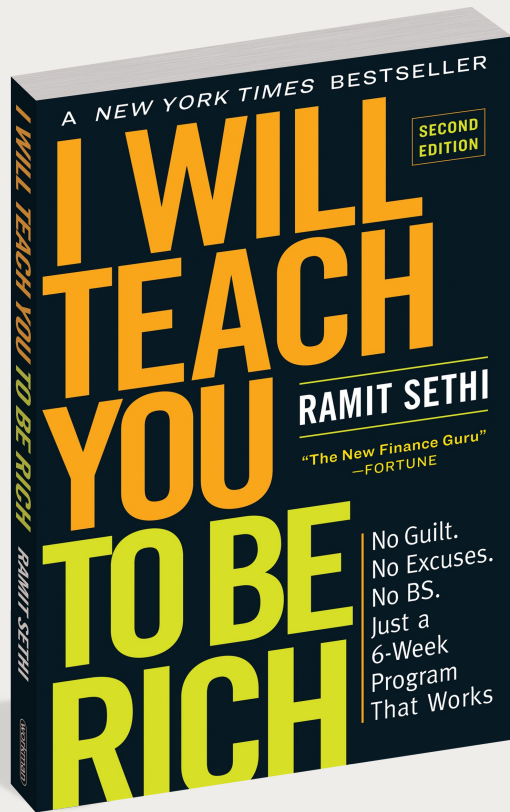
*“...automating your money will be the single most profitable system you ever build.”*



## THE CURVE OF DOING MORE BEFORE DOING LESS



# #1 - Developing (and Automating!) a System Resources



**YFP Budget Template**

Your step-by-step plan to creating and implementing a budget that will put you on the path to achieving your financial goals!

**SEE HANDOUT**

This E...  
... needed to create a rock solid  
... budget.

- ✓ A Microsoft Excel template ready for you to insert your personal information.
- ✓ The first important step to ensuring you are on track to achieve your short and long-term financial goals!

**YES, GIVE ME THE TEMPLATE!**

[www.yourfinancialpharmacist.com/  
budget](http://www.yourfinancialpharmacist.com/budget)

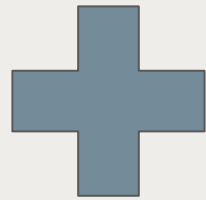


# Checklist for a strong \$ foundation

- ✓ Developing (and automating!) a monthly system
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## #2 - Knocking out the baby steps





# Emergency Fund 101

- Goal = Protect your financial plan *when* an emergency happens and work from a position of financial strength
- Target = 3-6 months worth of essential expenses
- Vehicle = Long-term savings account, money market account, etc.
- Tip = separate from checking account and label as emergency fund!



# Checklist for a strong \$ foundation

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- ✓ **Having a student loan repayment plan**
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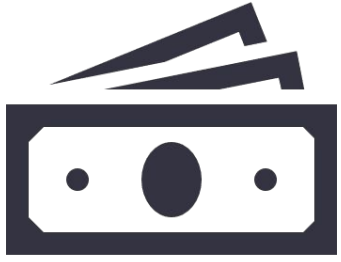


## #3 - Having a student loan repayment plan

**The median amount  
borrowed for students  
graduating from pharmacy  
school in 2020 was  
\$175,000.**

AACP Graduating Student Survey, 2020





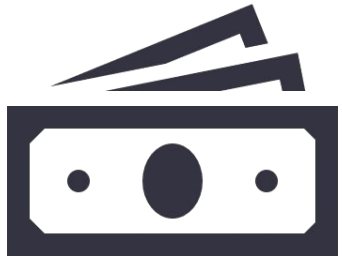
**\$18,000**  
per semester

4 years pharmacy school  
plus 6 month grace period

6% interest rate

Amount owed = \$144,000 +  
\$24,000

**total of \$168,000**



**\$168,000**

Active Repayment  
10 years

6% interest rate

Amount paid = \$168,000 +  
\$55,817

**total of \$233,817**

**Total Cost of Loans**

$$\frac{\$168,000}{365 \text{ days}} \times 6\% = \$27.62 / \text{day in interest}$$

Calculating interest accrual

## Federal Loans



StudentLoans.gov  
FSA ID

## Private Loans



Credit Report  
*annualcreditreport.com*

# AnnualCreditReport.com

The only source for your free credit reports. Authorized by Federal law.

Home

All about credit reports

Request yours now!

What to look for

Protect your identity

Frequently asked questions

## Spot identity theft early. Review your credit reports.

Suspicious activity or accounts you don't recognize can be signs of identity theft. Review your credit reports to catch problems early.

[Learn more about Identity Theft](#)



PLAY ▶

SPOT IDENTITY THEFT

GOOD CREDIT

DON'T BE FOOLED

MORE THAN A SCORE

NOT LIKE THE OTHER

## Log In ↔

FSA ID Username, Email, or Mobile Phone

[Forgot My Username](#)

Password

[Forgot My Password](#)

Log In

OR

Create an Account

[Your Loan Balance](#) ⓘ

\$320,654

[Interest Rate](#) ⓘ

7.025%

Loans	Details
Direct PLUS Loan for Graduate/Professional Students July 2010	\$37,413 + 7.900%
Direct Subsidized Loan July 2010	\$10,861 + 6.800%
Direct Unsubs July 2010	FFEL PLUS Loan for Graduate/Professional Students August 2009
	\$12,571 - 8.500%

Direct Subsi:

