Financial Plan for John and Mary Client

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CLIENT PROFILE: JOHN AND MARY CLIENT

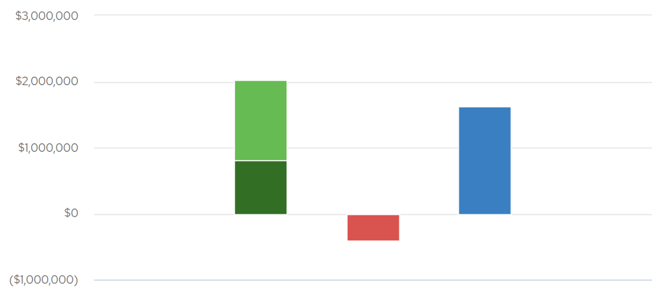
John and Mary are nearing retirement and want to be sure they are on track. John is 54 and Mary is 51. John owns his own business as a solo practice attorney and is well-established. Mary is a teacher's assistant in the local school district. John and Mary would like to retire in 9 years.

John and Mary have two children: Jennifer and Jason. Jennifer is a law student. She is paying for her own education, but John and Mary would like to help. Jason is working for John and plans to take over the business through an "earn out" over 5 years that you have agreed to. After helping Jason through a difficult divorce, John and Mary have incurred a large amount of credit card debt. They have one grandchild (Jason's daughter), Lou, who you would like to assist with college expenses in the future.

GOALS SUMMARY

- **Debt Management**: Get your debt under control and paid off before retirement to give you peace of mind.
- **Investments**: Allocate and manage your investments appropriately for your age to achieve your future goals.
- **Retirement**: Retire in 9 years and stay in your own home. Some modification may be needed. Spend time traveling abroad and at your second home in Florida (to be purchased).
- **Jennifer's schooling**: Help Jennifer with finishing her law degree.
- **Lou's education**: Provide for Lou's education
- **Estate planning**: Provide for your children and grandchild, without allowing Jason's ex-wife access to money.

NET WORTH STATEMENT



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Investment Assets	$1,228,362
Employer Retirement Plans	$115,327
Individual Retirement Accounts	$1,040,000
Annuities & Tax-Deferred Products	$36,473
Taxable and/or Tax-Free Accounts	$16,562
College Saving Plans	$20,000
Other Assets	$803,328
Home and Personal Assets	$400,000
Business and Property	$400,000
Cash Value Life	$3,328
Total Assets	$2,031,690
Liabilities	($408,294)
Personal Real Estate Loan	$343,647
Other Personal Debt	$64,647
Net Worth	**$1,623,396**

CURRENT CASH FLOW STATEMENT

Current Cash Flow			
CASH INFLOWS			
John's Salary		$ 168,000	
Mary's Salary		$ 50,000	
Investment Income		$ 368	
	Total Inflows		$ 218,368
SAVINGS			
Savings		$ -	
Reinvestment of Investing Income		$ 368	
Retirement Funding		$ 9,600	
	Total Savings		$ 9,968
OUTFLOWS			
Federal and state income tax		$ 50,762	
FICA taxes		$ 14,578	
Residence Mortgage		$ 28,128	
Credit cards		$ 12,000	
Life insurance		$ 1,250	
Homeowners insurance		$ 3,000	
Auto insurance		$ 1,320	
Medical and LTC insurance		$ 3,000	
Charitable contributions		$ 250	
Tax preparation fees		$ 350	
Property taxes		$ 3,600	
Auto Leases		$ 15,396	
General / Uncategorized		$ 66,504	
	Total Outflows		$ 200,138
	Total Outflows and Savings		$ 210,106
	Discretionary Cash Flows		**$ 8,262**
	TOTAL CASH FLOWS		$ 218,368

GOAL #1: REDUCING DEBT

You have built up a large amount of debt helping your son with his divorce and going through a tough couple years in the business. John is okay with the debt level. Mary is uncomfortable and stressed.

Strengths

- Debt to income ratio is a manageable 20%
- Interest rates on credit card and home equity line are low
- You purchased a home that was within your means and will be paid off before retirement.

Debt	Balance	Interest Rate	Minimum Monthly Payment
VISA	$64,647	13.999%	$757
Home Equity Line	$197,647	3.97%	$654.67
Mortgage	$146,278	7.32%	$1,689

Recommendations:

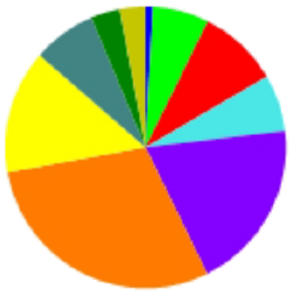
- Although the debt seems intimidating, it is manageable. Your credit card and mortgage will be paid off around the time you plan to retire. However, your home equity line will continue to be an expense as long as you make only the minimum payment
- We would recommend refinancing your current mortgage as there may be more favorable interest rates available. This may reduce your payment and free up more capital to be used to reduce debt or put in your investments.
- To have your credit card and home equity line paid off before your desired retirement age, you will need to increase your monthly debt payments by $1,345 to put a total of $3,000 a month towards your credit card and home equity line.
- We would recommend applying the maximum payment you can towards the credit card and continuing with the minimum home equity line payment until the credit card is paid off and then putting as much as possible toward the home equity line.

