

# Developing a Financial Strategy



**The prospect of developing and adhering to a financial strategy can be overwhelming. However, it doesn't have to be so complicated. Consider these steps:**

- ◆ Measure your current financial status with a personal balance sheet.
- ◆ Identify and quantify your financial objectives, such as retirement, college funding, reducing taxes and accumulating an estate to pass to heirs.
- ◆ Identify the steps needed to help you reach those objectives.

The following are some other points to include in your financial strategy.



## Sensible spending

Prepare a household spending worksheet to see where you spend and where you may be able to save.

## Prudent borrowing

Loans for things that provide lasting value (for education, homes or autos) are smarter than borrowing for short-term gratification (extravagant vacations or expensive jewelry). Prudent borrowing includes getting attractive rates and terms. Before borrowing (whether it is a credit card, auto loan, mortgage or other loan), make sure you understand all the terms including the interest rate, length of loan and method of calculating interest.

## Consistent saving

Use a payroll deduction or automatic savings program. They are convenient and usually more successful than trying to save on a less regular basis. Find one that fits your budget and meets your long-term needs.



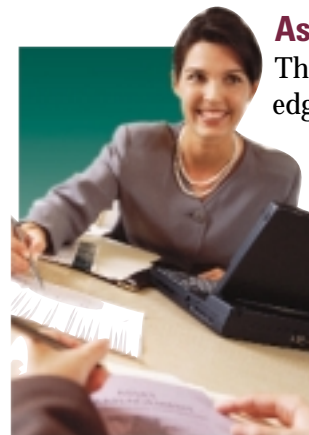
## Wise investing

Investments come with risks, and hopefully higher returns to compensate for those risks. Diversification, asset allocation (dividing funds into stock, bond and cash investments) and investment costs should all be considered as part of a wise investment strategy.

## Adequate protection

Review your insurance coverage periodically (homeowners/renters, health, disability, auto and umbrella policies). Make sure you have the right combination of coverage and deductibles. If you use insurance primarily for "catastrophic" coverage, remember that higher deductibles mean lower premiums.

Evaluate how much life insurance you really need. If your family would need significant funds to replace your income, a larger policy may make sense. If you are single, perhaps a smaller policy (and smaller premiums) will be sufficient. Also, compare the benefits and costs of term and whole life policies. For younger, healthy individuals without a need for permanent protection, a term policy may be a better choice.



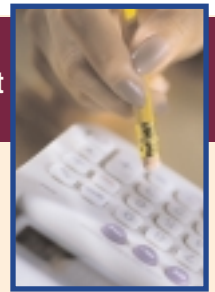
## Ask for help

The more knowledgeable you are, the better you will be able to evaluate your situation and investment needs. Contact Alaska USA Trust

Company for more information.

# Personal Balance Sheet

Financial  
Management  
Toolbox



Taking control of your financial future is a process. And, as with any process, it is important to monitor your progress. One of the best ways to measure financial progress is to periodically prepare a personal balance sheet. The personal balance sheet worksheet shown below can be used as a basis for your periodic progress measurements. It is broken into three parts to help you better understand your investments, your total financial picture and your annual progress.

## 1 Investment Assets

In Taxable  
Investment Accounts

In Tax Free Investments or  
Retirement Plan Accounts

Category	Cash	Fixed Income	Equity	Cash	Fixed Income	Equity	Total
<b>Credit Unions or Banks</b>							
Checking accounts	\$	\$	\$	\$	\$	\$	\$
Savings accounts	\$	\$	\$	\$	\$	\$	\$
Certificates	\$	\$	\$	\$	\$	\$	\$
IRAs	\$	\$	\$	\$	\$	\$	\$
<b>Insurance Values</b>							
Whole life	\$	\$	\$	\$	\$	\$	\$
Universal	\$	\$	\$	\$	\$	\$	\$
Annuities	\$	\$	\$	\$	\$	\$	\$
<b>Investments</b>							
Money Market Funds	\$	\$	\$	\$	\$	\$	\$
Stocks	\$	\$	\$	\$	\$	\$	\$
Bonds	\$	\$	\$	\$	\$	\$	\$
Unit trusts	\$	\$	\$	\$	\$	\$	\$
Other	\$	\$	\$	\$	\$	\$	\$
<b>Mutual Funds</b>	\$	\$	\$	\$	\$	\$	\$
Equity funds	\$	\$	\$	\$	\$	\$	\$
Taxable bond funds	\$	\$	\$	\$	\$	\$	\$
Tax free bond funds	\$	\$	\$	\$	\$	\$	\$
Balanced funds	\$	\$	\$	\$	\$	\$	\$
Other funds	\$	\$	\$	\$	\$	\$	\$
<b>Total Investment Assets</b>	\$	\$	\$	\$	\$	\$	\$

## 2 Total Assets & Liabilities

### Summary of Investments from Part One

Cash	\$
Fixed Income	\$
Equities	\$
All Investment Assets	\$

### Real Estate

Home	\$
Vacation Property	\$
Rental Property	\$
Limited Partnerships	\$
Other	\$
Total Real Estate	\$

### Personal Assets

Jewelry	\$
Autos	\$
Furnishings	\$
Antiques	\$
Other	\$
Total Personal Assets	\$

### Other Assets

Loans Receivable	\$
Business Interests	\$
Other	\$
Total Other Assets	\$

### Total Assets

Total Assets	\$
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### Liabilities

Home Mortgage	\$
Home Equity Loans	\$
Consumer Loans	\$
Credit Card Balances	\$
Other Liabilities	\$

### Total Liabilities

Total Liabilities	\$
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### Net Worth

Net Worth	\$
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## 3 Measuring Your Progress

Year	Investment Assets	Real Estate	Personal Assets	Other Assets	Total Assets	Liabilities	Net Worth
2000	\$	\$	\$	\$	\$	\$	\$
2001	\$	\$	\$	\$	\$	\$	\$
2002	\$	\$	\$	\$	\$	\$	\$
2003	\$	\$	\$	\$	\$	\$	\$

Please note: The articles contained in this newsletter should not be considered investment advice.