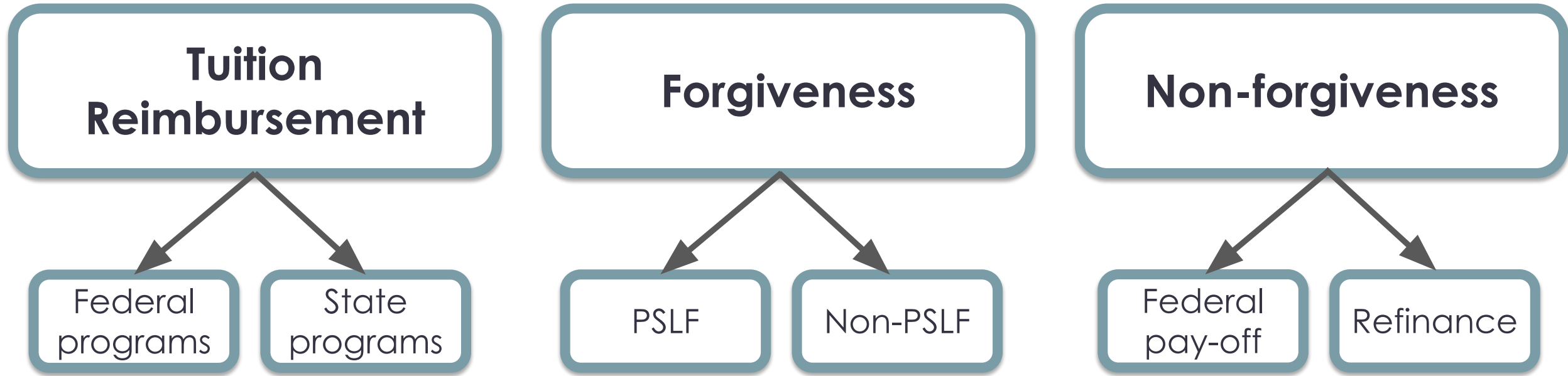
Loan Type	FFEL PLUS Loan for Graduate/Professional Students
Date	August 2009
Balance	\$12,571
Interest Rate	8.500%
Servicer	<a href="#">DEPT OF ED/NAVIENT</a>

[Repayment Plan Eligibility](#) ⓘ

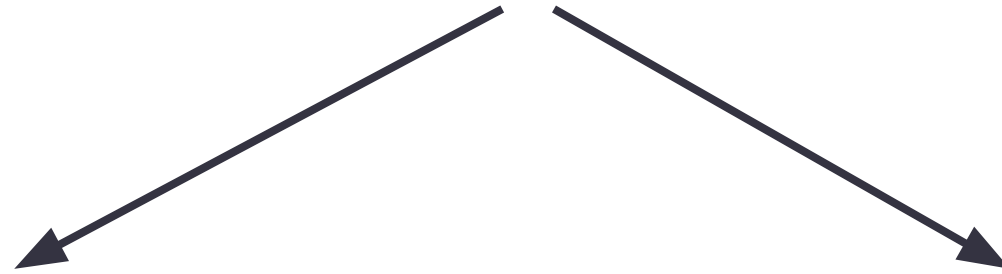
Standard, Graduated	Extended (Fixed, Graduated)	Revised Pay As You Earn (REPAYE)	Pay As You Earn (PAYE)*	Income-Based Repayment (IBR)*	IBR for New Borrowers*	Income-Contingent Repayment (ICR)*
✔	✔	✘	✘	✔	✘	✘



# Student Loan Payoff Strategy



# Student Loan Payoff Strategy



Forgiveness

Non-forgiveness

# Student Loan Payoff Strategy

Federal Loan Program



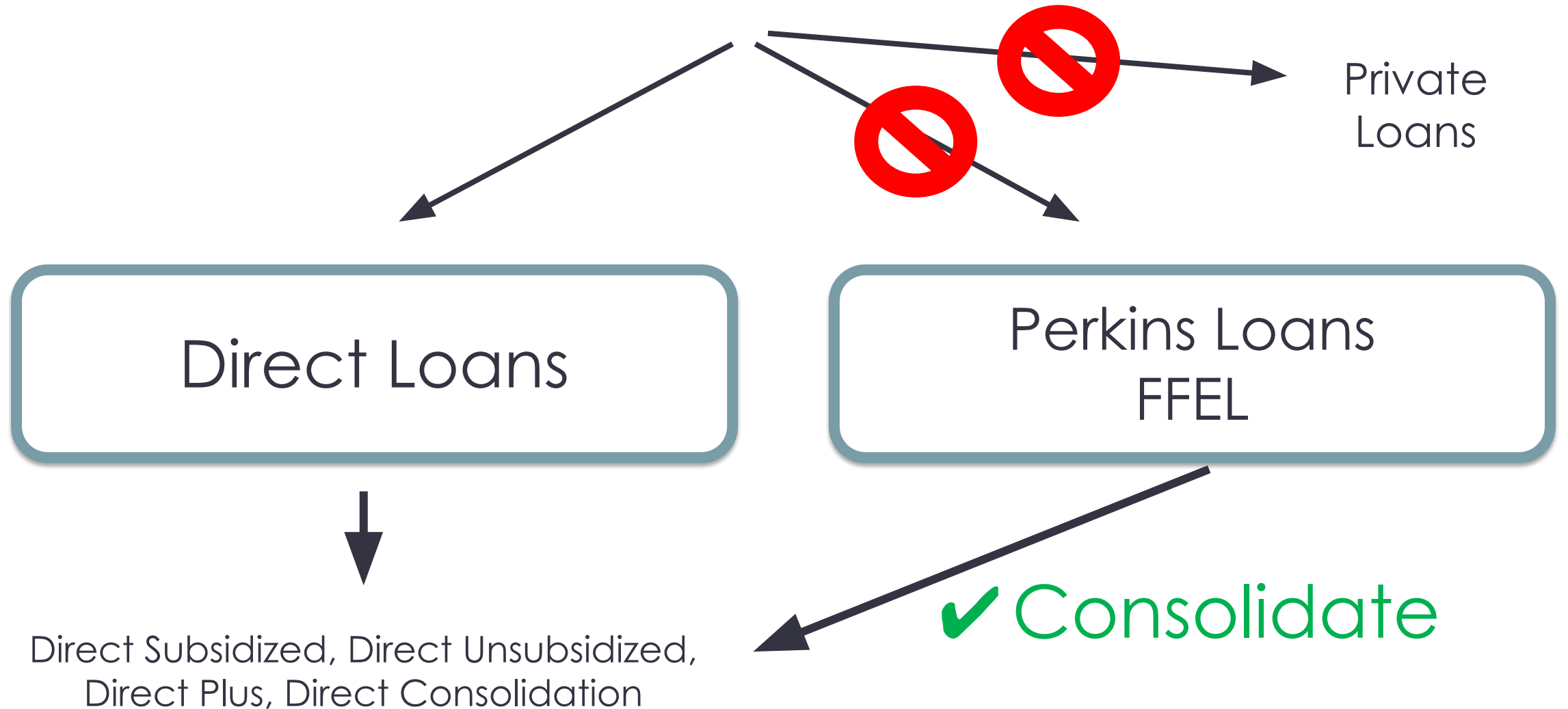
PSLF

Non-PSLF

# Public Service Loan Forgiveness (PSLF)

- Work for the right type of **employer**
- With the right kind of **loan**
- In the right **repayment plan**
- Make the right amount of **payments**
- **Prove it**
- **Apply** and receive **tax-free** forgiveness