Debt	Balance	Interest Rate	Time	Required monthly payment	Balance at the end of period
VISA	$64,647	13.999%	2 years, 9 months	$2,345.33	$0
Home Equity Line	$197,647	3.97%	2 years, 9 months	$654.67	$197,647
Home Equity Line phase 2	$197,647	3.97%	6 years, 3 months	$3,000	$0

GOAL #2: INVESTMENT PLANNING

- Your primary goal is to be able to retire and maintain your standard of living. Your objectives are growth and capital preservation
- Based on your risk tolerance assessment, you have a moderate level of risk tolerance for someone your age
- Your time horizon is 9 – 49 years (9 years until retirement, 49 years to life expectancy)
- Your current portfolio is overweight stocks in general, too heavy in large cap stocks and lacking exposure to emerging markets, high yield and real estate. Your current portfolio has a potential drawdown risk of

Current Portfolio

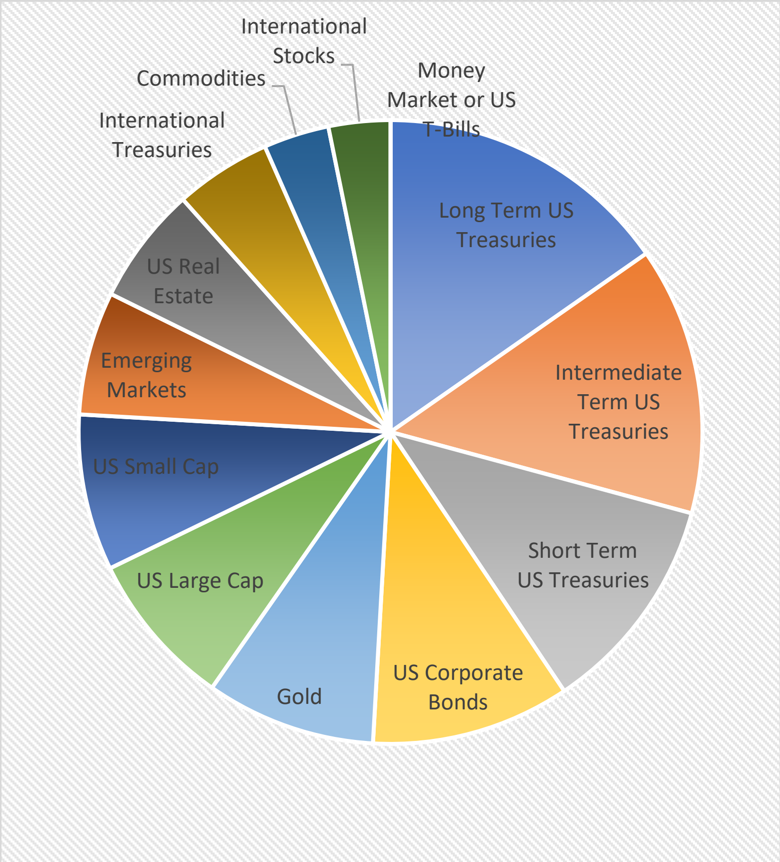


Asset Class	Amount	Percent
Cash & Cash Alternatives	$10,000	1%
Short Term Bonds	$80,000	7%
Intermediate Term Bonds	$114,006	9%
Long Term Bonds	$80,000	7%
Large Cap Value Stocks	$241,241	20%
Large Cap Growth Stocks	$361,241	29%
Mid Cap Stocks	$174,376	14%
Small Cap Stocks	$90,045	7%
International Developed Stocks	$40,979	3%
International Emerging Stocks	$0	0%
High Yield	$0	0%
Real Estate	$0	0%

Proposed Portfolio (Pre-Retirement)

- The proposed portfolio is appropriate for your age and risk tolerance
- The proposed portfolio has been designed with a goal of limiting the maximum drawdown over any 12 month period to no more than -20%.
- This portfolio has been designed based on today's interest rate environment. Your optimal allocation may change over time as bond yields change. Also, once you retire, it may be wise to reduce your risk exposure further.

Asset Class	Allocation
Long Term US Treasuries	15.30%
Intermediate Term US Treasuries	13.90%
Short Term US Treasuries	11.40%
US Corporate Bonds	10.30%
Gold	8.80%
US Large Cap	8.10%
US Small Cap	8.10%
Emerging Markets	6.40%
US Real Estate	6.10%
International Treasuries	5.00%
Commodities	3.40%
International Stocks	3.20%
Money Market or US T-Bills	0.00%



Summary Statistics (1970 to 4/22/2020)

Annualized Return	9.3%
10 year CAGR	5.9%
Worst 12-month loss (end of month)	-15.5% (02/2009)
Real Return (net of inflation)	5.2%
Max Drawdown (end of month)	-16.2%

