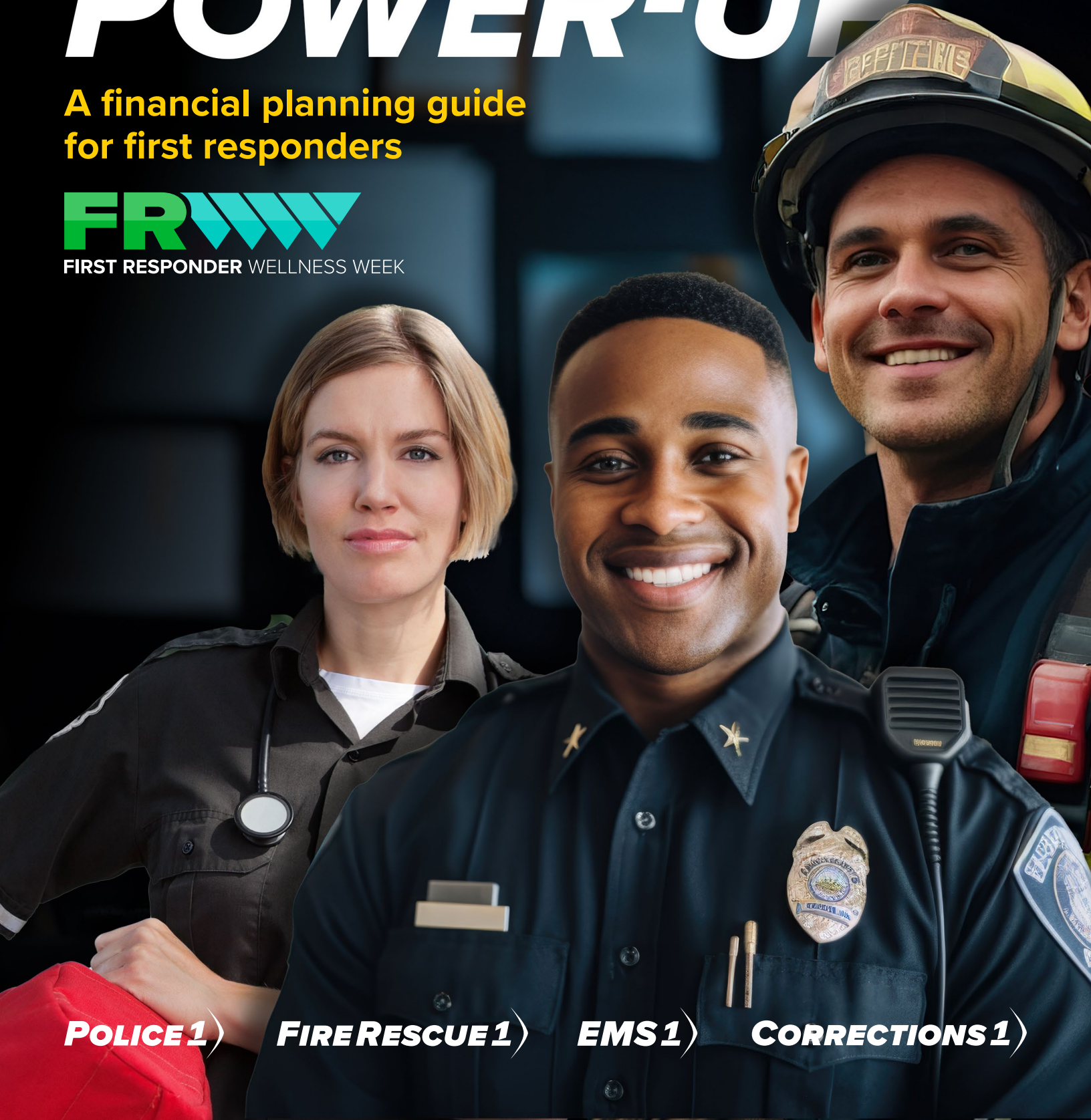


FINANCIAL POWER-UP

A financial planning guide
for first responders



FIRST RESPONDER WELLNESS WEEK



POLICE 1)

FIRE RESCUE 1)

EMS 1)

CORRECTIONS 1)



FINANCIAL SECURITY

Financial security is essential for public safety professionals, yet many struggle to navigate budgeting, debt management, retirement planning and investments while balancing the demands of their careers. This guide provides a step-by-step approach to financial planning, helping public safety personnel take control of their financial future. Whether you're just starting out, or preparing for retirement, this resource offers actionable strategies to build lasting financial stability.