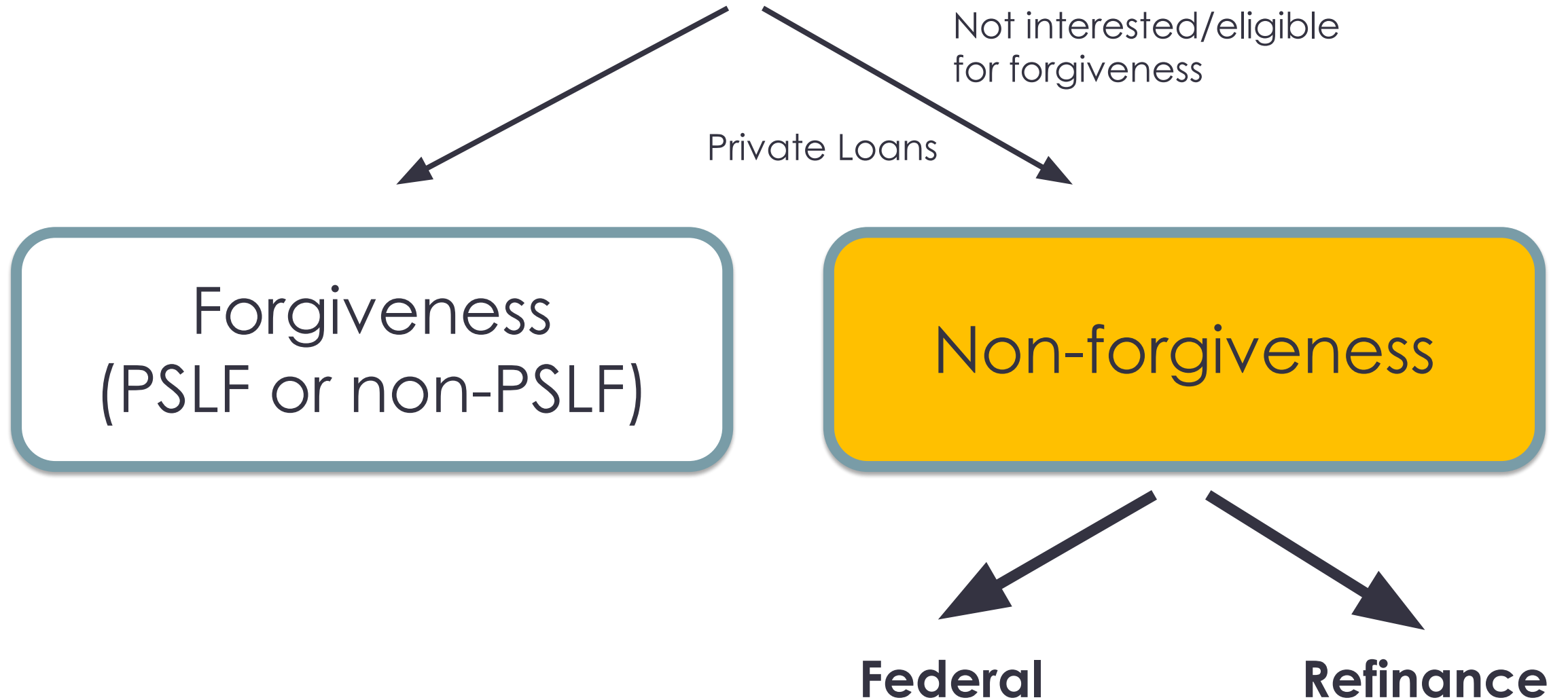
# Qualifying Loans



# PSLF vs. Non-PSLF Forgiveness

	PSLF	Non-PSLF
Time to Forgiveness	10 years	20-25 years
Employer	Government / 501(c)(3)	Any
Type of Loans	Direct	Direct
Taxable Forgiveness	No	Yes
Monthly Payments	Based on AGI	Based on AGI
Repayment Plans	Income-driven	Income-driven

# Student Loan Payoff Strategy



# Keys to Refinancing

- ✓ Choose a reputable company
- ✓ Goal is to lower interest rate
- ✓ No origination fee or prepayment penalty
- ✓ Consider fixed interest rate
- ✓ Remember you will lose PSLF option, income-driven repayment, and forbearance

