Sample Client

Presented by: Financial Advisor

- Financial Plan Summary
- Current Financial Scenario
- Growing Wealth / Financial Independence
- Leveraging Wealth / Investment Planning
- Protecting Wealth / Personal Risk Management
- Transferring Wealth / Estate Planning
- Implementation Schedule
- Appendix

Wealth Management Plan
Objectives

Current Financial Scenario

- Determine your current financial scenario including a cash flow and net worth analysis.
- Maintain sufficient funds in cash accounts (checking, savings, cash equivalents) as compared to retirement assets and liabilities.
- Review portfolio assets with respect to account registration, beneficiary designation, tax type and asset allocation.

Growing Wealth / Financial Independence

- Develop a retirement plan that will allow you to retire comfortably while sustaining your current standard of living throughout your lives.
- Reviewing future income streams to optimize filing strategies as needed.
- Evaluating techniques to save income tax and estate taxes on deferred assets.
- Analyze your future financial scenario against factors outside of your control: Inflation, Tax Changes, Rising Health Care Costs, and Longevity

Leveraging Wealth / Investment Planning

- Design an investment plan that will not only help ensure you are being adequately compensated for the level of risk you decide to accept as an investor, but one that will also potentially provide you with a reasonable probability of success relative to your goals for financial independence.
- Matching your risk tolerance to that of your investment portfolio.
- Reviewing your current investment portfolio for proper diversification and asset allocation.
- Minimizing the taxes on your investment account, where applicable.

Protecting Wealth / Personal Risk Management

- Protect your family's standard of living in the event of unforeseen adverse circumstances such as a premature death, disability, or long-term care situation.

Transferring Wealth / Estate Planning

- Providing for an arranged distribution of your estate to your heirs at death by assuri[illegible]ssets are distribution to the proper recipients at an appropriate time while minimizing final exp[illegible] estate taxes.

- Reviewing your current Will and Trust structure to eliminate unnecessary taxes.

Wealth Management Plan
Assumptions

Financial Independence

- Retirement Year: 2022
- Life Expectancy through age 95

Child / Grandchild	Age	Planning Needs
Child 1	37	Gifting / Estate
Grandchild 1	5	Gifting / Estate
Grandchild 2	3	Gifting / Estate

Net Worth

ASSETS		
Account	**Value**	**Contributions**
Cash, Checking, Savings, CD's	$3,359,212	None
United Bank	$77,850	None
United Bank	$4,250	None
Taxable Investment Account	$1,672,084	None
Non-Qualified Annuity	$799	None
Roth Annuity	$2,745	None
Simple IRA Annuity	$336,993	None
Simple IRA Annuity	$72,684	None
Traditional IRA Annuity	$135,926	None
Adjoining 3.5 Acres	$60,000	None
Land 15.5 Acres	$85,000	None
Equipment	$21,000	None
Office	$220,000	None
Myrtle Beach 2nd Home	$425,000	None
Pavilion	$43,000	None
Rental House on 13.5 Acres	$420,000	None
Residence	$725,000	None
Second Office	$210,000	None
Automobiles	$145,000	None
Furnishings, Livestock, Electronic Equipment	$350,000	None
Tractors and Equipment	$35,000	None
Family Rental LLC	$450,000	None
Note Receivable	$1,545,000	None

- Pershing Retirement Gross Illustrated Investment Assumed Rate of Return: 5.09% (assumes a target model of 30% in equities and 70% in fixed income securities).

- Annuities Gross Illustrated Investment Assumed Rate of Return: 3%.

Cash Flow

Earned Income			
Source	**Amount**	**Duration**	**COLA**
Social Security	$35,652	Until Life Expectancy	1%
Rental Income	$48,000	Until Life Expectancy	1%
TOTAL	**$83,652**		

Expenses

Annual living expenses net of federal, state and local taxes, savings and items listed below: $120,000 with a 3% annual inflation rate.

Your assumed tax rate is based upon an assumed 1040 tax return filing strategy and is calculated for income each year independently throughout our analysis.

Source	Amount	Duration	Index
Medicare	$5,248 annually	Until Life Expectancy	3%
Insurance Premiums	$8,800 annually	Until Life Expectancy	3%
Real Estate Taxes and Assessments	$12,875 annually	Until Life Expectancy	3%

Risk Management

Insurance					
Policy	**Bene**	**Benefit**	**Cash Value**	**Prem.**	**Prem. Yrs.**
Auto Owners Life	Son	$500,000	$0		
Prudential Life	Son	$500,000	$53,567		

- Final expenses: $25,000

Estate Planning

- The growth rate of the applicable exclusion amount will be affected by cost of living adjustments. Actual estate taxes may vary from our projections.