Why financial planning is unique for public safety professionals

Public safety professionals face financial challenges distinct from other careers, including unpredictable overtime, early retirement eligibility, higher injury risks and unique pension structures. Unlike traditional careers with steady 9-to-5 income, first responders must plan for variable earnings, long-term disability protection and sustainable post-retirement income.

Additionally, the mental and physical demands of the job make proactive financial planning essential to ensure long-term stability for both responders and their families. This guide addresses these unique factors, providing practical financial strategies tailored to public safety professionals.

What's included in this guide

- Personal budgeting & cash flow management
- Debt management
- Investor behavior & money mindset
- Retirement planning
- Insurance needs
- Estate planning
- Tax planning
- Investing
- College & education savings
- Choosing a financial advisor

This guide outlines essential financial planning strategies tailored for public safety professionals.

Learn how to manage your budget, plan for retirement and build long-term financial security.



1. PERSONAL BUDGETING & CASH FLOW MANAGEMENT

Build a strong foundation by understanding and managing your cash flow.

- **Create a budget that works for you:** Track your income and expenses and review them with regular cadence. Find an app or spreadsheet tool that fits your style.
- **Track overtime and special pay:** With overtime often being a part of your earnings, it's essential to plan for fluctuating income. Consider saving overtime pay for long-term goals rather than spending it immediately.
- **Build emergency savings:** Create an emergency fund with at least 3 to 6 months of living expenses in a savings account. This buffer is especially important considering the unpredictable nature of your work.
- **Watch out for lifestyle inflation:** As your income increases, whether through promotions, overtime, or other means, it can be tempting to increase your spending on non-essential items (e.g., luxury cars, bigger house, etc.). Be mindful of this lifestyle inflation — it's important to keep your spending habits in check even as your income grows. Instead, prioritize saving and investing for your future, so that your increased earnings work for you rather than driving unnecessary expenses.
- **Take advantage of discounts:** Many companies, retailers and service providers offer exclusive discounts to public safety professionals. Be sure to use these discounts on everyday purchases, gear, insurance and even travel. It's a simple way to save money on items you're already buying and can significantly reduce your overall expenses.

TIP: Track your overtime pay separately — treat it as bonus income for savings, not everyday expenses.



2. DEBT MANAGEMENT

Manage your debts strategically to maintain financial stability.

- **Prioritize high-interest debt:** Focus on paying off high-interest debt, such as credit card balances or personal loans, as quickly as possible. This helps reduce the amount you pay in interest over time.
- **Consider refinancing:** If you have high-interest loans, explore options to refinance at a lower rate to reduce your monthly payments and overall debt burden.
- **Use the debt snowball or avalanche method:** Use a systematic approach to pay down debt, either by paying off the smallest balances first (debt snowball) or focusing on the highest-interest debts (debt avalanche) to save money in the long run.
- **Understand the impact of debt on your financial goals:** High debt can restrict your ability to save for long-term goals like retirement. Reduce debt to free up money for other priorities.
- **Paying down debt is a form of saving:** Remember that paying off debt is not just about eliminating liabilities — it's also a form of saving. By reducing the amount you owe, you're essentially increasing your net worth, since you'll be freeing up money that would otherwise go toward interest payments. This is an important step in building financial security.

TIP: Use the debt snowball method to build momentum — start with the smallest balance first and work your way up!



For informational purposes only. Seek professional financial advice.