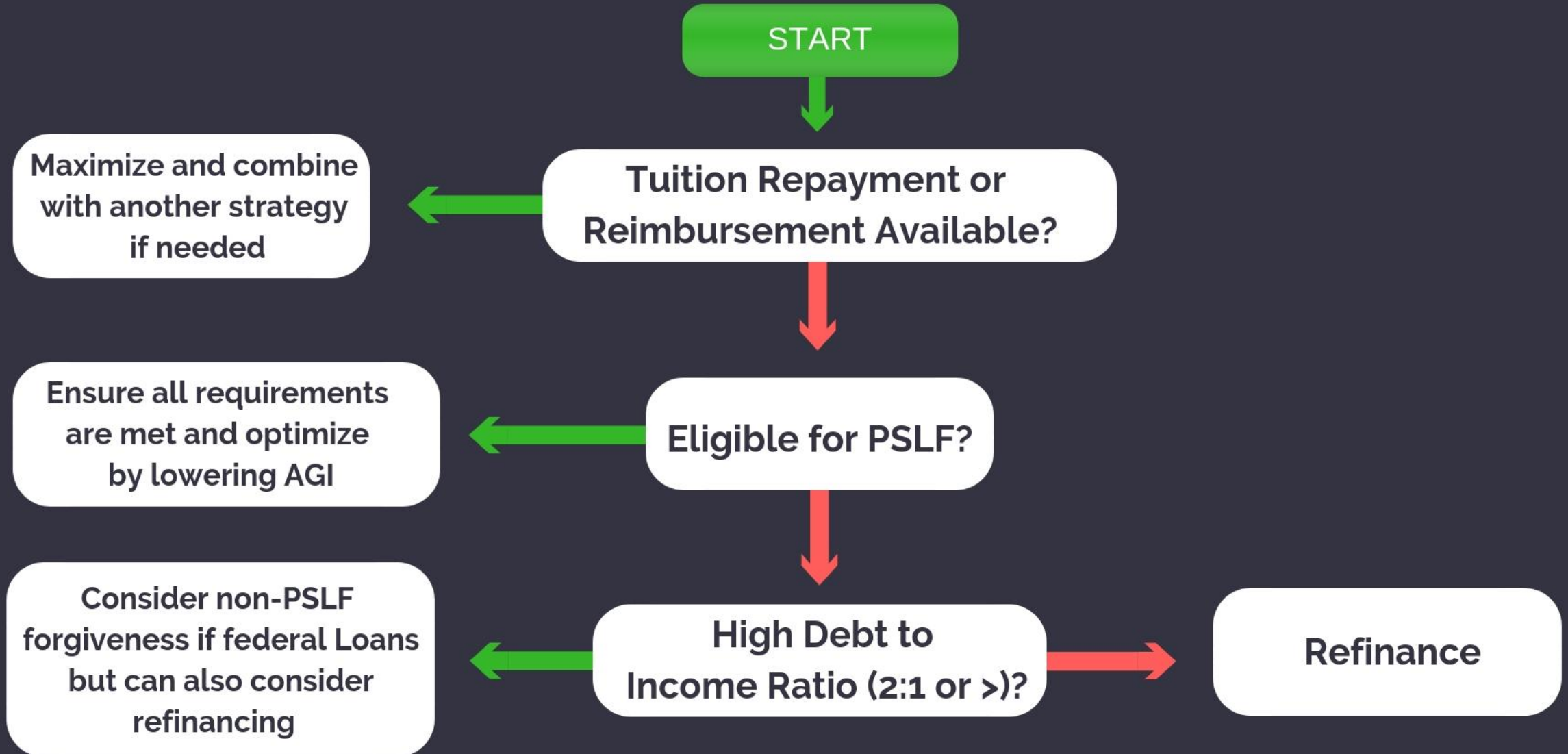


# The Best Payoff Strategy for YOU



1. Attitude towards debt
2. Family situation
3. Other financial goals
4. Career

# Pharmacist Student Loan Payoff Summary



# COVID-19 & Student Loans



Home ▶ Coronavirus and Forbearance Info for Students, Borrowers, and Parents

## Coronavirus and Forbearance Info for Students, Borrowers, and Parents

We at the U.S. Department of Education (ED) office of Federal Student Aid are actively monitoring the new coronavirus/COVID-19 outbreak.

On March 27, 2020, the president signed the *CARES Act* into law, which, among other things, provides broad relief for federal student loan borrowers. Below we have answered questions about several provisions of the *Act*. Questions that have been added or updated are identified with “NEW” or “UPDATED” before each question.

If you're concerned about your studies or loan repayment, we can help you understand what to do in certain circumstances. We'll be adding information for students, borrowers, and parents to this page on a regular basis, so please check back frequently.

**Your payments will automatically stop from March 13, 2020, through Sept. 30, 2020.**

To provide relief to student loan borrowers during the COVID-19 national emergency, federal student loan borrowers are automatically being placed in an administrative forbearance, which allows you to temporarily stop making your monthly loan payment. This suspension of

<https://studentaid.gov/announcements-events/coronavirus>

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# #4 - Preparing for the catastrophic

- ❑ Professional liability insurance
- ❑ Term-life insurance
- ❑ Long-term disability insurance

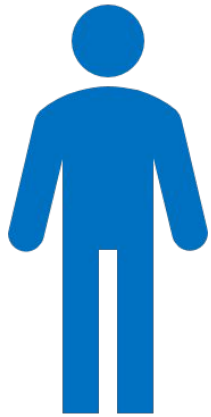


# Life Insurance



	Term	Permanent
Length of Coverage	Set number of years	Entire life if premiums are paid
Premiums	Usually level	Usually level
Savings/Investing Component?	No	Yes
Commission to Agent	\$	\$ \$ \$
Cost to You	\$	\$ \$ \$
Multiple Fees Embedded in policy	No	Yes

