



FINANCE BASICS

FOR MUSIC PROFESSIONALS

DIGILOGUE DAYS 2024

SPENSER LISZT, CFP®

WHAT DO THEY ALL HAVE IN COMMON?

Amy Winehouse

Toni Braxton

Ja Rule

Aretha Franklin

Billy Joel

Fat Joe

Sonny Bono

Marvin Gaye

Lauryn Hill

Jimi Hendrix

George Clinton

Chuck Berry

Prince

Willie Nelson

DMX

Bob Marley

MC Hammer

Phil Driscoll

WHAT DO THEY ALL HAVE IN COMMON?

Died without a will

Amy Winehouse

Aretha Franklin

Sonny Bono

Jimi Hendrix

Prince

Bob Marley

Bankruptcy

Toni Braxton

Billy Joel

Marvin Gaye

George Clinton

Willie Nelson

MC Hammer

Tax fraud/evasion

Ja Rule

Fat Joe

Lauryn Hill

Chuck Berry

DMX

Phil Driscoll

SPENSER LISZT, CFP®



Hi, I'm Spenser Liszt. I'm the founder of Motif Planning. I spent 17 years as a professional musician before becoming a holistic financial planner for music professionals.

I created Motif Planning when I realized music professionals are often neglected in the financial planning industry. We face unique challenges, but I believe that through personalized and proactive planning, anyone can achieve financial independence.

@spenserliszt

Beginning July 26, 2015 - Ending August 25, 2015

BUILD-TO-ORDER CHECKING

Account Number: SPENSER L LISZT

Activity Summary

Beginning Balance on 7/26/15

Deposits/Credits (1)

Withdrawals/Debits (44)

Ending Balance on 8/25/15

\$67.84

THE 5 PILLARS OF FINANCIAL LITERACY

EARN

SPEND

SAVE
&
INVEST

BORROW

PROTECT

WHAT IS MONEY?



WHAT'S YOUR MONEY MINDSET?



EARN

WHAT

Generating income through work or investments.

WHY

It's the foundation of your financial health, enabling you to meet your needs and build wealth.

TOOLS & TACTICS

- How to make more money
- Income statement (part 1)
- Employee benefits
- Taxes

HOW TO MAKE MORE MONEY



INCOME STATEMENT (PART 1)