**Data assume annual rebalance on the last day of the year. Transaction fees plus slippage total 0.10% per trade (0.20% round trip). Dividends and gains reinvested. Does not account for taxes or other fees. Historical data is hypothetical, simulated data using indexes to represent various asset classes. You cannot invest directly in an index.*

Investment Plan: Liquidity, Income, Tax

Liquidity

- You need an emergency fund with enough funds to provide 3-6 months' worth of expenses
- Current non-discretionary expenses are about $11,000 a month
- Suggested emergency fund: $33,000
- Current liquidity: $5,000

Income Needs

- No current income needed
- You will need to start taking income from your portfolio in 9-11 years
- Goal: provide a minimum of $12,200 a month in income

Tax Exposure

- Current effective income tax rate: 22%
- Long term capital gains tax rate: 15%
- Seek to invest in tax-deferred vehicles
    - Opportunity for Roth precluded due to high income
    - No deduction for IRA contributions due to income
    - Maximize 401k contributions / Roth 401k contributions
- Avoid holding high dividend paying investments or high turnover funds in non-qualified accounts

Implementation

- We can assist in implementing this proposed portfolio across your various accounts in our implementation meeting.

GOAL #3: RETIREMENT AND FUTURE EXPENSES

Needs

10	**Retirement - Basic Living Expense**	
	John (2029)	63
	Mary (2029)	60
	Both Retired (2029-2066)	$124,000
	Mortgage Reduction of $28,128 (2030)	
	Mary Alone Retired (2067-2069)	$112,000
	Move to Florida When both are retired	Base Inflation Rate (2.25%)
10	**Health Care**	
	Both Retired Before Medicare (2029-2030)	$22,174
	John Medicare / Mary Retired Before Medicare (2031-2033)	$14,478
	Both Medicare (2034-2066)	$6,700
	Mary Alone Medicare (2067-2069)	$3,190
		Base Inflation Rate plus 2.80% (5.05%)

Wants

7	**Home Improvement**	
	When both are retired	$15,000
		Base Inflation Rate (2.25%)
7	**College - Lou**	
	4 years starting in 2035	$26,590
	Attending College - Public In-State (4 years)	Base Inflation Rate plus 3.80% (6.05%)
7	**Gift or Donation**	
	When both are retired	$10,000
	Recurring every year until End of Plan	Base Inflation Rate (2.25%)

Wishes

3	**Travel**	
	When both are retired	$20,000
	Recurring every year for a total of 20 times	Base Inflation Rate (2.25%)
3	**Florida Home**	
	When both are retired	$250,000
		Base Inflation Rate (2.25%)

Social Security Analysis

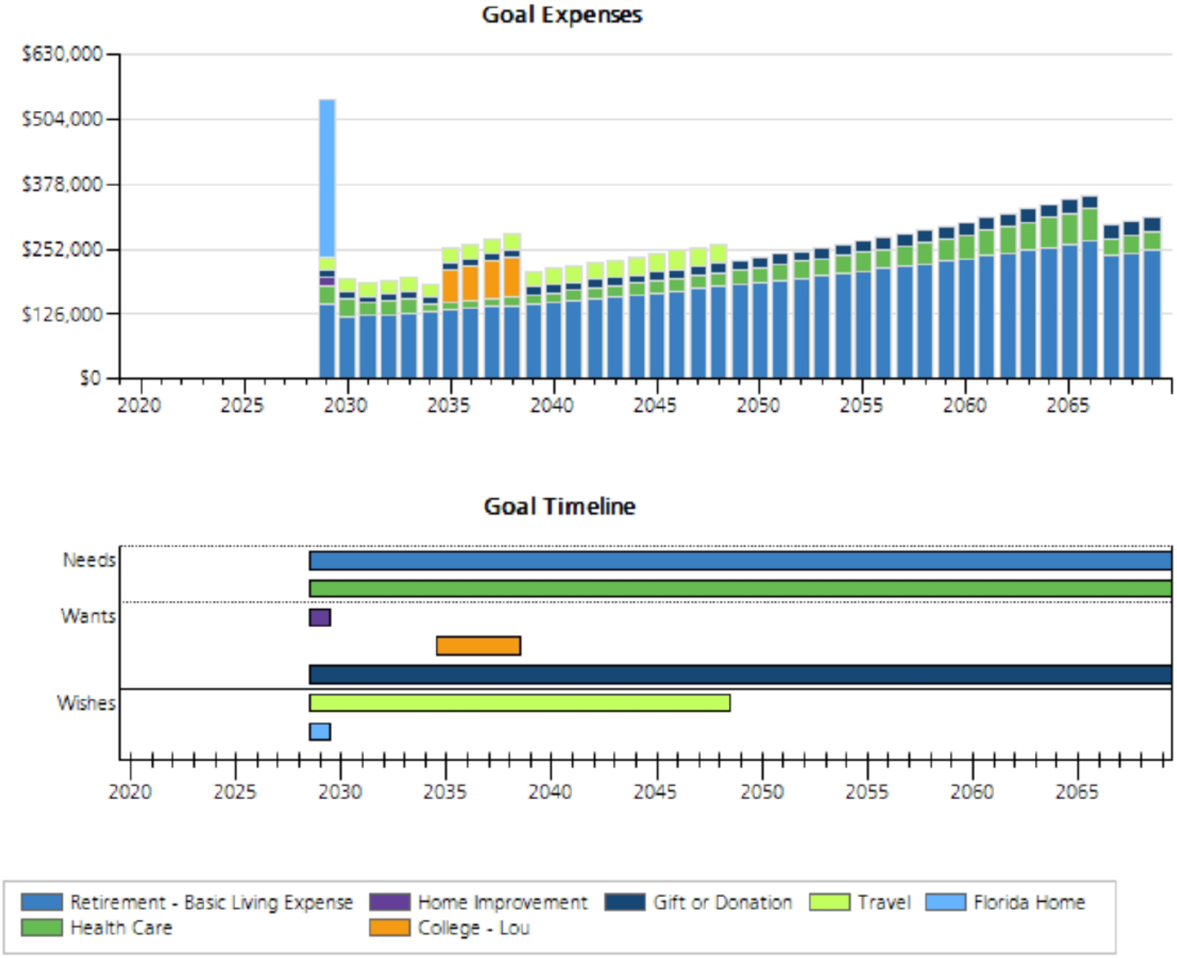
Which Social Security Strategy is best for you?