30 year old  
pharmacist



Monthly or Annual  
Premium



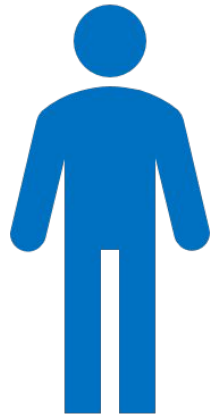
30 years

30 year term  
\$1,000,000 policy

Term Life Insurance



30 year old  
pharmacist

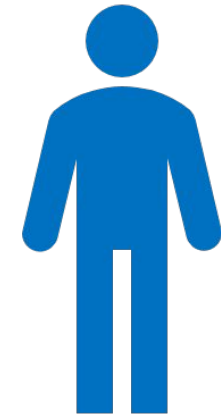


Monthly or Annual  
Premium



30 years

60 year old  
pharmacist

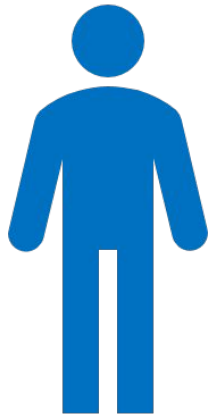


30 year term  
\$1,000,000 policy

Pharmacist is alive  
30 years later. The  
policy expires

Term Life Insurance

30 year old  
pharmacist



Monthly or Annual Premium



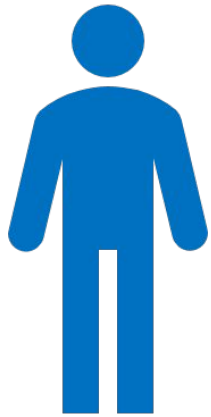
Pharmacist dies at 50 yo



30 year term  
\$1,000,000 policy

# Term Life Insurance

30 year old  
pharmacist



Monthly or Annual Premium



Pharmacist dies at 50yo

**Beneficiary  
receives money  
aka death benefit**

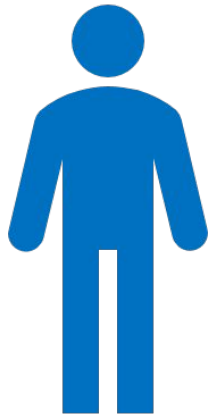
30 year term  
\$1,000,000 policy

Term Life Insurance

# Long-Term Disability Insurance

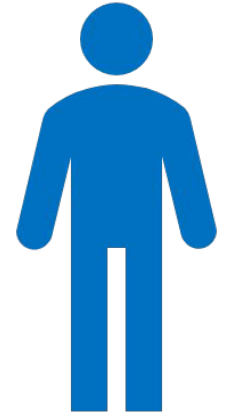


25 yo  
pharmacist



Pharmacist disabled at age 35

**Elimination Period**  
Usually 30-180 days



Until Age 65  **Benefit Period**

\$6,250 per month  **Coverage Amount**

**Age 65  
Coverage Ends**

# Disability Insurance

# Do I Need Additional Life or Disability Insurance Coverage?

**Calculate Total  
Need**

**Is it transferable?**



**Tax Considerations**

**Definitions of  
Coverage**

# Estimating Your Needs

Determine Your Obligations

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Your Savings

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**\$ Amount Needed**

# Estimating Your Needs

## Determine Obligations

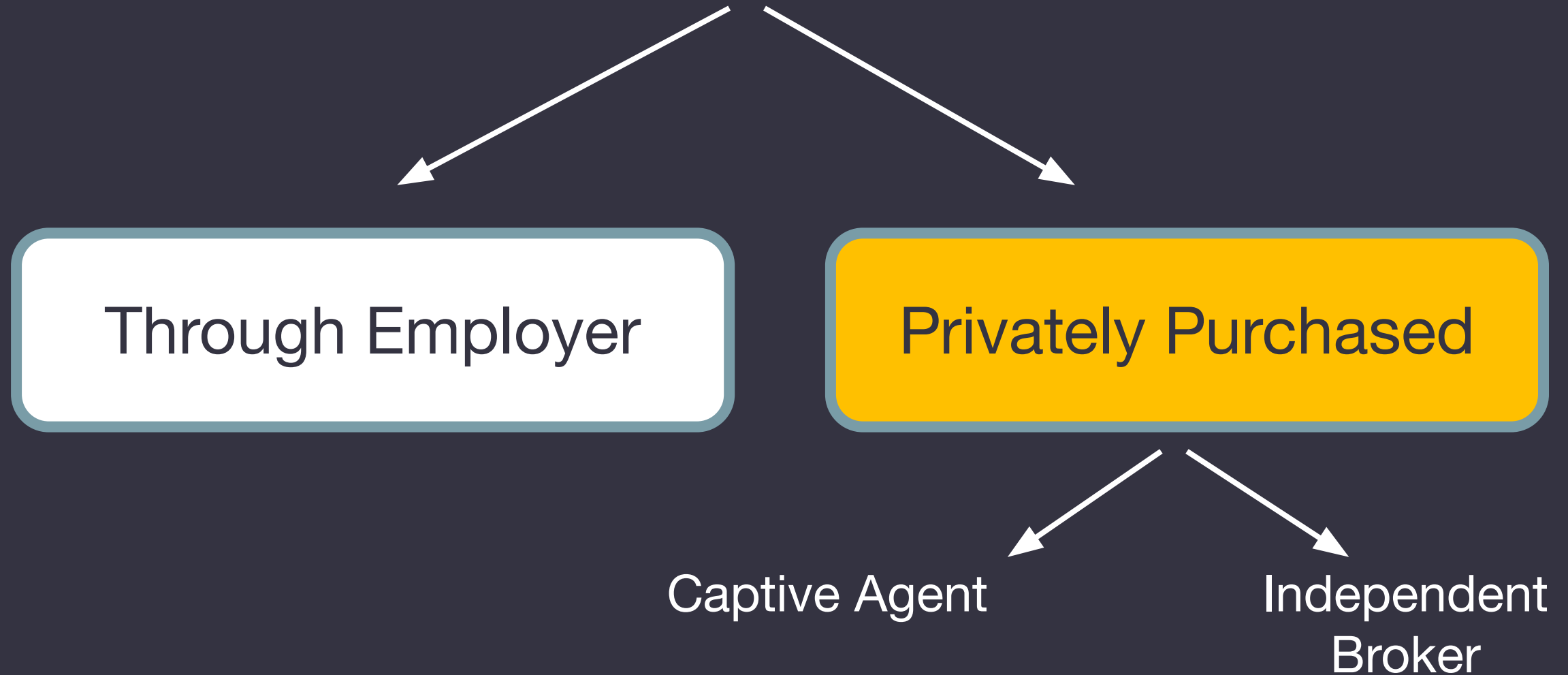
1. **Debt that would be inherited by your spouse or family member.**
2. **Future expenses**
3. **Income support**

## Subtract Savings

**The savings and investments you currently have will help offset the cost of your obligations**



# Purchasing Life Insurance



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# #5 - Having a Plan for Long-Term Investing



“...it can't just be about the 1's & 0's in your bank account...”



# Effect of Delayed Retirement

## Assumptions

- Pay of \$126k
- 2% increase / year
- 15% of income invested
- Average annual rate of return of 6%
- No match
- Planned retirement age of 60

