

PLANNING

Top financial tips for the Valley's young professionals

BY ROSIE DOWNEY
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Pam Flournoy has been providing financial guidance through her San Jose-based business Flournoy Wealth Management for 16 years.

The sudden death of her husband in 2000 when she was 43 years old spurred her to get her certified financial planner certificate and start working as a way to help families in similar situations and to support her two children.

At the time of her husband's death, she was a stay-at-home mother but had previously worked in marketing for the semiconductor industry.

Now she mainly focuses her advice on women, especially those going through life transitions such as divorces and widowhood.

She talked to the Business Journal about her top advice for young, working professional women in Silicon Valley as they start to plan for their financial futures.

Start at the beginning

One is to know your money. So, start out by facing it head on. Write down what you have in your checking, savings. Start your 401(k)s with your companies. Put



Pam Flournoy

money into a savings account for emergencies, like six months.

Start your 401(k). Even if it's \$50 bucks a month, I don't really care, right? It's starting it. It's getting invested in maybe a target date fund.

Have your money start working for you. And the sooner you do that, it makes a big difference and the more you can put in monthly, the bigger the bang.

Human capital

The other point with young women is you may not be a gazillionaire right away, right? You're building on your human capital. You're taking your experience. You're adding to your expertise. You're adding to your education. And those in the early years are your human capital.

So, your assets may be not that great, but that doesn't mean that they're not going to be good in the future.

Understanding taxes

Also, it would really behoove people,

young women, everybody to understand taxes. It's a dry subject. But understand from the very beginning, when you earn money and you're taxed on it.

Take advantage of your ESPPs, Employer Stock Purchase Plans. If they're here in this Valley, they start getting RSUs, Restricted Stock Units.

Taxes are part of that understanding and decision making. The company is going to help you take out money for your withholding, but it does not take into consideration your whole picture.

Worst-case scenario

The risk that young people might have, because we all know we're saving, we're going to invest a little bit in retirement. We're going to say, OK, we're going to have some goals, maybe a condo, house.

We want to save for those. But we also have some risk. The risk might be we could get disabled from an accident.

And then there's a loss of income, whether single or married.

See what their own company offers. A group plan is the least expensive. It's a long-term disability. Short term, it's not going to wipe anybody out because the company will probably pay for them for a while.

Debt obligations

Get down (your debts) and pay it off. This is kind of standard. I would love them to be debt-free, but pay off the debt that's most expensive.

And student loans, they should not stop paying if they can afford it. They should keep on chipping away.

Life insurance

They should have life insurance ... it's not about the age, it's about the cause. Let's say they go into a mortgage with their parents, or with a friend, or if they have debt that needs to be paid off at their death. They want to leave their house to someone, or the mortgage paid off.

If a person is single and they don't really have a cause, the real reason is that they're probably in the healthiest, youngest time of their lives, where term insurance would be very inexpensive to get. Age and health are the big part of the premium of life insurance. Let's say you're 25 and you want to take out a half-million dollar life insurance policy, it's going to be a lot cheaper now than it is when you're 30.

This piece was edited for length and clarity.

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