Cash inflows

Self-employment

\$120,000

Royalties

\$30,000

Salary

\$100,000

Bonus

\$20,000

Total cash inflows

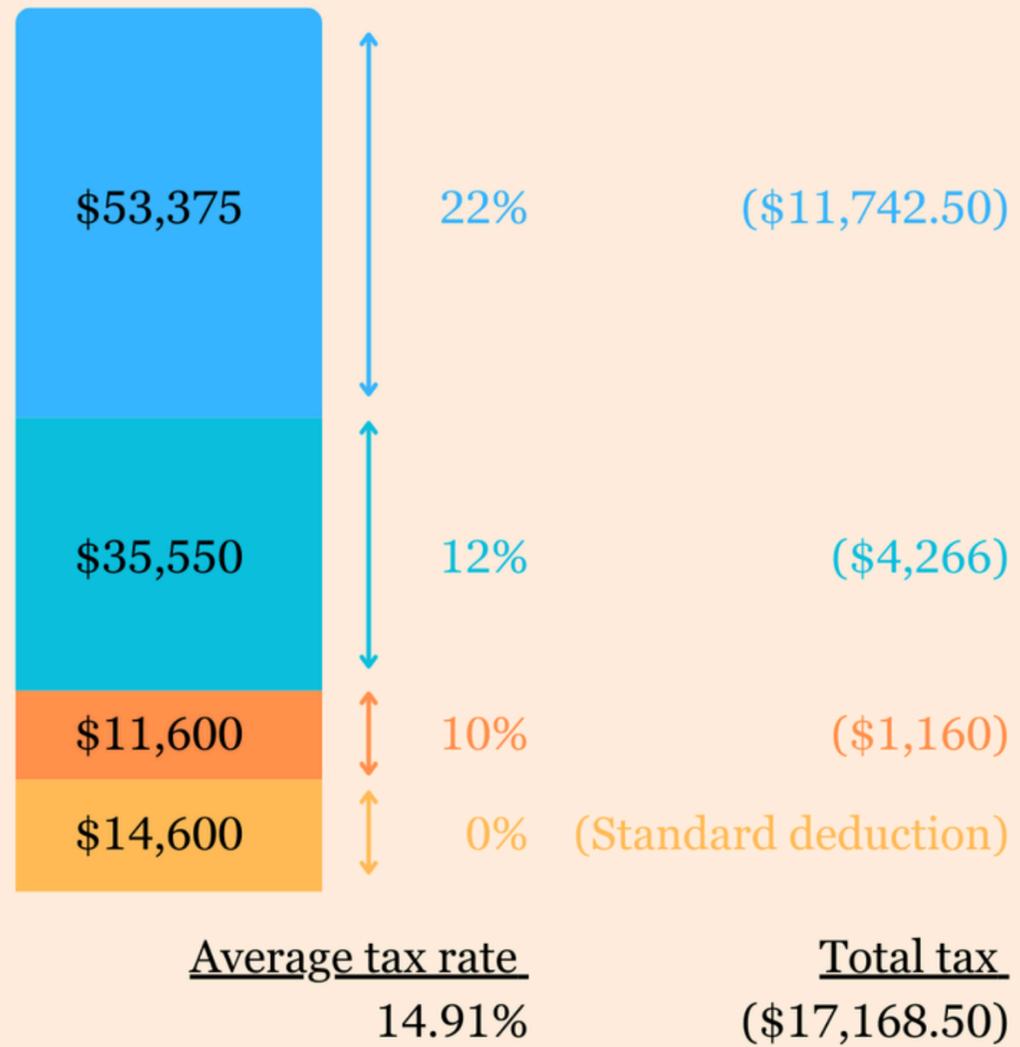
\$270,000

EMPLOYEE BENEFITS

- Health insurance, dental, vision
- Family and medical leave (FMLA)
- Disability & life insurance
- Retirement savings plans
- Company match, profit sharing
- Student loan repayment
- Health savings accounts (HSAs)
- Flexible spending accounts (FSAs)
- Dependent care FSAs
- Tuition reimbursement
- Worker's compensation insurance
- Social security and medicare contributions
- Legal assistance (estate planning)
- Stock options (RSU, ISO, NQSO, ESPP)
- Deferred compensation
- Wellness programs
- Mental health coverage, resources, support
- Professional development
- College grants and scholarships
- Continuing education
- Company equipment
- Commuter benefits
- Paid time off (PTO) and unlimited PTO
- Remote, work from home, flexible hours
- Relocation and housing
- Travel and spending expenses

TAXES

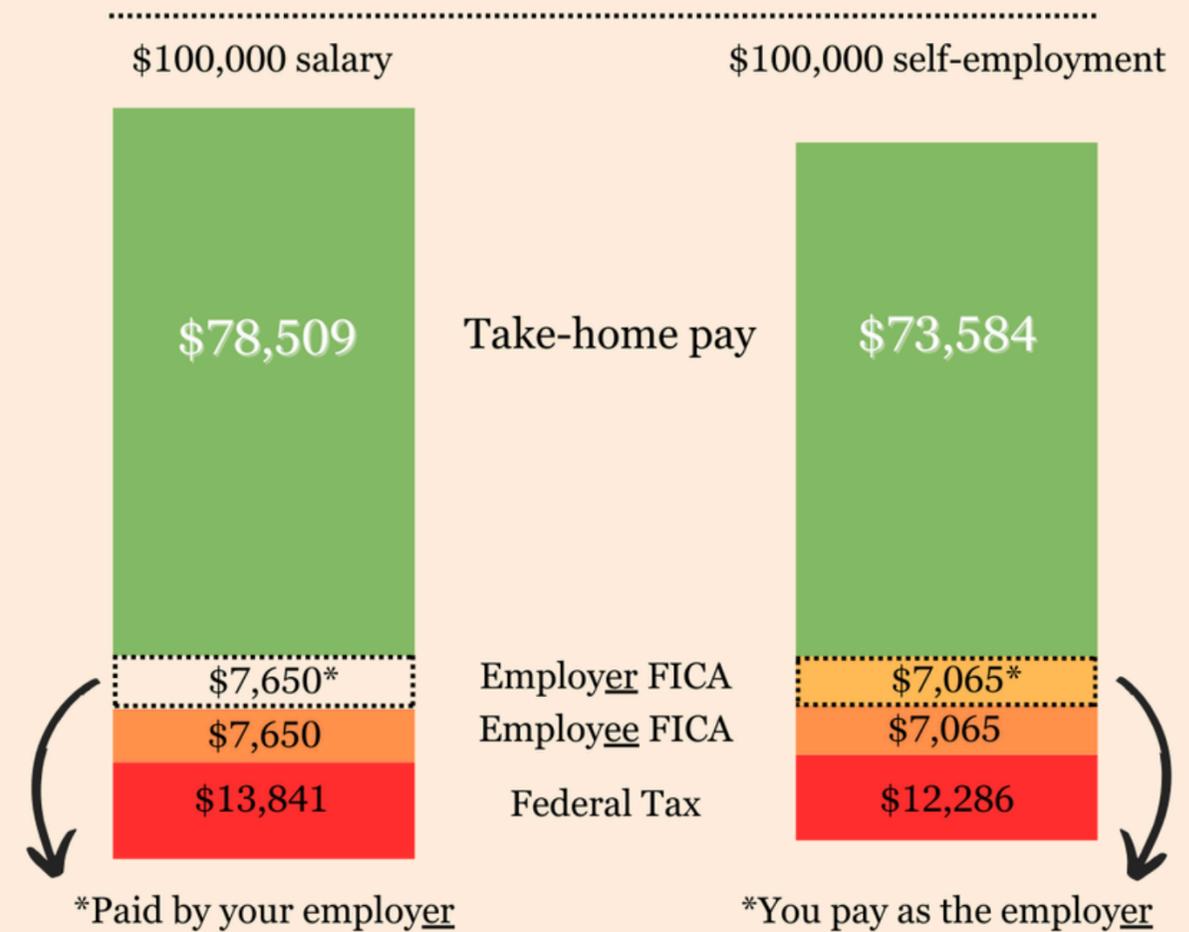
How federal tax brackets work



W2

vs

1099



SPEND

WHAT

Managing your expenses wisely.

