



Private Wealth
Management

The Bellehumeur,
Buday & Yost Group

Glossary of Financial Terms

Finance for Couples and Families

Financial Foundations

- ***Emergency Savings***
 - An account that is used to set aside funds to be used in an emergency. The purpose of the fund is to improve financial security by creating a safety net.
- ***Stock/Equity***
 - A partial stake of ownership in a company usually considered more risky than fixed income, but typically has a higher potential return than bonds/fixed income since you are entitled to a share of the future profits of the company.
- ***Bonds/Fixed Income***
 - Owning a loan that was made to a company. It usually is considered safer, but with less return than stocks since in a bankruptcy filing bond holders are paid back before stock owners.
- ***Taxes***
 - Wages (2015 Earned income is taxed between 10 and 39.6% plus any state taxes, up to 7.65% in WI)
 - Investment earnings (capital gains taxes between 0 and 20%);
 - Property you own (tax paid by homeowners for local schools and other needs, usually deductible from other taxes you pay).
- ***Tax Deduction***
 - Deduction from gross income that arises due to various types of expenses incurred by a taxpayer. Tax deductions are removed from taxable income (adjusted gross income) and thus lower the overall income which may lower the income bracket and reduce taxes owed.

Legal Language

- ***Power of Attorney (Financial and/or Healthcare)***
 - A legal document that allows you to appoint a person or organization to manage your affairs if you become unable to do so.
- ***Will***
 - Legal document that appoints assets after your death. It also allows you to name guardians for any dependent children.
- ***Trust***
 - Legal entity that holds assets or property meant to be used for the benefit of a third party. Often used to hold the assets for a minor beneficiary.
- ***Beneficiary Changes***
 - It is important to update the beneficiary on any assets that are beneficiary driven since these designations can supersede what is planned for in a will. These can be on accounts like: 401(k)'s or other employer retirement plans, life insurance and bank accounts.

This is not intended to provide legal or tax advice. Please consult your legal or tax professional for specific information.

Merging Money

- **Fixed Expenses**
 - Costs that are the same every month and are not expected to change for the foreseeable future.
Examples: rent/mortgage, car payments, cell phone bills, cable/internet, home & auto insurance, etc.
- **Discretionary Expenses**
 - Lifestyle spending that isn't required for maintaining the household. Examples: dining out, entertainment costs, an extra allowance for clothing, etc.
- **Variable Expenses**
 - Costs that are expected and necessary but may fluctuate month-to-month. Examples: utility bills, gas for vehicles, groceries, clothing, household items, etc.
- **“The Marriage Penalty”**
 - A phrase used to describe the added tax impact often experienced by two high earning individuals after getting married and filing taxes. The Federal income tax tables don't line up to allow for twice the earnings that a single filer could have earned in each tax bracket. The income zones where those tables differ from twice the individual rate equates to a slightly higher federal income tax bill, you can see the shaded zones in the 2016 tax table below.

Ordinary Tax Rates and Brackets

	Taxable Income	Pay	% on excess	Of the amount over:
Single	\$0 - \$9,275	\$0	10%	\$0
	9,275 – 37,650	927.50	15	9,275
	37,650 – 91,150	5,183.75	25	37,650
	91,150 – 190,150	18,558.75	28	91,150
	190,150 – 413,350	46,278.75	33	190,150
	413,350 – 415,050	119,934.75	35	413,350
	415,050+	120,529.75	39.6	415,050
Married Filing Jointly	\$0	\$0	10%	\$0
	18,550 – 75,330	1,855.00	15	18,550
	75,330 – 151,900	10,367.50	25	75,300
	151,900 – 231,450	29,517.50	28	151,900
	231,450 – 413,350	51,791.50	33	231,450
	413,350 – 466,950	111,818.50	35	413,350
	466,950+	130,578.50	39.6	466,950
Married Filing Separately	\$0 - \$9,275	\$0	10%	\$0
	9,275 – 37,650	927.50	15	9,275
	37,650 – 75,950	5,183.75	25	37,650
	75,950 – 115,725	14,758.75	28	75,950
	115,725 – 206,675	25,895.75	33	115,725
	206,675 – 233,475	55,909.25	35	206,675
	233,475+	65,289.25	39.6	233,475
Head of Household	\$0 - \$13,250	\$0	10%	\$0
	13,250 – 50,400	1,325.00	15	13,250
	50,400 – 130,150	6,897.50	25	50,400
	130,150 – 210,800	26,835	28	130,150
	210,800 – 413,350	49,417	33	210,800
	413,350 – 441,000	116,258.50	35	413,350
	441,000+	125,936	39.6	441,000
Estates and Non-grantor Trusts	\$0 - \$2,550	\$0	15%	\$0
	2,550 – 5,950	382.50	25	2,550
	5,950 – 9,050	1,232.50	28	5,950
	9,050 – 12,400	2,100.50	33	9,050
	12,400+	3,206	39.6	12,400

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