Age 25

• \$2,619,609

Age 30

• \$1,837,529

Age 35

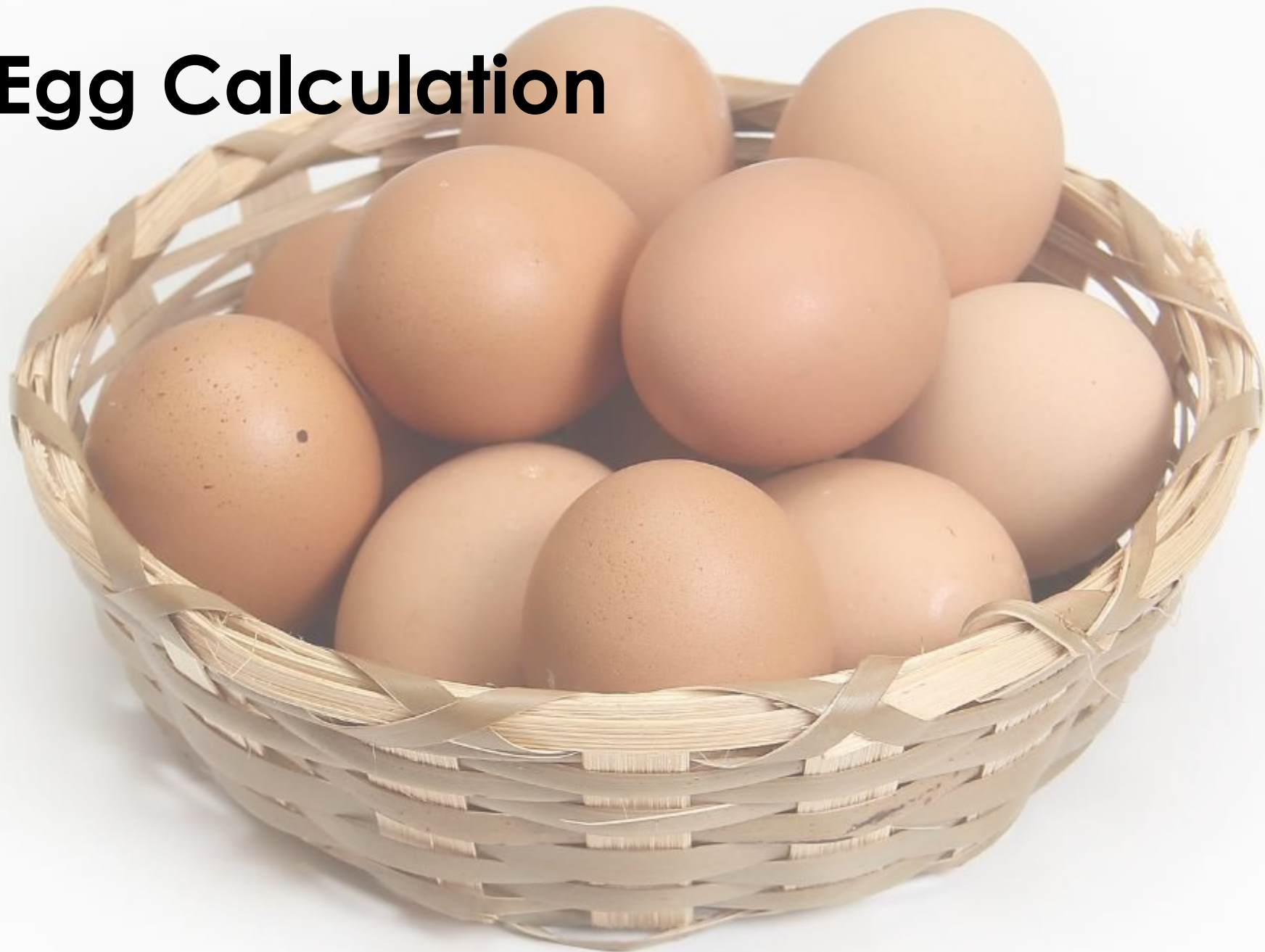
• \$1,254,140

Age 40

• \$822,394



# Nest Egg Calculation





Calculate

View Report



You may need \$4,618,469 to retire at age 65



\*indicates required.

Retirement plan inputs:

Current age:\*  14 39 64 90

Age at retirement:\*  10 36 63 90

Annual household income:\*  \$0 \$100k \$1m \$10m

Current retirement savings:\*  \$0 \$100k \$1m \$10m

Expected income increase:\*  0% 6% 13% 20%

Pre-retirement income desired in retirement:\*  40% 80% 120% 160%

Years of retirement income:\*  1 34 67 100

Investment returns, inflation and Social Security:

7% pre-retirement, 4% in retirement, 2.9% inflation, Include Social Security? No

You need to save \$3,327 per month to meet your retirement need.



Sign  
Fr  
Le



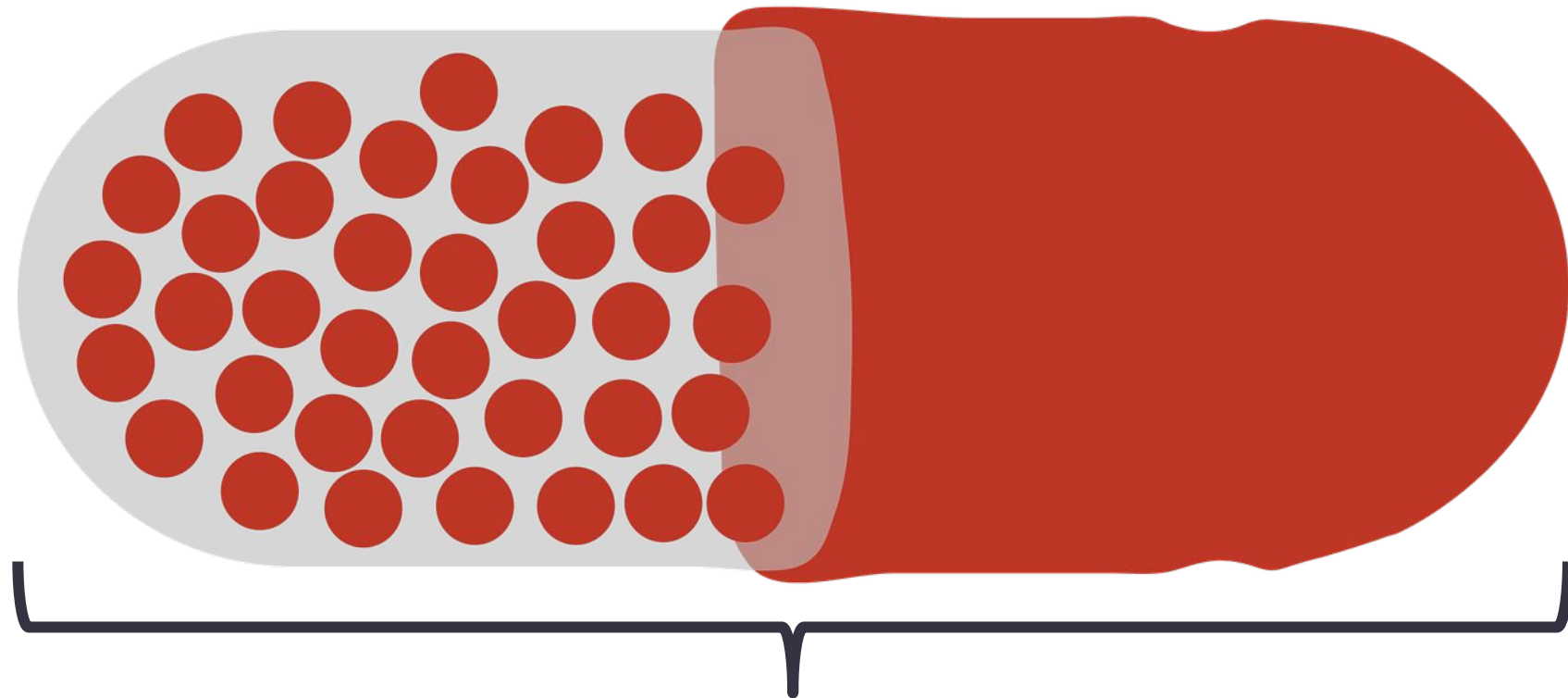


“Compound interest is the eighth wonder of the world. He who understands it, earns it ... he who doesn't ... pays it.”