WHY

This is crucial to avoid debt and ensure that your money is used effectively toward your priorities.

TOOLS & TACTICS

- Income statement (part 2)
- Spending plan (budget)

INCOME STATEMENT (PART 2)

Cash outflows

Savings

Emergency fund	\$5,000
Roth IRA	\$6,500
SEP IRA	
Solo 401(k)	\$10,000
Brokerage account	\$5,000
Education savings	\$6,000
Total savings	\$32,500

Insurance payments

Homeowners	\$2,500
Auto premiums	\$1,800
Life insurance	\$1,000
Disability insurance	\$4,000
Personal umbrella liability	\$200
Business liability	\$500
Total insurance payments	\$10,000

Living expenses

Utilities	\$2,400
Gasoline for autos	\$1,200
Auto Maintenance	\$1,000
Lawn service	\$600
Entertainment	\$3,000
Vacations	\$10,000
Church donations	\$4,000
Food	\$20,000
Telephone	\$600
Clothing	\$1,000
Misc	\$20,000
Total living expenses	\$63,800

Debt payments

Personal residence (mortgage)	\$24,000
Auto loan	\$4,000
Student loan	\$5,000
Credit card	\$3,000
Total debt payments	\$36,000

Taxes

Federal income taxes	\$64,000
State income taxes	\$19,000
Social security + medicare taxes	\$13,500
Property tax	\$7,000
Total taxes	\$103,500

Total income	\$270,000
Total savings, expenses and taxes	\$245,800
Net discretionary cash flow	\$24,200

SPENDING PLAN (BUDGET)



- 50/30/20 plan
- Zero-based budgeting
- Pay yourself first
- Fixed/flex
- Envelope system
- No-budget budget

SAVE & INVEST

WHAT

Setting aside money for future goals and growing your wealth.

WHY

This ensures long-term security and financial independence.

TOOLS & TACTICS

- Balance sheet (part 1)
- Emergency fund
- Qualified accounts
- Compound interest
- Diversification

BALANCE SHEET (PART 1)

Assets

Current assets

Checking	\$25,000
Saving	\$75,000
CD maturing in 6 months	
Money market	\$10,000

Total current assets \$110,000

Investment assets

401(k) plan	\$250,000
IRA	\$100,000
Brokerage account	\$40,000
Business interest	\$500,000
Education savings	\$50,000

