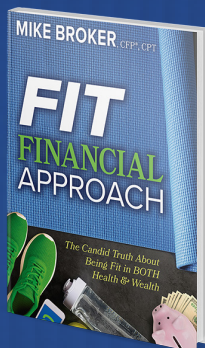




FIT FINANCIAL TEST

Your Personal Financial Analysis



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Author



WHAT DOES THE FIT TEST DO?

The Fit Financial Test is a tool that can tell you whether you're on track with your finances.

After inputting the necessary information to complete your most important financial ratios, the test will produce a comprehensive report listing your ratios. Once you have the ratios in hand, you can go to my website fitfinancialapproach.com to explain your results. We will also include an analysis of how on track you are for retirement. Do you have enough saved currently, given your savings rate? How much more would you need to save to reach your retirement goals? We will answer those questions with a high-level rule of thumb calculation.

We will ask you to input your income, assets, debts, and savings to get a good feel for your current financial state as well as your future needs. The form should only take a few minutes to complete.

The analysis includes your most important financial ratios: emergency funds, debt to income, housing debt, consumer debt, savings rate, and retirement calculations. The recommended levels are provided by the Certified Financial Planner Board, or CFPB, as acceptable levels for the typical financial situation.

WHAT INFORMATION DO YOU NEED TO COMPLETE THE FIT TEST?

First and foremost, you will need a pay stub. If you're a salaried employee who has a steady, reliable check, this will be easy. If not, you will need to make the test work with a bit of math. Don't worry. The form explains what to do.

Also, you will need information regarding your balance sheet items. That means your assets and liabilities. Have cash amounts from your checking, savings, and other non-retirement accounts available, as well as your retirement totals from 401(k) statements and IRA's or Roth IRA's. Also, have your debt balances and information available. I will need your total amounts of debts and your monthly payments to have the correct ratios.

Please remember that the outputs are only as good as the inputs you provide, so input accurate information to receive accurate feedback.

START THE FIT FINANCIAL TEST

Fill this test out by yourself or with your partner to understand your personal or joint financial situation. Remember, the more accurate the answers, the more accurate the feedback. Make sure you have your paystub, balance sheet items and debt balances to assist you in filling out your answers.

FOR COUPLES

INDIVIDUAL

FIT FINANCIAL TEST - FOR COUPLES

Looking for the Fit Financial Test for Individuals? Go to page 7.

PERSON 1

FIRST NAME

LAST NAME

EMAIL

AGE

GENDER

PREFERRED RETIREMENT AGE

PERSON 2

FIRST NAME

LAST NAME

EMAIL

AGE

GENDER

PREFERRED RETIREMENT AGE

What Does your Paystub Look Like?

PERSON 1

GROSS INCOME (PER CHECK)

NET INCOME (PER CHECK)

NUMBER OF PAYSTUBS PER YEAR

OTHER MONTHLY INCOME

PERSON 2

GROSS INCOME (PER CHECK)

NET INCOME (PER CHECK)

NUMBER OF PAYSTUBS PER YEAR

OTHER MONTHLY INCOME

Gross and Net Income

What is it and where will you find it?

Your gross pay is the amount you make before taxes and other deductions. You can find your gross pay amount on your paystub.

After your gross pay, you should see the deductions for taxes, retirement, benefits, and other deductions. Then the net pay amount should be near the end. This is the amount that you take home every paycheck.

*If your income fluctuates, take the average of your annual expected pay for gross income, and you may have to do some math to get to net income for the whole year. Make sure to take out taxes, benefit deductions, and other line items that could be taken from your gross amount before you get to average take-home pay as your net income. Then you will need to divide by 12 to get your gross and net income to monthly numbers.

Number of Paystubs Per Year

Paid on the 15th and the end of the month – 24 checks a year

Paid once a month – 12 checks a year

Paid every other week – 26 checks a year

Paid every week – 52 checks a year

Other – Please enter the number of checks you receive each year

*If your income fluctuates, and you used the monthly numbers for gross and net income, select 12 checks a year for accurate calculations

FIT FINANCIAL TEST - FOR COUPLES

How much do you spend (household)?

NON-DISCRETIONARY EXPENSES EACH MONTH

DISCRETIONARY EXPENSES EACH MONTH

MONTHLY EXPENSES FOR PREFERRED RETIREMENT LIFESTYLE

How much are you saving for retirement?