3. INVESTOR BEHAVIOR & MONEY MINDSET

Cultivate the right mindset and behaviors to make informed and thoughtful financial decisions.

- **Adopt a long-term perspective:** Public safety careers can come with early retirement, which may lead to a desire to access funds quickly. Be patient and avoid chasing quick returns or reacting to short-term market fluctuations.
- **Have discipline:** The nature of your work can be high-stress, and financial decisions can often be influenced by emotions, especially when times are tough. Work on staying calm and making decisions based on logic rather than fear or greed. This includes avoiding impulsive investment decisions and staying true to your long-term financial goals.
- **Understand the importance of consistency:** Regular, automatic contributions to savings and investment accounts are key to building wealth. Avoid the temptation to stop or reduce contributions when things are tight — consistency is your friend.
- **Avoid “get-rich-quick” mentality:** Be wary of high-risk, speculative investments that promise big returns. Focus on steady, long-term growth rather than short-term gains. Slow and steady investment strategies, such as dollar-cost averaging, often yield the best results over time.
- **Know your risk tolerance:** Understand your own risk tolerance when it comes to investing. Your comfort with risk may change over time, and that's okay — just make sure your investments align with your personal level of comfort and your long-term goals.

TIP: Stay the course investing is a marathon, not a sprint. Avoid emotional decisions based on short-term market changes.



4. RETIREMENT PLANNING

Plan for a secure retirement, especially with the possibility of retiring earlier in public safety.

- **Know your pension plan:** Understand how your pension works, including your vesting schedule, eligibility for early retirement and benefit calculations. Plan accordingly.
- **Max out retirement contributions:** Contribute to your 401(k), 457(b), or any other employer-sponsored retirement plans. If your agency matches contributions, aim to contribute at least enough to get the full match.
- **Understand your ideal savings rate:** Figure out how much of your income you should be saving for retirement by considering factors like your target retirement age, expected expenses, investment growth and other income sources (like Social Security or a pension). A good rule of thumb is to aim for at least 15%-20%, but adjust based on your personal goals!
- **Consider an IRA:** In addition to your pension and employer-sponsored retirement accounts, consider contributing to a traditional or Roth IRA to further grow your retirement savings.
- **Plan for early retirement:** If you're eligible to retire early due to the physical demands of your job, ensure you have a strategy to cover the gap between your retirement and pension payouts.

TIP: If your employer offers a pension, know your vesting schedule and how early retirement affects your benefits.

5. INSURANCE NEEDS

Protect yourself and your family with the right insurance coverage.

- **Life insurance:** If you have dependents, consider life insurance. Term life insurance is often an affordable option, offering significant coverage during your working years.
- **Disability insurance:** First responders are at higher risk for injury, so it's crucial to have disability coverage tailored to your occupation. Look into occupational disability insurance to protect your income if you're unable to work due to an injury.
- **Health insurance:** Ensure your health insurance plan offers coverage for both routine and work-related injuries. Review your options during open enrollment and consider supplemental coverage if needed.
- **Long-term care insurance:** As you age, long-term care may become necessary. It's wise to consider long-term care insurance while you're younger and healthier to secure affordable premiums.

TIP: Life insurance is cheapest when you're young and healthy — lock in a good rate before you need it!

6. ESTATE PLANNING

Protect your assets and ensure your wishes are followed.

- **Create a will:** Make sure you have a valid will that specifies how your assets will be distributed and names a guardian for any minors.
- **Power of attorney:** Assign a trusted person to handle your finances if you are unable to do so due to illness or injury.
- **Healthcare proxy:** Designate someone to make medical decisions on your behalf if you're incapacitated, particularly considering the risks of your career.
- **Review beneficiary designations:** Make sure your beneficiary designations are current on life insurance policies, retirement accounts, and other important assets like bank accounts or annuities. Keep in mind that these designations override your will. For example, if you specify a beneficiary on your 401(k) or life insurance policy, that person will receive the asset, regardless of what your will states. It's essential to regularly check and update these designations to ensure they reflect your current wishes, particularly after major life events like marriage, divorce, or the birth of children.