Total invested assets \$940,000

Personal use assets

Personal residence	\$750,000
Valuables	\$100,000
Auto	\$45,000

Total personal use assets \$895,000

Total assets \$1,945,000

EMERGENCY FUND



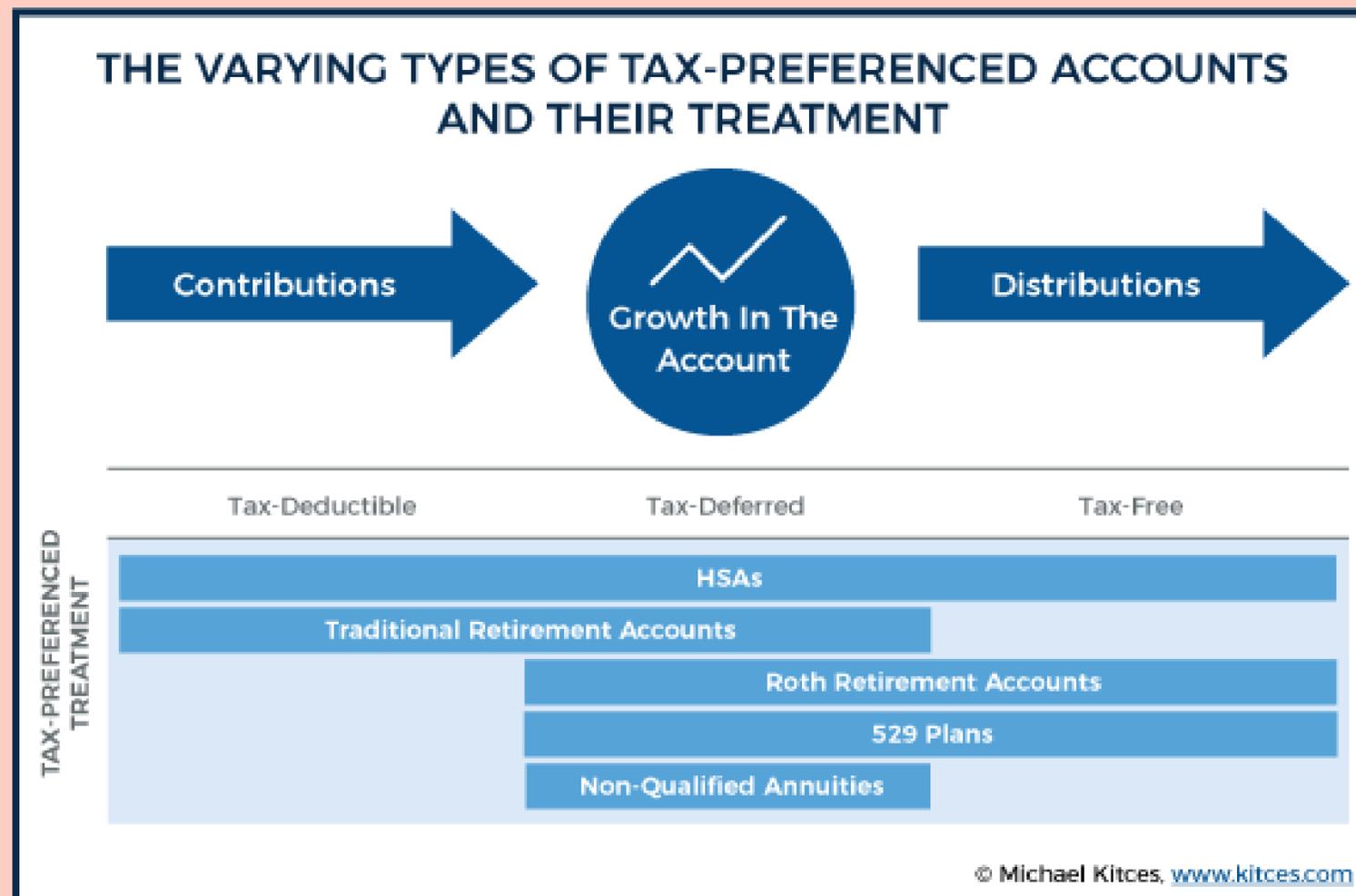
What it's for:

- Loss of income