PERSON 1

EMPLOYEE CONTRIBUTIONS PER CHECK

EMPLOYER CONTRIBUTIONS PER CHECK

PERSON 2

EMPLOYEE CONTRIBUTIONS PER CHECK

EMPLOYER CONTRIBUTIONS PER CHECK

HOUSEHOLD

MONTHLY SAVINGS OUTSIDE OF RETIREMENT PLANS

Expenses

Discretionary Expenses or "Want to" Expenses

Your discretionary expenses are items you spend money on because you want to (instead of need). This could include going out to eat, entertainment, or costs you would cut out of your budget if you lost your income.

Non-Discretionary Expenses or "Have to" Expenses

Non-discretionary expenses are items that you must spend money on each month. Please include your mortgage/rent, necessary utilities (unnecessary example - if you get premium channels that you'd cut out if you lost your income, then count those as discretionary), base groceries, and other costs you require to live your basic lifestyle. If you would keep your gym membership to stay fit in other aspects of your life even though you lost your job, include that in non-discretionary (I call those lifestyle essential expenses).

Monthly Expenses for Preferred Retirement Lifestyle

How much would you need to spend monthly to have your preferred lifestyle if you were retiring in today's dollars? Would you have a more or a less expensive lifestyle? Keep in mind you will have an extra 40+ hours per week to spend money. You should also account for changes in lifestyle between now and then. For instance, if you support a few kids who still live at home, you can probably cut most of their costs out of your retirement needs.

Savings

Monthly Employee Contributions to Retirement Plans

How much are you adding to your retirement plans every month? You can find this on your pay stubs for a month if your plan is through your employer.

If you are contributing to an IRA or Roth IRA outside of your company plan, include that monthly contribution as well. If you make an annual contribution, please break the annual amount down to a number corresponding to the number of checks you receive per year (annual contribution/number of checks).

Monthly Employer Contributions to Retirement Plans

Does your employer match or give you a profit share at the end of the year? If so, add that amount here. If there is a match, you can do the same math as before to find a monthly number. If it is an annual contribution, you will have to break it down as if it were monthly.

Monthly Contributions to Savings Outside of Retirement Plans

If you are contributing to any accounts or investments outside of your retirement plans, but you intend to use those accounts for retirement, add your contributions to those accounts here. Once again, you will have to break any annual contributions into a monthly number for the ratios to work correctly.

FIT FINANCIAL TEST - FOR COUPLES

How much does your household currently have saved?

EMERGENCY CASH ON HAND

RETIREMENT ACCOUNTS

NON-RETIREMENT SAVINGS

UPCOMING EXPENSES FROM NON-RETIREMENT SAVINGS

What are your debts & obligations (household)?

MORTGAGE/RENT

Monthly Payment (PITI)

Total Debt

STUDENT LOANS

Monthly Payment (PITI)

Total Debt

CAR LOANS

Monthly Payment (PITI)

Total Debt

CREDIT CARDS

Monthly Payment (PITI)

Total Debt

OTHER DEBTS

Monthly Payment (PITI)

Total Debt

Assets

Emergency Cash on hand

Emergency cash will be all cash-like assets that do not have a goal tied to it.

You will need to add up all cash accounts to find this number. Include all checking, savings, money market, and other cash vehicles not set aside for a specific purpose. Do not include that account in this equation if you have a cash account that you're planning to deplete in the coming months to buy a car or for some other purpose.

Retirement Accounts

The types of accounts that should be included here are 401(k), IRA, Roth IRA, 457, 409(a), 401(a), and the rest of the alphanumeric soup that exists for retirement savings.

If you have a pension for retirement. You will want to convert the expected monthly income into an asset to account for the funds in the calculator. Example: 2,000 per month pension income = $2,000 * 12 = 24,000 * 25 = \$600,000$ toward your retirement savings number. Yes, you read that right. A \$2,000 per month pension is the equivalent of a \$600,000 account at a 4% withdrawal rate. We wonder why pensions are harder and harder to find?

Non-Retirement Savings

These savings vehicles could be brokerage accounts, individual accounts you must pay taxes on when you have growth in the account, or funds in non-qualified insurance products that are tax-deferred but are not in an IRA or other retirement vehicle.