-Albert Einstein



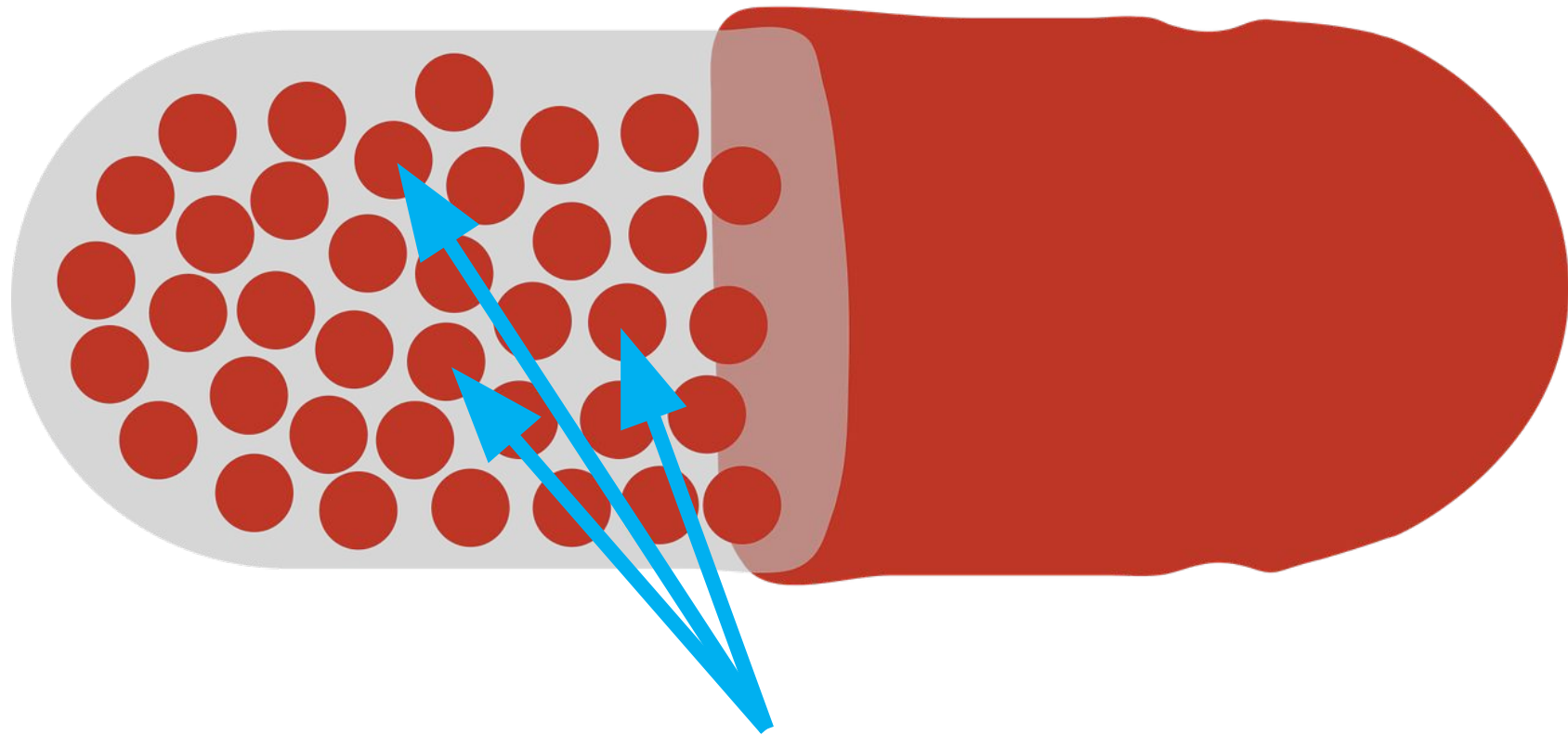
**Capsule = Tax-favored account**



401(k), TSP, IRA, HSA



# Beads = Investments



Stocks, Bonds, Mutual or Index Funds

# Tax-Favored Retirement Accounts

## Employer Sponsored Retirement Plan

401k, 403b, or TSP  
Set up through your employer

### Traditional

\$19,500/year

### Roth

\$19,500/year

## IRA

Set up through Vanguard,  
TD Ameritrade, T. Rowe Price, etc.