- Disability waiting period
- Insurance deductibles
- Out-of-pocket maximums

How to build one:

- 3 - 24 months of living expenses
- Start saving 3 - 10% of income
- Automatic monthly deposits

QUALIFIED ACCOUNTS



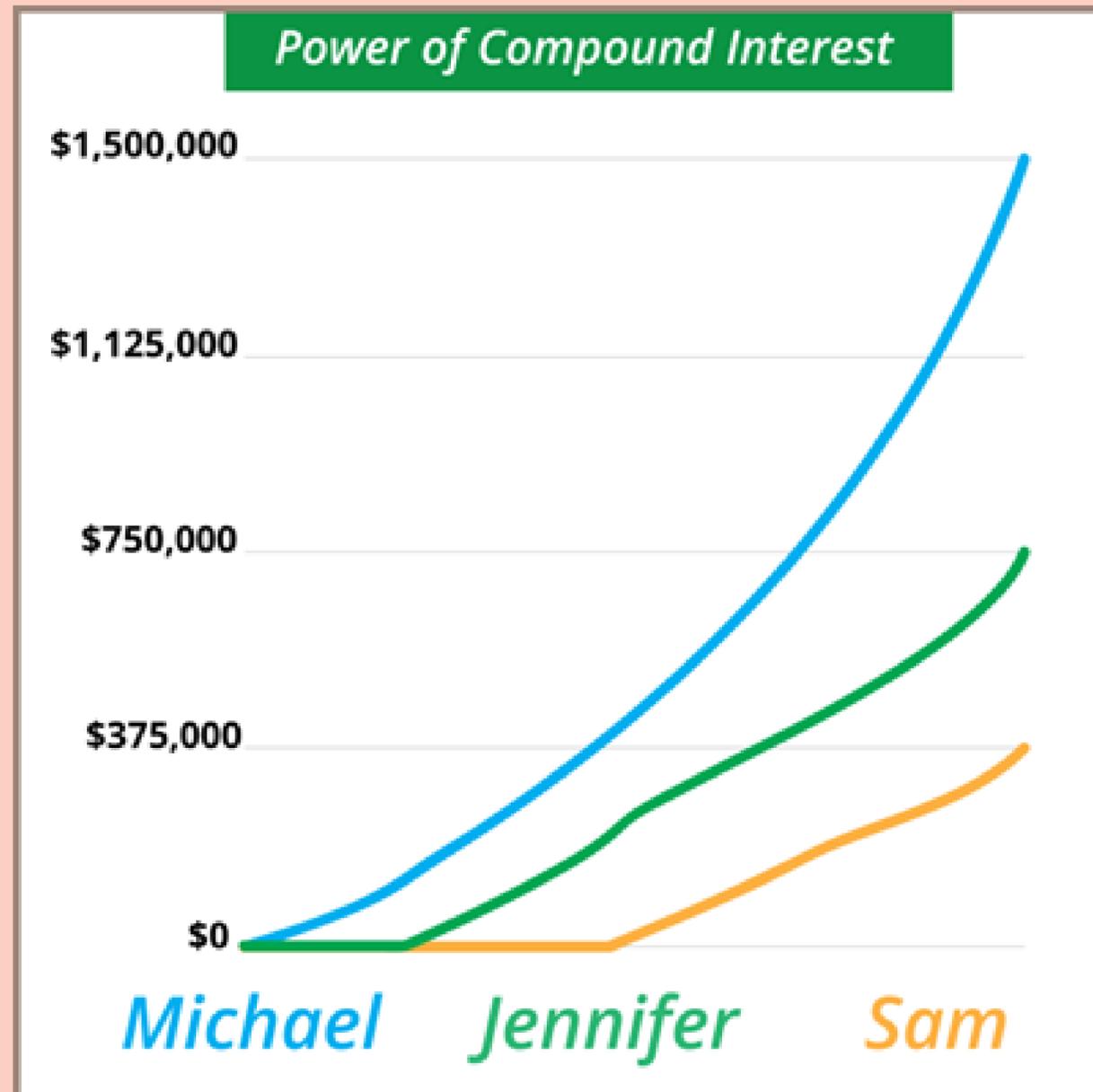
Qualified:

- 401(k), 403(b), 457, Solo 401(k)
- Traditional, ROTH, SEP, SIMPLE IRA
- Health savings account (HSA)
- 529 plan

Non-qualified:

- High-yield savings
- Taxable brokerage
- Employee stock purchase plan (ESPP)
- Deferred compensation plan

COMPOUND INTEREST



Source: MoneyUnder30.com

Michael

\$1,000/mo from age 25 to 35

Jennifer

\$1,000/mo from age 35 to 45

Sam

\$1,000/mo from age 45 to 55

DIVERSIFICATION



BORROW

WHAT

Responsibly using credit and loans when necessary.

WHY

Understanding borrowing helps you avoid debt pitfalls and use leverage to your advantage.

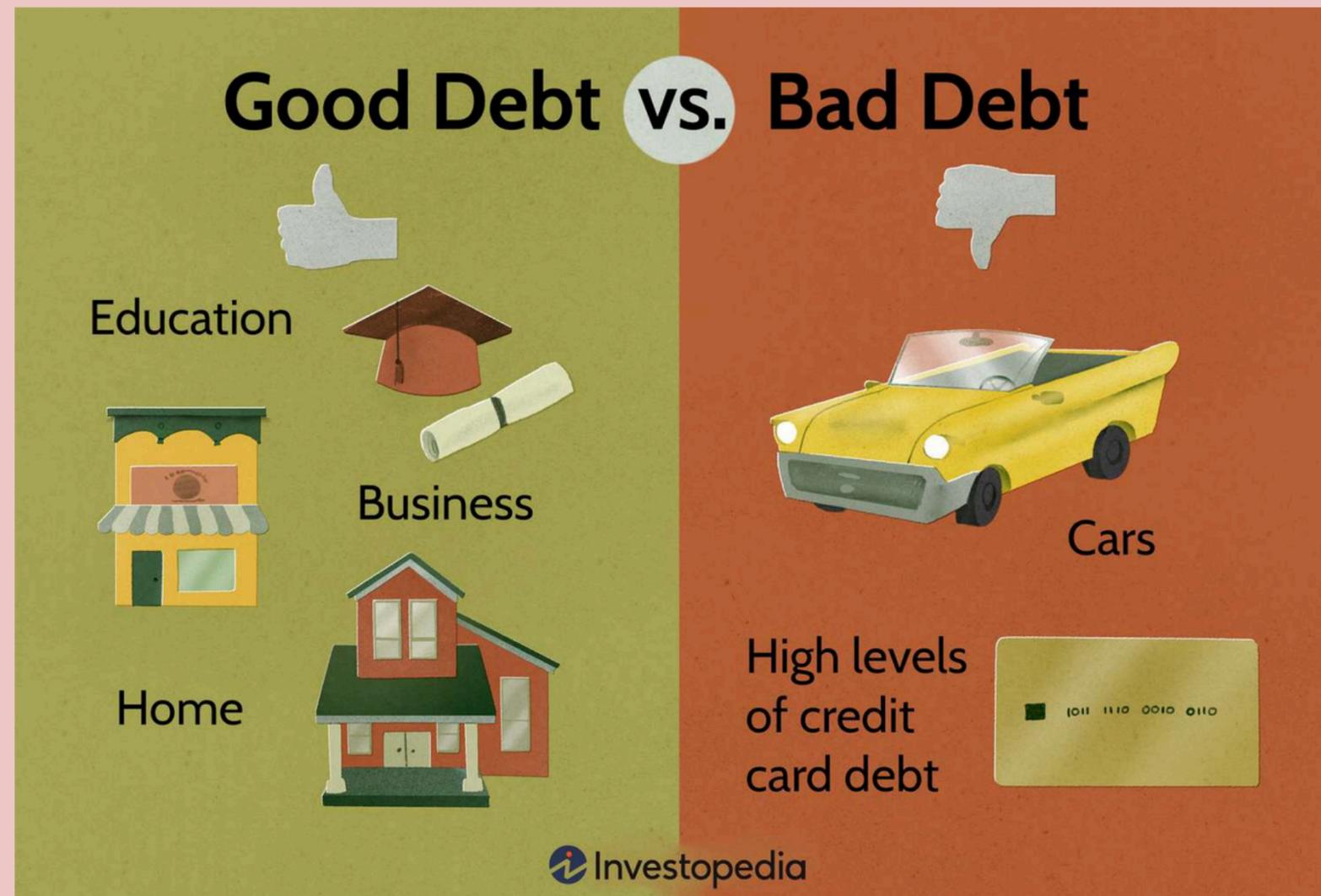
TOOLS & TACTICS

- Balance sheet (part 2)