Upcoming Expenses from Non-Retirement Savings

What funds in your non-retirement investment accounts are already planned for expenses? When calculating your total retirement savings, we don't want to include any investments outside of your retirement accounts that already have a goal or expense tied to them. However, you may want to include your non-retirement funds if there are no expenses attached.

Debts

Mortgage Total and Payment (PITI)

Most peoples' mortgage payment includes four parts if you're using escrow: principle, interest, taxes, and insurance. You will need all four even if you are not using escrow through your mortgage company to have a correct ratio. You can find this information on a mortgage statement if using escrow. If not, you will need to find your annual taxes and insurance premium, then make it a monthly number.

Student Loan Total and Payment

How much in student loan debt do you have, and how much do you pay on it every month?

Car Loan Totals and Payments

How much do you owe on all your car loans? How much do you pay on those loans every month?

Credit Card Totals and Payments

How much debt do you carry on your credit cards at the end of every billing cycle? How much are you paying on this debt every month? If you pay off your credit cards every month, please enter 0 as you are not carrying a revolving debt at the end of the cycle.

Other Consumer Debts and Payments

Any other debts that you carry outside of your mortgage, student, car, or credit cards can be added here. Some examples include a personal loan, payday loan, debt on a boat or other vehicles, etc.

FIT FINANCIAL TEST - FOR COUPLES

FINANCIAL FIT RATIOS

TOTAL NET WORTH _____

EMERGENCY FUND (MONTHS) _____

CONSUMER DEBT PAYMENT _____

HOUSING DEBT RATIO _____

DEBT TO INCOME _____

RETIREMENT SAVINGS _____

	ANNUAL NEED IN THE FUTURE	TOTAL SHOULD HAVE SAVED TODAY
HOW MUCH SHOULD I HAVE SAVED FOR RETIREMENT?		

DISCOVER MORE ABOUT YOUR RESULTS AT: [FITFINANCIALAPPROACH.COM/RATIOS](https://fitfinancialapproach.com/ratios)

You can take the questionnaire as many times as you like to create different outcomes. That way, you can use the report to determine how much you should spend on a home rather than what you qualify for. Typically, you qualify for much more than you should spend based on most peoples' income, so this tool could help determine the right amount for you. Also, you can see how a raise, bonus, or other funds affect your ratios and analysis. Does your consumer debt ratio fall into an acceptable level if you apply a bonus to your credit cards? How about if you dump that tax return into a retirement account? Are you closer to on track? These are just a few of the questions you can answer using the Fit Financial Test.

Please keep in mind that the report and the analysis are supposed to be a high-level calculation based on the inputs of your finances. Financial decisions are made at the intersection of math and emotion, so this report may only be half of the equation. We are not giving personalized financial planning, but this report will give you some thoughts and tips on how to improve your ratios to be in a better place with your overall finances.

For more guidance, reach out to your financial advisor. If you need a financial advisor, there are resources to connect you with one on fitfinancialapproach.com.

FIT FINANCIAL TEST - FOR INDIVIDUALS

Looking for the Fit Financial Test for Couples? Go to page 3.

FIRST NAME

LAST NAME

EMAIL

AGE

GENDER

PREFERRED RETIREMENT AGE

What Does your Paystub Look Like?

GROSS INCOME (PER CHECK)

NET INCOME (PER CHECK)

NUMBER OF PAYSTUBS PER YEAR

OTHER MONTHLY INCOME

Gross and Net Income

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FIT FINANCIAL TEST - FOR INDIVIDUALS

How much do you spend?

NON-DISCRETIONARY EXPENSES EACH MONTH

DISCRETIONARY EXPENSES EACH MONTH

MONTHLY EXPENSES FOR PREFERRED RETIREMENT LIFESTYLE

How much are you saving for retirement?

EMPLOYEE CONTRIBUTIONS PER CHECK

EMPLOYER CONTRIBUTIONS PER CHECK

MONTHLY SAVINGS OUTSIDE OF RETIREMENT PLANS

Expenses

Discretionary Expenses or "Want to" Expenses

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NON-RETIREMENT SAVINGS

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FIT FINANCIAL TEST - FOR INDIVIDUALS

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HOUSING DEBT RATIO _____

DEBT TO INCOME _____

RETIREMENT SAVINGS _____

	ANNUAL NEED IN THE FUTURE	TOTAL SHOULD HAVE SAVED TODAY
HOW MUCH SHOULD I HAVE SAVED FOR RETIREMENT?		

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