- Federal Law: Estate planning projections utilize our interpretation of estate tax law under the Tax Cuts and Jobs Act (TCJA), enacted on December 22, 2017. Under the provisions of this Act, the estate, gift and generation skipping tax exemptions for 2021 have increased to $11,700,000 per person.

  This exemption under TCJA is expected to “sunset” after December 31, 2025. At this time, the estate tax exemption will revert to $5,000,000 per person.
- Your Will Type: Simple Will

Wealth Management Plan

Observations and Recommendations

Current Financial Scenario

Observations

- As a general rule, we recommend a liquidity cushion of three to six months of expenses to avoid having to liquidate otherwise illiquid assets and/or market-based assets at the wrong time in the event of an emergency. Too little of such funding could leave insufficient resources in an emergency – or cause the creation of additional debt when you would be least able to pay it. Having too much liquidity creates significant opportunity costs as funds held in reserves cannot accumulate or grow to meet other needs efficiently.
    - You currently have more than a sufficient amount of liquidity.
- Your net worth is $12,334,125 of which $7,600,125 is comprised of portfolio assets.
- Your current portfolio assets total $7,600,125 of which $549,147 is comprised of tax-advantaged retirement assets.

Recommendations

- Hold your emergency reserves in a checking / savings / money market.
- Keep these liquid reserves separate from any other financial resources so they are used exclusively for this purpose.
- Reallocate the excess cash reserves to a risk-tolerant investment portfolio earmarked for your long-term planning.

Growing Wealth / Financial Independence

Observations

- Your total current income is $61,800 and comes from your Note Receivable. Your total current living expenses - including taxes and Medicare premiums - do not exceed your current income level.
- During the years where you receive income from the note receivable, your guaranteed funding percentage is 100%. Once the note receivable has been paid, your projected guaranteed funding percentage is 60%. This is the portion of your total retirement costs that are projected to be paid for with guaranteed income. Your portfolio assets will have to cover the remainder.
- Your retirement projection reflects 0 unfunded years.
- Your retirement projection reflects a funding surplus of $10,781,106.
- The average portfolio distribution rate needed during retirement is expected to be less than the average of 4-5%.
- Based upon your Current Financial Scenario, the probability of success of achieving Financial Independence is 100%.
- Income taxes on your retirement assets, the rising costs of healthcare, inflation, and the effect of market risk on your assets will affect your continued success in retirement.

Recommendations

- Identify, retain and use your cash flow surplus to help fund your financial objectives.
- On an annual basis, review your investment performance against your plan and update your plan as needed.
- Consider the varying Social Security filing strategies with our office on a routine basis as we collectively decide on the most efficient strategy, while being mindful of tax implications.

Leveraging Wealth / Investment Management

Observations

- Establishing clearly defined objectives and strategies are one of the primary elements to the overall effectiveness of your investment portfolio.
- The heavy concentration of mutual funds in your Pershing account only can generate unwanted / unanticipated capital gains.
- The Toews strategies each have a place in a portfolio potentially, but too large of a concentration could be detrimental based on the performance of their strategy.
- The Tactical Income Fund is almost all corporate bond with no municipal exposure, given your accounts are non-qualified, we feel it's important to include municipal bonds for a number of reasons.
- The maximum drawdowns on the THHSX and TTDAX funds are worth reviewing, especially compared to the benchmark.

Recommendations

- Maintain a well-diversified investment portfolio with a more balanced approach across asset classes and managers, reducing risk and enhancing return.
- Implement a strategy to reduce pre-tax assets, especially in light of the unknown certainty surrounding future tax and interest rates.
- Develop a more tax efficient portfolio to ease tax burden. Exchange Traded Funds (ETF's) are a great option for both tax-efficiency and growth.
- Incorporate dividend paying stocks into your portfolio, especially ones that focus on consumer staples, pharma, and utilities. Other dividend paying stocks in which a demand exists regardless of the economic conditions should also be considered.
- Incorporate municipal bonds for a tax-free income asset class. Consider muni's that are diversified in maturity, have good credit quality, offer a better value than corporates / treasuries and hedge against the rising tax environment demand.
- Include Real Estate as an investment option
- Consider Qualified Opportunity Zone Strategies, such as Inland Self-Storage or Griffin Capital for tax favored benefits
- Review the progress of your investments through annual investment planning updates.
- Integrate the investment strategy with tax and estate plans based on changing conditions and landscape (example: spending plan for pre-tax assets).