Strategies 1, 5, 6 provide the most money and Strategies 1, 5, 6 have the highest Probability of Success.

Social Security Strategy	1 Strategy Used in Scenario	2 As Soon As Possible	3 At Retirement	4 At FRA	5 At Age 70	6 John begins at age 70 and Mary begins at FRA
Start age John Mary	 70 67	 62 62	 63 62	 67 67	 70 70	 70 67
First year benefit John Mary	 $44,328 $0	 $0 $0	 $26,811 $0	 $35,748 $0	 $44,328 $0	 $44,328 $0
Total lifetime benefit (in current dollars)	$1,592,685	$1,003,056	$1,076,339	$1,408,225	$1,592,685	$1,592,685
Probability of success	72%	64%	67%	71%	72%	72%
Break Even Point John Mary	 77 74	 N/A N/A	 63 60	 75 72	 77 74	 77 74
	Detail	Detail	Detail	Detail	Detail	Detail

Current Financial Goals Graph

Our goals-based approach allows us to plan for how your spending and income needs will change over time:



Monte Carlo Analysis Results

Results	Current Scenario		Recommended Scenario	
	Average Return	Bad Timing	Average Return	Bad Timing
Estimated % of Goals Funded	98%	94%	100%	100%
Likelihood of Funding All Goals				

Your Confidence Zone: 70% - 90%

	Current Scenario	What If Scenario 1	Changes In Value
Retirement			
Retirement Age			
John	63 in 2029	64 in 2030	1 year later
Mary	60 in 2029	61 in 2030	1 year later
Planning Age			
John	100 in 2066	100 in 2066	
Mary	100 in 2069	100 in 2069	
Goals			
Needs			
Retirement - Basic Living Expense			
Both Retired	$124,000	$120,000	Decreased $4,000
Mary Alone Retired	$112,000	$108,000	Decreased $4,000
Health Care			Increased $357
Both Retired Before Medicare	$22,174	$22,531	
John Medicare / Mary Retired Before Medicare	$14,478	$14,478	
Both Medicare	$6,700	$6,700	
Mary Alone Medicare	$3,190	$3,190	

	Current Scenario	What If Scenario 1	Changes In Value
Wants			
Home Improvement	$15,000	$15,000	
Starting	When both are retired	When both are retired	
College - Lou	$26,590	$10,000	Decreased $16,590
Years of School	4	4	
Start Year	2035	2035	
Gift or Donation	$10,000	$5,000	Decreased $5,000
Starting	When both are retired	When both are retired	
Years between occurrences	1	1	
Ending	End of Plan	End of Plan	
Wishes			
Travel	$20,000	$15,000	Decreased $5,000
Starting	When both are retired	When both are retired	
Years between occurrences	1	1	
Number of occurrences	20	20	
Florida Home	$250,000	$230,000	Decreased $20,000
Starting	When both are retired	When both are retired	
Total Spending for Life of Plan	**$5,421,152**	**$4,718,618**	**Decreased 13%**
$ Savings			
Qualified	$9,000	$9,000	
Tax-Deferred	$600	$600	
Taxable	$0	$2,400	Increased $2,400
Total Savings This Year	**$9,600**	**$12,000**	**Increased $2,400**

