



# Financial literacy *checklist*

To be financially literate is to know how to manage your money. That means having a handle on your expenses, saving and borrowing responsibly, and investing and planning for retirement and beyond.

Taking the initiative to grow your financial knowledge starts with learning the basics of money management and develops into smart financial decision-making so you can build an enduring nest egg.

What is your level of financial know-how? For each line item below, check the box that applies to identify educational opportunities and ways for your financial professional to help. For topics you would like more information about, also check “I want to learn more.”

## Saving and investing

Beginner	Yes	No	N/A	I don't know	I want to learn more
I follow a budget and pay my bills on time					
I have an emergency fund for surprise expenses					
I know how much debt I have and the annual amount of interest I pay on it					
I know how to help protect myself against frauds and scams					
I understand compounding and the time value of money					
I check credit card statements against purchase receipts and my credit report every 3 to 6 months for accuracy					
I redirect extra cash to savings					

  

Intermediate	Yes	No	N/A	I don't know	I want to learn more
I know my net worth					
I know the difference between saving and investing					
I know my risk tolerance level					
I save regularly using an automatic investment plan					
I understand that inflation can erode the value of my savings over time					
I put my money to work by investing my savings to earn a return					
I work with a financial professional to implement a financial plan					

  

Advanced	Yes	No	N/A	I don't know	I want to learn more
I know the difference between a stock and a bond					
I know that bonds have an inverse relationship to interest rates					
I know the difference between a mutual fund and an ETF					
I know the difference between preferred and common shares					
I'm comfortable taking on some risk for the chance to earn higher return					
I have a brokerage account					
My investments are well-diversified					
I invest according to my values					
I create annual goals and develop a plan to achieve them without taking on debt or compromising my long-term savings					
I meet with a financial professional at least annually and at major life events to discuss my plan and ensure it continues to align with my goals					

## Investing for retirement

Beginner	Yes	No	N/A	I don't know	I want to learn more
I have a picture of my retirement and have investigated my retirement investing needs					
I know my risk tolerance profile and choose investments accordingly					
I'm familiar with the various retirement savings vehicles (e.g., Roth IRA, 401(k)) and use them to my advantage					
I have health insurance					
I have short- and long-term disability insurance to help replace my income if I'm unable to work					

Intermediate	Yes	No	N/A	I don't know	I want to learn more
I have an annual goal to increase my retirement plan contributions until I'm maxing out					
I have considered the impact of delaying Social Security payments until age 70					
I regularly review my investment portfolio to ensure it meets my time horizon and risk profile					
I have factored inflation into my projections about my retirement income needs					
I have a plan for minimizing taxes in retirement					

Advanced	Yes	No	N/A	I don't know	I want to learn more
I have an exit strategy for my business and a plan for funding my retirement					
I understand asset allocation and how to maintain a well-diversified portfolio over time that's calibrated to my desired risk tolerance					
I have researched income-generating investment opportunities, such as dividend stocks and annuities to see if they are right for my situation					

## Taxes

Beginner	Yes	No	N/A	I don't know	I want to learn more
I know how to do my taxes and file my returns or I work with a tax professional					
I'm current with federal and state taxes					
I'm free of liens on my property					
I keep copies of the last three years' income tax returns					

<b>Intermediate</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I usually receive a yearly tax refund					
I maximize the use of tax-advantaged savings accounts					

<b>Advanced</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I consider selling investments with accrued losses					
I make in-kind charitable donations to increase my tax savings					

## Insurance

<b>Beginner</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I have a record of household goods and valuables					
I meet with my insurance agent or company and review my policy regularly					
I've considered multiple solutions to my insurance needs					
I have short- and long-term disability insurance if I'm unable to work					
I have sufficient life insurance to cover my debts					
My life insurance can generate enough potential cash value or death benefit to replace my income					
My life insurance is through my employer					
My life insurance is a personally owned policy (not through my employer)					
I have property and casualty insurance (or renters' insurance) for my home and belongings					
I've compared different policy quotes to see which one is more suitable to my needs and goals					
I know where all my insurance policies are					
Beneficiary names are up to date on my policies					

<b>Intermediate</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I've informed my beneficiaries about my policies					
I know what post-retirement health benefits are available to me through my employer					
I've organized my health insurance to meet my current and future needs					
I have an umbrella liability policy					
I review my policies annually and at milestone events to help ensure I have the best rates and coverage for my situation					

<b>Advanced</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I've considered how to use life insurance to provide a tax-free benefit to my surviving spouse/loved ones					
I have long-term care insurance in addition to life and disability coverage					
I understand how life insurance can help me meet my retirement planning goals by providing a death benefit and cash value growth potential					
I've incorporated life insurance into my estate planning to help preserve my wealth, pass it on to the next generation, and/or provide for my charitable giving endeavors					

## Estate planning

<b>Beginner</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I've prepared a will and specified my wishes for dividing my assets					
I've named guardians for my minor children or dependents					
I've designated beneficiaries for retirement plans, brokerage accounts, and insurance policies					
I've appointed an executor					
I keep my will in a safe place along with other important documents like insurance policies					
I've communicated with loved ones where important paperwork is in case anything happens to me					

<b>Intermediate</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I have a durable power of attorney for my finances and healthcare					
I have a living will and trust					
I've considered the liabilities on my estate					
I've established a trust to help provide financial support to my minor children and/or dependents and their guardian(s)					
I've considered gifting or loaning surplus assets directly or through a trust to low-income children/grandchildren					

<b>Advanced</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I've considered the advantages of donating shares in-kind versus cash					
I've considered insurance-based solutions for surplus assets for tax-advantaged growth and to help maximize the value of my estate					
I've considered ways to maximize my legacy while minimizing my tax burden (e.g., charitable trusts, 529 plans for grandchildren)					
I effectively manage my charitable assets					

## Retirement income

<b>Beginner</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I've taken an inventory of my assets					
I've prepared a retirement budget					
I know my retirement income sources					
I know my options for receiving my employer pension and Social Security benefits					
I'm taking advantage of health and other benefits available to me before I retire					
I've eliminated debt					
I know and understand my Medicare options and what the out-of-pocket costs are projected to be					

<b>Intermediate</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I have a plan for meeting my future housing needs, when my health and mobility may be suffering					
I have a contingency plan in the case of disability/long-term illness, the death of my spouse, etc.					

<b>Advanced</b>	<b>Yes</b>	<b>No</b>	<b>N/A</b>	<b>I don't know</b>	<b>I want to learn more</b>
I know how to withdraw retirement funds to minimize taxes					
I have a strategy in place for providing predictable cash flow in retirement					
I've planned for comprehensive health insurance coverage, including long-term care needs and funding					
I've evaluated the appropriateness of annuities for my situation					

## Have questions?

Your financial professional can help you review this checklist to better understand your options and consider next steps as you prepare for the future.

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