- Good debt vs bad debt
- Credit health
- Debt payoff strategies

BALANCE SHEET (PART 2)

Current liabilities		Long-term liabilities	
Credit cards	\$2,000	Student loans	\$37,000
Student loans	\$3,000	Auto loan	\$30,000
Auto loan	\$6,000	Mortgage	\$576,000
Mortgage	\$24,000		
Total current liabilities	\$35,000	Total long-term liabilities	\$643,000
Total assets	\$1,945,000	Total liabilities	\$678,000
Net worth	\$1,267,000		

TYPES OF DEBT



Good debt:

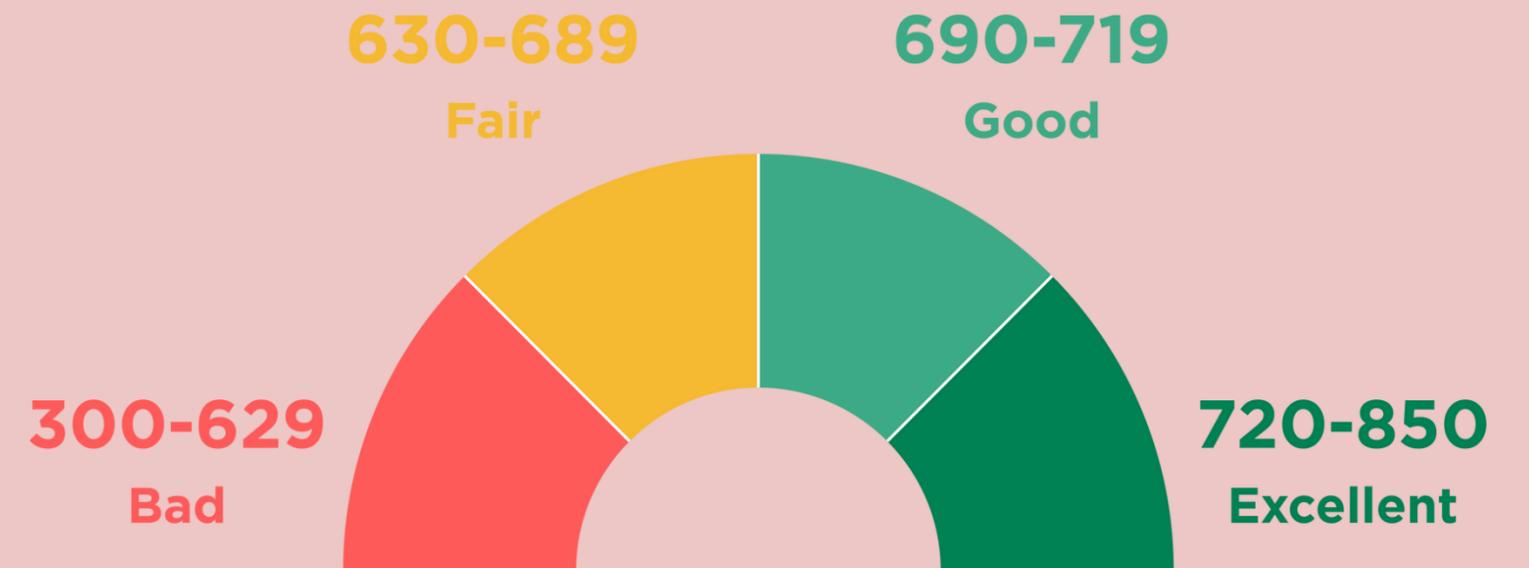
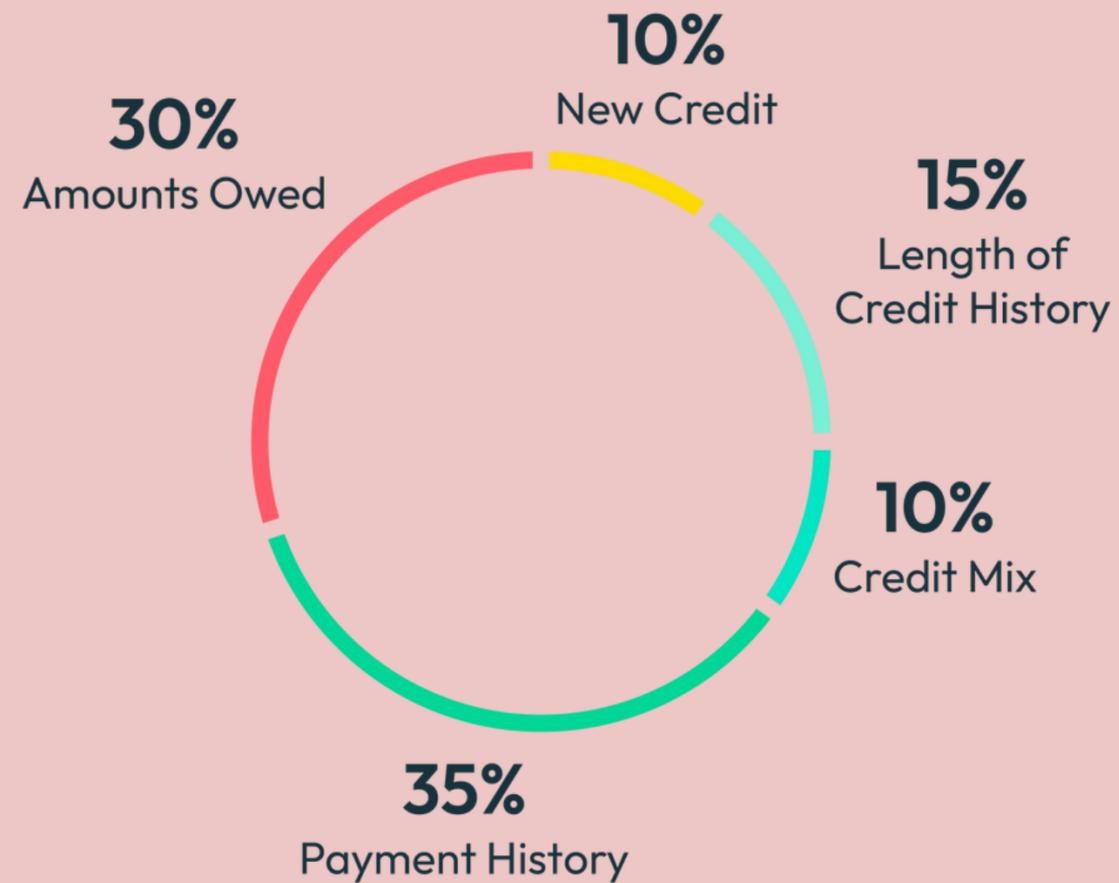
- Increases your net worth
- Low interest rates < 6%
- Asset last longer than the debt
- Increases human capital