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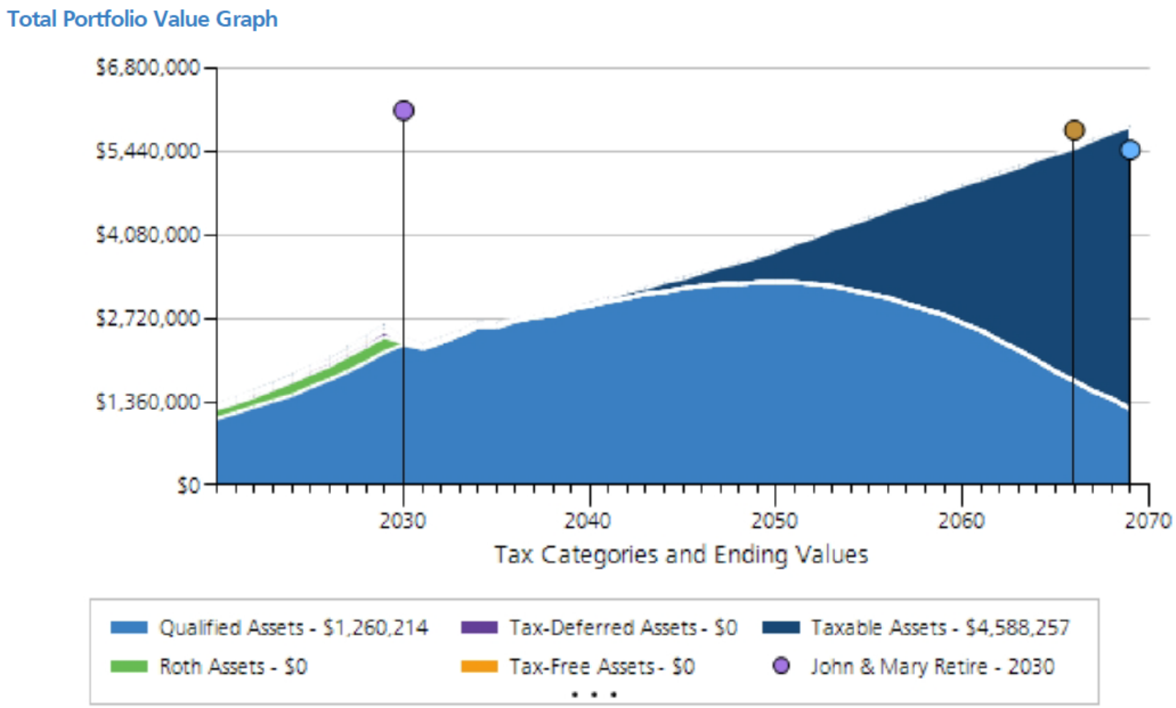
Social Security

Social Security Strategy	Current	John begins at age 70 and Mary begins at FRA
John		
Filing Method	Normal	Normal
Age to File Application	67	70
Age Retirement Benefits Begin	67	70
First Year Benefit	$35,748	$44,328

	Current Scenario	What If Scenario 1	Changes In Value
Mary			
Filing Method	Normal	Normal	
Age to File Application	67	67	
Age Retirement Benefits Begin	67	67	
First Year Benefit	$0	$0	

Portfolio Over Time

The graph below shows your total portfolio over time assuming an average annual rate of return of 7.14% before retirement and 6.64% after retirement.



Combined Details Using Averge Rate of Return Assumption

This chart shows the details of your portfolio changes over time from present time up until ages 83/80. We have included projected proceeds from the sale of your business under “other additions.”

		Beginning Portfolio Value										Funds Used	
Event or Ages	Year	Earmarked	Fund All Goals	Additions To Assets	Other Additions	Strategy Reductions	Strategy Income	Post Retirement Income	Investment Earnings	Investment Return	Taxes	All Goals	Ending Portfolio Value
54/51	2020	120,000	1,108,362	12,000	0	0	0	0	88,556	7.14%	358	0	1,328,560
55/52	2021	128,844	1,199,716	12,014	0	0	0	0	95,708	7.14%	422	0	1,435,859
56/53	2022	138,344	1,297,515	12,027	0	0	0	0	103,368	7.14%	490	0	1,550,765
57/54	2023	148,552	1,402,213	12,041	0	0	0	0	111,571	7.14%	560	0	1,673,816
58/55	2024	159,519	1,514,298	12,056	0	0	0	0	120,355	7.14%	635	0	1,805,592
59/56	2025	171,302	1,634,291	12,071	0	0	0	0	129,763	7.14%	713	0	1,946,712
60/57	2026	183,962	1,762,750	12,086	0	0	0	0	139,838	7.14%	796	0	2,097,840
61/58	2027	197,566	1,900,274	12,101	0	0	0	0	150,627	7.14%	883	0	2,259,685
62/59	2028	212,183	2,047,503	12,117	0	0	0	0	162,182	7.14%	974	0	2,433,011
63/60	2029	227,890	2,205,121	12,133	0	0	0	0	174,557	7.14%	1,070	0	2,618,631
John & Mary Retire	2030	244,768	2,373,863	0	80,000	0	0	42,000	151,211	6.73%	10,627	482,681	2,398,534
65/62	2031	262,857	2,135,677	0	84,000	202,901	4,601	42,000	143,243	6.64%	1,923	167,788	2,299,766
66/63	2032	63,845	2,235,922	0	88,200	0	4,601	42,000	149,830	6.64%	6,381	172,505	2,405,511
67/64	2033	67,966	2,337,545	0	92,610	0	4,601	42,000	156,826	6.64%	6,335	177,393	2,517,819
68/65	2034	72,354	2,445,465	0	97,240	0	4,601	42,000	165,510	6.64%	3,811	166,114	2,657,245
69/66	2035	77,026	2,580,220	0	0	0	4,601	42,000	165,207	6.64%	22,460	194,380	2,652,214
70/67	2036	56,098	2,596,116	0	0	0	4,601	105,283	168,834	6.64%	20,414	200,086	2,710,432
71/68	2037	32,208	2,678,224	0	0	0	4,601	106,707	171,998	6.64%	26,537	205,995	2,761,206
72/69	2038	25,974	2,735,231	0	0	0	4,601	108,163	174,849	6.64%	29,737	212,118	2,806,962
73/70	2039	27,344	2,779,618	0	0	0	4,601	109,651	180,092	6.64%	22,248	187,930	2,891,128
74/71	2040	28,786	2,862,342	0	0	0	4,601	111,174	185,428	6.64%	22,900	192,653	2,976,778
75/72	2041	30,304	2,946,473	0	0	0	4,601	113,250	190,564	6.64%	28,695	197,511	3,058,986
76/73	2042	31,902	3,027,084	0	0	0	4,601	115,483	195,735	6.64%	30,611	202,496	3,141,700
77/74	2043	33,585	3,108,115	0	0	0	4,601	117,767	200,936	6.64%	32,573	207,614	3,224,815
78/75	2044	35,356	3,189,459	0	0	0	4,601	120,101	206,144	6.64%	34,816	212,863	3,307,983
79/76	2045	37,221	3,270,762	0	0	0	4,601	122,489	211,351	6.64%	37,104	218,256	3,391,064
80/77	2046	39,184	3,351,880	0	0	0	4,601	124,930	216,543	6.64%	39,520	223,800	3,473,817
81/78	2047	41,250	3,432,567	0	0	0	4,601	127,425	221,699	6.64%	42,159	229,482	3,555,902
82/79	2048	43,425	3,512,477	0	0	0	4,601	129,978	226,801	6.64%	44,935	235,327	3,637,020
83/80	2049	45,716	3,591,304	0	0	0	4,601	132,587	231,829	6.64%	47,903	241,279	3,716,855