### Traditional

\$6,000/year

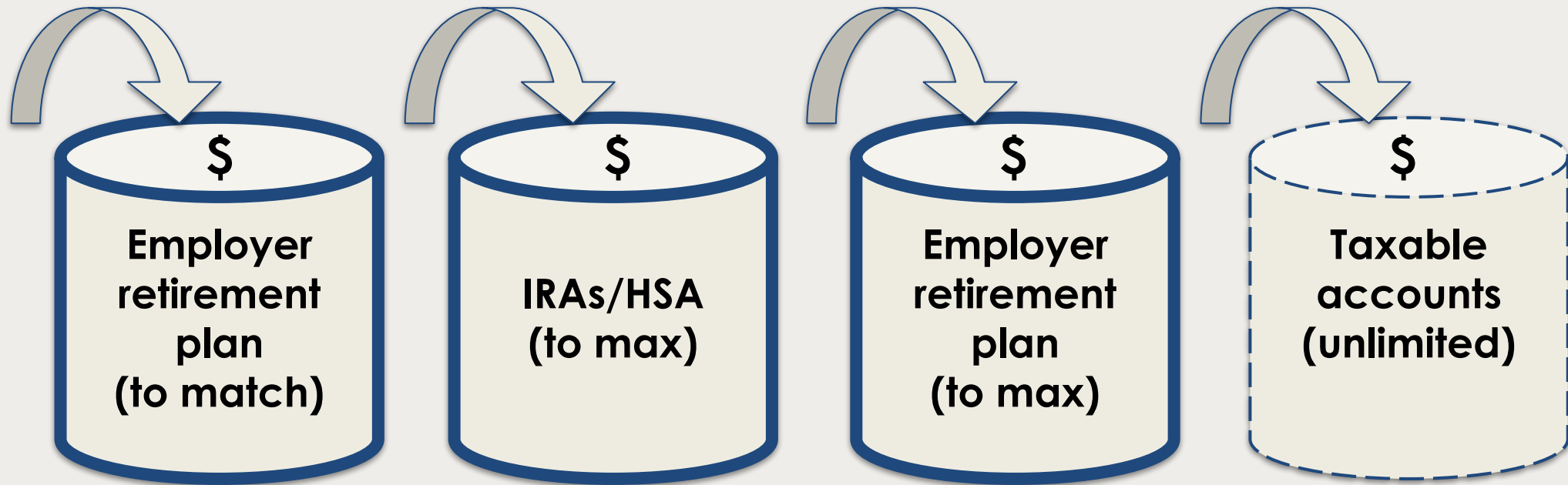
### Roth

\$6,000/year

## Health Savings Account (HSA)

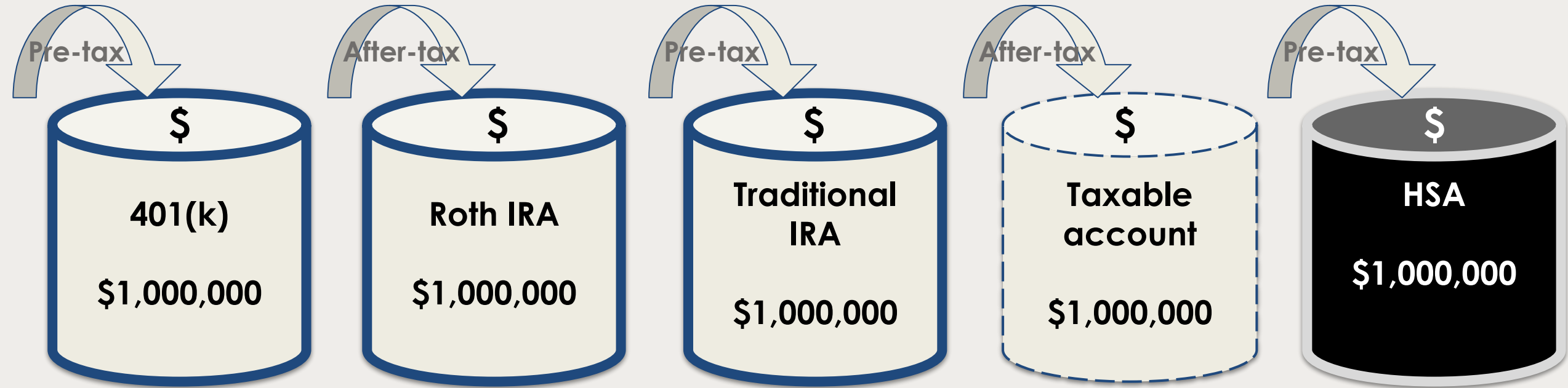
- ❑ Must have a high deductible health plan
- ❑ Can contribute up to \$3,600 (individual) and \$7,200 (family)
- ❑ \$1,000 per year catch-up after age 55
- ❑ Does not matter how much income you make
- ❑ Triple tax benefits

# Filling Your Retirement Buckets



*\*The above example is one of many strategies for long-term savings. This is not intended to be investment advice and you should consult your financial planner and/or tax professional prior to making any decisions.*

# How Much Do You Have?



# What Eats Your Investments?

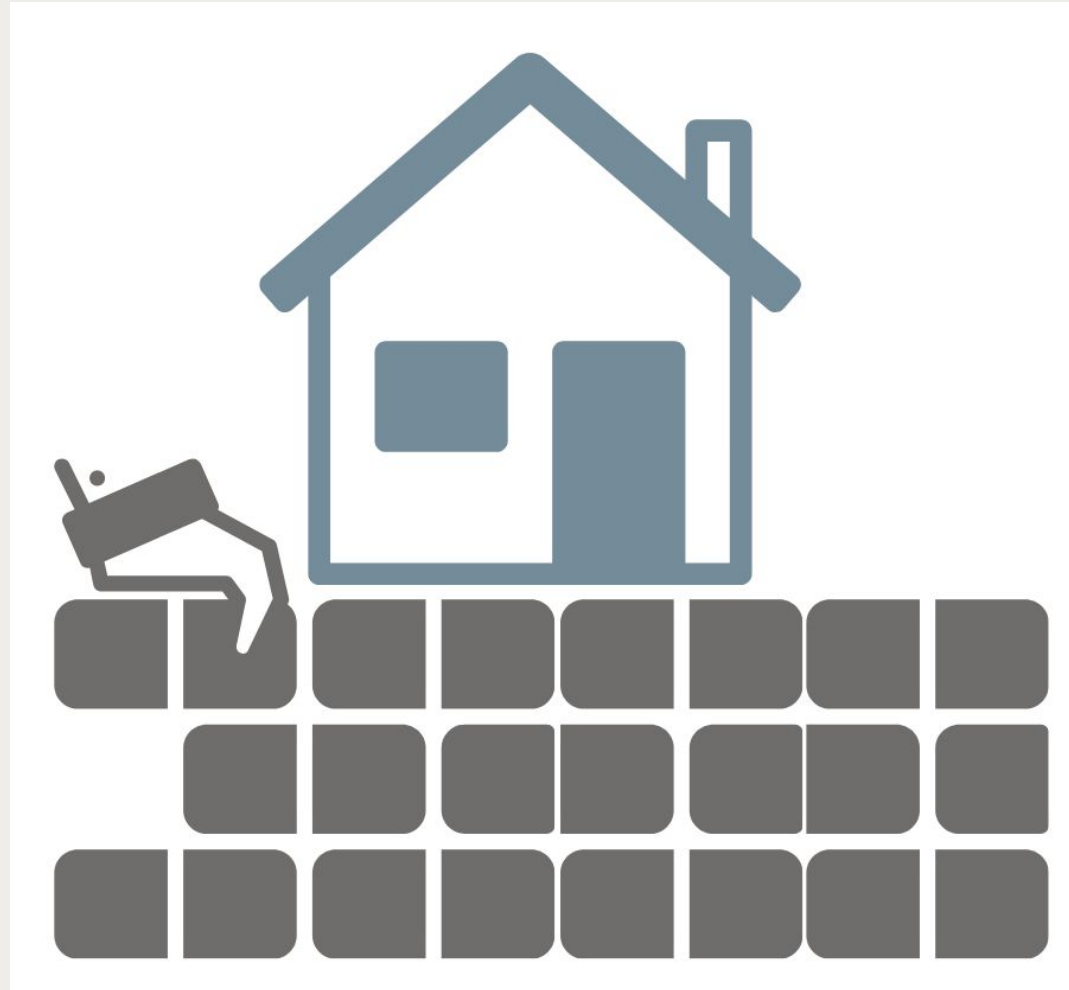
Inflation



Fees

Taxes

**Key takeaway:** Maintaining a kingdom focus with your finances, being a good steward of your resources, and being in a position to give is dependent upon having a strong financial foundation



# Q&A

