

15 FINANCIAL RULES TO LIVE BY

The 15 Financial Rules are a checklist for our uncommon approach to financial thinking.

PROTECT YOUR TODAYS

- 1 Protection First**
Protection should always be the first financial consideration. Before focusing on plans that will build your tomorrows, it is prudent to properly protect yourself against what might happen today.
- 2 Full Replacement**
The primary role of insurance is to fully replace the item being insured by maintaining coverage equal to that item's complete appraised value. Therefore, your insurance should allow you to replace the whole house, the entire car, the real ring, and your full economic or "human life" value.
- 3 Lifetime Protection**
Self insuring rarely pays off. You should select insurance strategies that will properly protect you — no matter how long you live.

LIFE EVENT FUNDS

- 4 Rate of Return**
Savings or investment returns are important in order to keep pace with the Real Cost of Living™.
- 5 Minimal Risk**
Disciplined savings eliminates the need to take too much risk with your money.
- 6 Tax Advantages***
The impact of compounding taxes can be devastating to the performance of your savings and investments. Strategies and products exist that allow you to reduce your tax burden.
- 7 Liquidity**
Build an ample supply of short term capital before implementing illiquid wealth building products.

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...15 Financial Rules continued

LIVING DEBT-FREE

- 8 Eliminate Debt**
Pay off all short term debt as soon as possible.
- 9 Reduce Taxes***
Certain assets create embedded taxes on your balance sheet that will be triggered upon sale or liquidation. You should be aware of this possibility and take steps to minimize the impact of these hidden taxes.
- 10 Mortgage Selection**
If your mortgage payment is too high, it could be crowding out your ability to protect properly, save for tomorrow, or maintain a balanced lifestyle. Ideally, your mortgage payment should not exceed 15% of your monthly gross income.

WORLD-CLASS SAVINGS

- 11 Increase Gross Income**
Rather than automatically compounding interest and reinvesting dividends and realized capital gains into the same accounts, seek to use this cash flow to satisfy other financial opportunities.
- 12 Protect First**
Update your insurance coverage as needed so that you have the maximum protection in every area — for the minimum cost.
- 13 Cost of Living Savings**
In order to absorb the Real Cost of Living™, save at least 15% of gross income.
- 14 Debt and Tax Efficiency***
Pay off credit cards each month, avoid taxes, and make sure your monthly mortgage payment allows you to maintain overall financial balance.
- 15 Budgeted Lifestyle**
After protecting properly, saving at least 15% of your gross income, and doing what you can to reduce the drag of debt and taxes, what's left can be used for your current lifestyle. Creating a budget will help you stay on track and allow you to review your spending habits.

*Guardian, its subsidiaries, agents and employees do not provide tax, legal or accounting advice. Consult your tax, legal or accounting professional regarding your individual situation.