TIP: Your beneficiary designations override your will — update them regularly on life insurance and retirement accounts.

7. TAX PLANNING

Maximize your income by minimizing your tax liability.

- **Understand your tax bracket:** Overtime pay and special allowances can push you into a higher tax bracket. Be mindful of how additional income may impact your tax situation.
- **Maximize tax-deferred accounts:** Contribute to 401(k) or 457(b) accounts to reduce your taxable income. If you're eligible, also contribute to a Health Savings Account

(HSA) to save for medical expenses with tax advantages.

- **Keep records of work-related expenses:** If your agency doesn't cover uniforms, gear, or other job-related costs, track these expenses for potential deductions during tax season.

TIP: Maximize pre-tax contributions to retirement accounts to lower your taxable income and save more for the future.

8. INVESTING

Grow your wealth for the future by making smart investment choices.

- **Diversify your investments:** A diversified portfolio can help manage risk and maximize returns. Consider a mix of stocks, bonds and real estate to build wealth over time.
- **Consider index funds:** If you're new to investing, consider low-cost index funds or exchange-traded funds (ETFs) for broad market exposure with lower risk.
- **Review your investment strategy:** As you approach retirement, shift your investment strategy toward more conservative options, protecting your assets from market volatility.
- **Use dollar-cost averaging:** Invest consistently over time, regardless of market conditions. This strategy helps you avoid trying to time the market and smooths out investment volatility.

TIP: A diversified portfolio is your best defense against market swings—don't put all your eggs in one basket.





Plan for your children's education while balancing your financial goals.

- **Open a 529 Plan:** Start saving for your children's college education with a 529 College Savings Plan. These accounts offer tax-free growth and withdrawals for qualifying educational expenses.
- **Explore scholarships and grants:** Be proactive in researching scholarships, grants and work-study programs that could reduce your children's college expenses.

TIP: Start a 529 plan early — even small contributions grow tax-free over time for education expenses.

10. CHOOSING A FINANCIAL ADVISOR

Work with a trusted expert who has your best interests in mind.

- **Look for a fiduciary:** A fiduciary is a financial adviser who is legally and ethically required to act in your best interest, rather than simply selling you products that may benefit them more than you. Always seek an adviser who adheres to fiduciary standards to ensure you get the most unbiased advice.
- **Evaluate qualifications:** Ensure the adviser

you're considering has relevant certifications, such as Certified Financial Planner (CFP®) or Chartered Financial Consultant (ChFC®), indicating they have a comprehensive understanding of financial planning.

- **Check references and reviews:** Don't hesitate to ask for references or review online testimonials. Trust is key in any adviser-client relationship, especially when it comes to managing your financial future.
- **Understand their fee structure:** Some advisers are paid through commissions, while others charge flat fees or hourly rates. Be sure you understand how your adviser is compensated and ensure it aligns with your financial needs and goals.
- **Ensure clear communication:** A good financial adviser should be willing to take the time to explain complex financial concepts in a way that you can understand. They should also be available for regular check-ins to ensure your plan remains on track.

TIP: Always choose a fiduciary financial advisor—they're legally required to act in your best interest.



FINAL TAKEAWAYS

By following this checklist and addressing the unique aspects of financial planning for first responders, you'll be better equipped to secure your financial future.

Here's a summary of the key points:



Start early, plan consistently and adjust as your career progresses.



Use budgeting tools, avoid lifestyle inflation and prioritize saving.



Protect your assets with the right insurance and estate planning.



Make informed investment decisions and work with a trusted advisor.

FOR MORE FINANCIAL RESOURCES TAILORED FOR FIRST RESPONDERS, VISIT OUR WEBSITES.

POLICE 1

FIRE RESCUE 1

EMS 1

CORRECTIONS 1

Disclaimer: This document provides general financial guidance and should not be considered professional financial, investment, or legal advice. Always consult with a certified financial advisor.