Combined Details By Goal Using Average Rate of Return Assumption

This chart shows your cash flow details by goal over time from present day to age 85/82.

		Funds Used							
Event or Ages	Year	Retirement	Health Care	Home Improvement	College - Lou	Gift or Donation	Travel	Florida Home	Ending Portfolio Value
54/51	2020	0	0	0	0	0	0	0	1,328,560
55/52	2021	0	0	0	0	0	0	0	1,435,859
56/53	2022	0	0	0	0	0	0	0	1,550,765
57/54	2023	0	0	0	0	0	0	0	1,673,816
58/55	2024	0	0	0	0	0	0	0	1,805,592
59/56	2025	0	0	0	0	0	0	0	1,946,712
60/57	2026	0	0	0	0	0	0	0	2,097,840
61/58	2027	0	0	0	0	0	0	0	2,259,685
62/59	2028	0	0	0	0	0	0	0	2,433,011
63/60	2029	0	0	0	0	0	0	0	2,618,631
John & Mary Retire	2030	114,767	36,876	18,738	0	6,246	18,738	287,317	2,398,534
65/62	2031	117,349	24,892	0	0	6,387	19,160	0	2,299,766
66/63	2032	119,989	26,395	0	0	6,530	19,591	0	2,405,511
67/64	2033	122,689	27,995	0	0	6,677	20,032	0	2,517,819
68/65	2034	125,450	13,354	0	0	6,827	20,482	0	2,657,245
69/66	2035	128,272	14,047	0	24,136	6,981	20,943	0	2,652,214
70/67	2036	131,158	14,779	0	25,596	7,138	21,414	0	2,710,432
71/68	2037	134,110	15,546	0	27,144	7,299	21,896	0	2,761,206
72/69	2038	137,127	16,353	0	28,787	7,463	22,389	0	2,806,962
73/70	2039	140,212	17,194	0	0	7,631	22,893	0	2,891,128
74/71	2040	143,367	18,076	0	0	7,803	23,408	0	2,976,778
75/72	2041	146,593	19,005	0	0	7,978	23,934	0	3,058,986
76/73	2042	149,891	19,974	0	0	8,158	24,473	0	3,141,700
77/74	2043	153,264	20,986	0	0	8,341	25,023	0	3,224,815
78/75	2044	156,712	22,036	0	0	8,529	25,586	0	3,307,983
79/76	2045	160,238	23,135	0	0	8,721	26,162	0	3,391,064
80/77	2046	163,844	24,289	0	0	8,917	26,751	0	3,473,817
81/78	2047	167,530	25,481	0	0	9,118	27,353	0	3,555,902
82/79	2048	171,299	26,737	0	0	9,323	27,968	0	3,637,020
83/80	2049	175,154	27,995	0	0	9,532	28,597	0	3,716,855
84/81	2050	179,095	29,317	0	0	9,747	0	0	3,825,783
85/82	2051	183,124	30,700	0	0	9,966	0	0	3,935,162

GOAL #4: HELPING JENNIFER WITH SCHOOL

Priorities

- You would like to help Jennifer with her law school expenses so she can avoid debt.
- Given your current debt levels, you should be careful not to extend yourself.
- We would recommend a policy-based decision framework for how much you are willing and able to help Jennifer with her schooling. Sometimes having a policy in place can make these difficult decisions easier by having a clear decision framework to guide you.