Bad debt:

- Assets that rapidly depreciate
- High or variable interest rates 6%+
- Debt term last longer than the asset
- Used for consumption

CREDIT HEALTH

FICO SCORE



DEBT PAY OFF STRATEGIES



Avalanche - Highest interest first

Snowball - Lowest balance first

Fireball - Highest interest bad debt first

Consolidation - Combine debt

Management - Non-profit program

Settlement or bankruptcy - Last resort

PROTECT

WHAT

Safeguarding your assets through risk management, insurance, and estate planning.

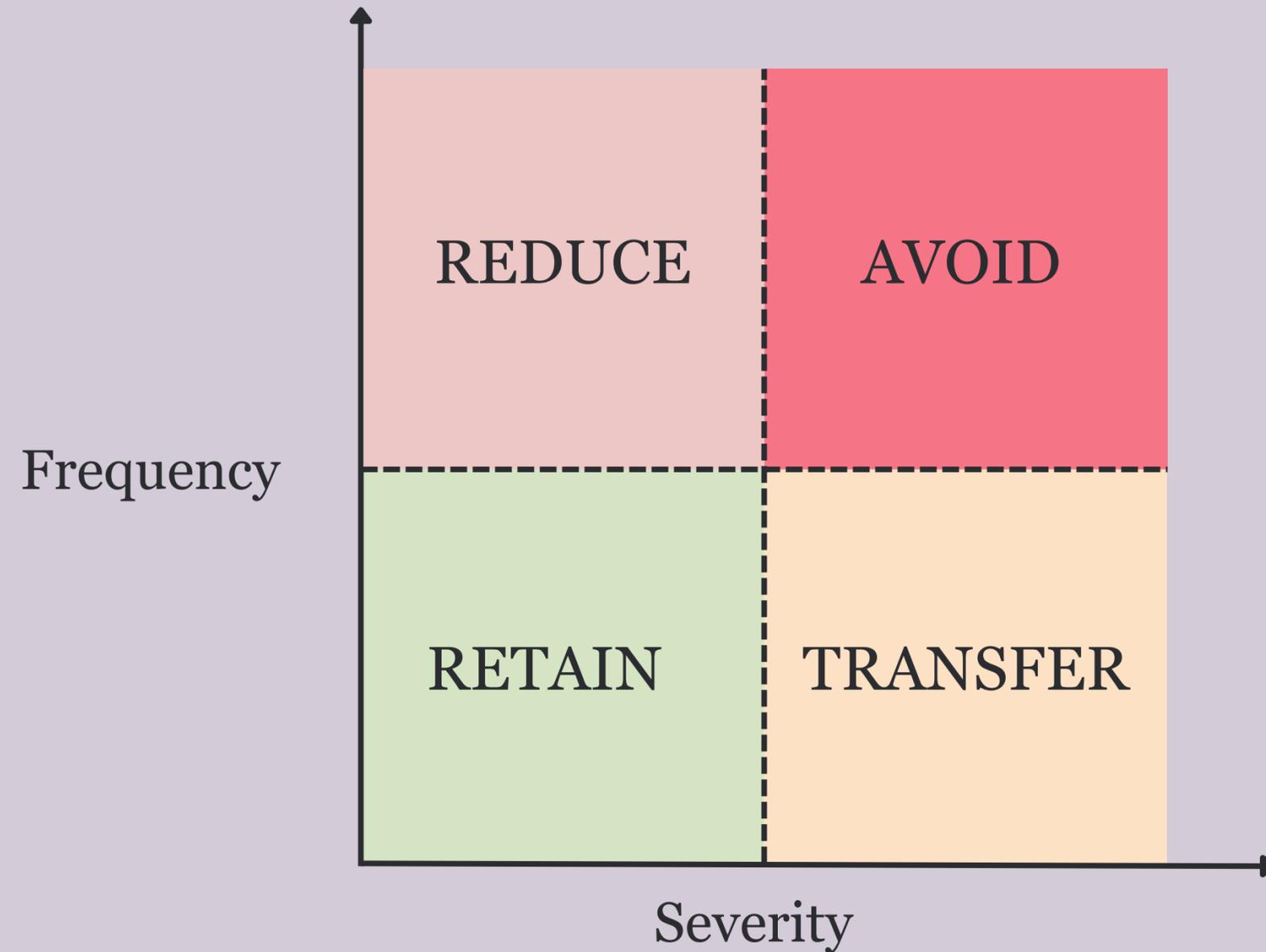
WHY

This ensures that your financial progress is not derailed by unforeseen events.

TOOLS & TACTICS

- Risk management
- Insurance
- Estate planning

RISK MANAGEMENT



INSURANCE



- Health
- Home / renters
- Auto
- Umbrella
- **Disability**
- Life
- Instrument
- Business liability

ESTATE PLANNING



- Last will & testament
- Durable & medical power of attorney
- Medical directives to physicians (living will)
- HIPAA authorizations
- Funeral instructions
- Revocable or irrevocable trusts
- Red file
- Beneficiary designations & account titling
- Legacy contacts (social media)

DO-IT-YOURSELF



Blogs

Money Maestro

Clever Girl Finance

Financial Samurai

NerdWallet



Podcasts

Thriving Musician Podcast

HerMoney Podcast



Books

Mindset by Carol Dweck

Financial Literacy by Duke Kunkler

Real Artists Don't Starve by Jeff Goins

Think & Grow Rich by Napoleon Hill

Personal Finance Quickstart Guide by Morgen Rochard

DELEGATE



Financial Therapist

Improves your relationship with money by addressing emotional factors.

CFT-I™



Financial Coach

Guides you to financial goals through education and practical strategies.

AFC®



Financial Planner

Creates comprehensive financial strategies tailored to your long-term goals.

CFP® professional



Wealth Manager

Provides investment management and estate planning to high-net-worth individuals.

CPWA

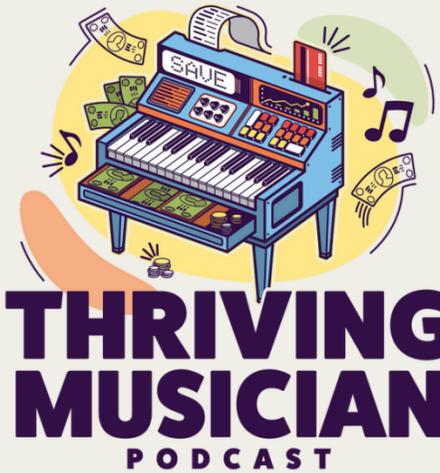
Motif*planning*



Flat fee ongoing personal financial planning for musicians, industry professionals and their families.

- Cash flow
- Taxes
- Insurance
- Investing
- Retirement
- Self-employment
- Employee benefits
- Legacy & estate
- Education planning

Thriving Musician



FREE financial education for DIY musicians.

- Podcast
- Blog
- Newsletter
- Resources
- Finance tools
- Speaking events
- Workshops
- Masterclasses
- Consulting

Pro bono



FREE 1-hour financial planning session for musicians facing financial hardship.

- Bankruptcy
- Low-income
- Credit card debt
- Student loan debt
- Back taxes
- Foreclosure
- Natural disaster
- Welfare
- Unemployment

KEEP THRIVING!



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