Protecting Wealth / Personal Risk Management

Insurance Planning

Observations

- The most important question surrounding family protection is: “If I died today, would may family have adequate resources to maintain their current standard of living and meet their future goals?”
- Life Insurance is used to ensure such resources are available to loved ones and protects families against the loss of economic value upon an insured’s death. In addition to the instant benefit provided, life insurance is also afforded special income tax treatment and can be a desirable asset with lifetime benefits.
- In the event of your death in the current scenario, your Family have adequate liquidity based upon your net worth.

Recommendations

- Coordinate the ownership and beneficiary designations of your existing life insurance with your estate plan.

Transferring Wealth / Estate Planning

Observations

- Currently you have a Simple Will that was drafted in 2020.
- Currently you have a Durable Power of Attorney and Advanced Medical Directive. These documents were drafted in 2021.
- You are highly committed to ensuring your future estate transfers to your Family as efficiently as possible.

Recommendations

- Discuss estate planning strategies to determine the most efficient way to transfer your future estate. This includes but is not limited to a Trust (or combination thereafter) and / or gifting strategies.
- Discuss and appoint appropriate Trustees as needed.
- Review your estate plan every three to five years (or as appropriate) to ensure it remains current with the estate tax laws, the growth of your assets, and your objectives.
- You will need to review your legal documents and beneficiaries of your retirement plans and life insurance.

Wealth Management Plan

Next Steps

Current Financial Scenario	Target Date	Assigned To
Hold your emergency reserves in a checking / savings / money market.		
Keep these liquid reserves separate from any other financial resources so they are used exclusively for this purpose.		
Reallocate the excess cash reserves to a risk-tolerant investment portfolio earmarked for your long-term planning.		
Set up personal client website on e-money and use for account aggregation and vault.		

Growing Wealth / Financial Independence	Target Date	Assigned To
Identify, retain and use your cash flow surplus to help fund your financial objectives.		
On an annual basis, review your investment performance against your plan and update your plan as needed.		
Consider the varying Social Security filing strategies with our office on a routine basis as we collectively decide on the most efficient strategy, while being mindful of tax implications.		

Preserving Wealth / Investment Management	Target Date	Assigned To
Maintain a well-diversified investment portfolio with a more balanced approach across asset classes and managers, reducing risk and enhancing return.		
Implement a strategy to reduce pre-tax assets, especially in light of the unknown certainty surrounding future tax and interest rates.		
Develop a more tax efficient portfolio to ease tax burden. Exchange Traded Funds (ETF's) are a great option for both tax-efficiency and growth.		
Incorporate dividend paying stocks into your portfolio, especially ones that focus on consumer staples, pharma, and utilities. Other dividend paying stocks in which a demand exists regardless of the economic conditions should also be considered.		
Incorporate municipal bonds for a tax-free income asset class. Consider muni's that are diversified in maturity, have good credit quality, offer a better value than corporates / treasuries and hedge against the rising tax environment demand.		
Include Real Estate as an investment option.		
Consider Qualified Opportunity Zone Strategies, such as Inland Self-Storage or Griffin Capital for tax favored benefits		
Review the progress of your investments through annual investment planning updates.		

Integrate the investment strategy with tax and estate plans based on changing conditions and landscape (example: spending plan for pre-tax assets).		

Protecting Wealth / Personal Risk Management		
	Target Date	**Assigned To**
Coordinate the ownership and beneficiary designations of your existing life insurance with your estate plan.		

Transferring Wealth / Estate Planning		
	Target Date	**Assigned To**
Discuss estate planning strategies to determine the most efficient way to transfer your future estate. This includes but is not limited to a Trust (or combination thereafter) and / or gifting strategies.		
Discuss and appoint appropriate Trustees as needed.		
Review your estate plan every three to five years (or as appropriate) to ensure it remains current with the estate tax laws, the growth of your assets, and your objectives.		
You will need to review your legal documents and beneficiaries of your retirement plans and life insurance.		