Proposed policy:

"We will help Jennifer with law school as much as possible using up to half of our future bonuses and/or increases in income, but we will not incur additional debt or reduce our debt payments or retirement contributions to do so."

GOAL #5: PROVIDING FOR LOU'S EDUCATION

Cost Analysis

- Current average public 4-year in-state tuition: $26,590
- Inflation rate: 6.05%
- Cost when Lou is read to go to college: $64,176
- Total cost: $280,955

Recommendations

Given the potential for scholarships, uncertainty and impact on your retirement plan, we suggest you'll be able to afford to support about $10,000 a year in today's dollars when Lou goes to college. However, you could increase the amount you're able to pay for by contributing to Lou's 529 plan as you are able to.

We would also recommend making provision for Lou's education in your will and estate plan so that in case something happens to you, you can still ensure Lou's college education is paid for.

RISK MANAGEMENT PLAN

Potential Risks

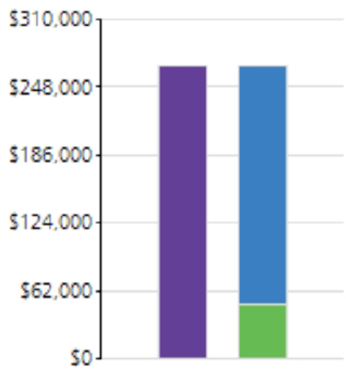
- Premature death – inability to save enough for retirement
- Liability – risk to your net worth
- Business risk – loss of income from business
- Property risk – risk of major expenses reducing net worth
- Disability risk – loss of income due to disability
- Health risk – potential for large medical expenses
- Long Term Care risk – risk of long term care expenses reducing net worth

Premature Death Risk

Based on our Needs Analysis, here is your recommended amount of coverage versus existing coverage:

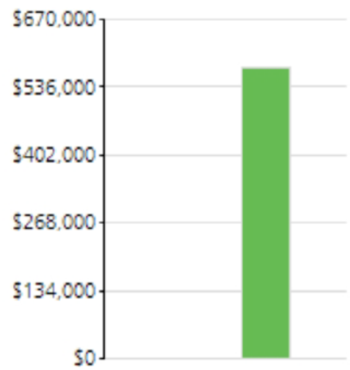
If John Dies

Living Expenses covered until Mary is 100



If Mary Dies

Living Expenses covered until John is 100



If John Dies		If Mary Dies
$266,986	Life Insurance Needed	$0
$50,000	Existing Life Insurance	$575,000
$216,986	Additional Needed	$0

Mary's coverage appears more than adequate. However, John is critically lacking in coverage. We would recommend a shorter term policy to cover you during your remaining working years until retirement.

Liability Risk

Current Assets Exposed to Liability Risk

- House: $400,000
- Brokerage Accounts: $17,423
- Future Florida Residence

Potential Solutions

- Raise auto / homeowners' liability insurance limits to $500,000 if not already there
- If not possible, add an umbrella policy to make up the difference

Business Risk

Potential Risks

- Death or disability of you or your son who is taking over the business
- Business interruption due to natural disaster

Potential Solutions

- Life and disability insurance on you and Jason
- Business owner's policy that includes business interruption insurance

WURZ FINANCIAL SERVICES

Disability Risk

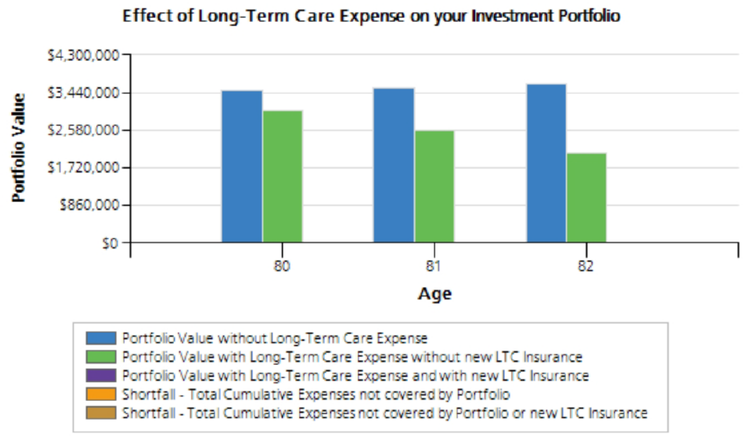
A disability would hinder your ability to provide income and harm your chances of retirement. While Mary has a disability policy through work that covers her disability risk plentifully, John is lacking a disability policy. And as the spouse with the highest income, he should consider purchasing a policy.

John’s Need	
Monthly Expenses	$11,000
Retirement Funding	$0
After Tax Income from Spouse	$3,291
Social Security Benefits	$2,356
Monthly Need without SS	$7,709
Current Coverage	None
Recommended coverage with social security rider	$6,600
Elimination Period	30 days
Benefit Period	5 years
Mary’s Need	
Monthly Expenses	$11,000
Retirement Funding	$800
After Tax Income from Spouse	$11,060
Social Security Benefits	N/A
Monthly Need without SS	$740
Current Coverage	$2,500 (through work)

Long Term Care Risk

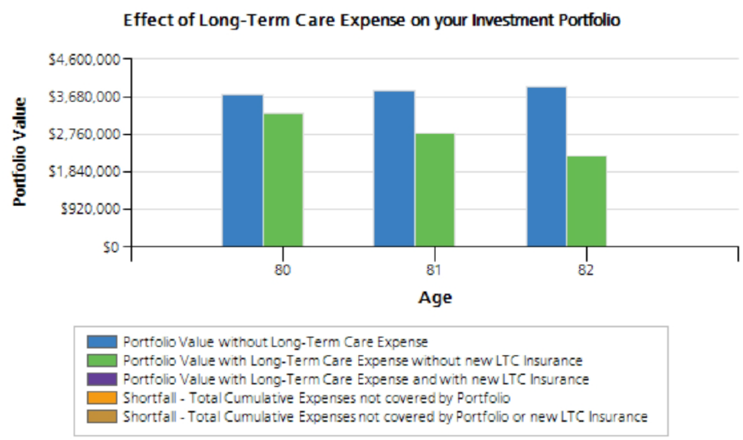
One of the greatest threats to the financial well-being of many people over 50 is the possible need for an extended period of Long-Term Care, either at home, in an Assisted Living Facility or in a Nursing Home. This Section demonstrates how these expenses could adversely affect your Investment Portfolio and how you might protect it with a Long-Term Care policy.

The chart below shows what may happen to your portfolio if John enters a Nursing Home at age 80 for 3 years at an annual cost in Current Dollars of $112,639 inflating at 4.50%.



Total Cost of Long-Term Care :	$1,109,763
Total of Existing Long-Term Care Policy Benefits :	$0
Total Benefits from purchasing a new Long-Term Care Policy :	$0
Amount offset by expense reduction during care period :	$0
Net Cost of care to be paid from Portfolio :	$1,109,763

This graph shows what may happen to your portfolio if Mary enters a Nursing Home at age 80 for 3 years at an annual cost, in Current Dollars, of $112,639 inflating at 4.50%.



Total Cost of Long-Term Care :	$1,266,424
Total of Existing Long-Term Care Policy Benefits :	$0
Total Benefits from purchasing a new Long-Term Care Policy :	$0
Amount offset by expense reduction during care period :	$0
Net Cost of care to be paid from Portfolio :	$1,266,424

GOAL #6: ESTATE PLANNING

Priorities

- Provide enough for surviving spouse to maintain standard of living in the event of premature death
- Provide enough for Lou's education and future needs, while keeping money out of Cheryl or Jason's control.
- Leave money to Jennifer and Jason and provide for Jason in a way that will prevent him from spending through his inheritance
- Leave a charitable legacy to alma mater
- Minimize estate taxes if applicable

Taxes and Expenses

- Estate tax will not be an issue since the estate is not likely to exceed the exclusion amount
- There are steps that can be taken to reduce probate expenses however
  - Have a beneficiary named on all title-able assets – house, bank accounts, retirement accounts, investment accounts, other property
  - Assets that pass via TOD (transfer on death) or are held as JTWROS (joint tenants with rights of survivorship) will not pass through probate

Recommendations

- Estate taxes are not a concern
- We would recommend re-writing the will to create a springing trust that would be created after the second spouse passes.
- The trust would be used for the following goals:
  - Pay for Lou's education and other needs out of trust earnings
  - Pay off Jennifer's law degree debt out of trust earnings
  - Then, distribute percentage to each:
    - Jennifer as a lump sum
    - Alma mater as a lump sum
    - Jason as a life estate or annuity
    - Lou as a life estate or annuity after college
- When you have your will re-written, have your advanced medical directive and powers of attorney created.

PLAN SUMMARY

- Plan to reduce your Total Goal spending by 13%
  - Decrease Basic living expense needs to $120,000 per year or $10,000 per month
  - Decrease college funding to $10,000 per year
  - Decrease gift / charitable donations to $5,000 per year
  - Decrease travel to $15,000 per year
  - Decrease Florida Home purchase to $230,000
- Increase savings by $2,400 to a total of $12,000 per year
- John retires at age 64. This is 1 year later than your target age
- Mary retires at age 61. This is 1 year later than your target age
- Social Security
  - John files a normal application at age 70
  - Mary files a normal application at age 67

IMPLEMENTATION CHECK LIST

- ☐ Build up emergency fund to $33,000
- ☐ Reduce spending to provide cash flow for other goals
- ☐ Increase debt payments by $1,345 and apply towards credit card first
- ☐ Re-allocate investment accounts to match proposed portfolio allocation
- ☐ Obtain quotes for 10-year term life insurance policy to cover John and consider cashing out Mary's policy to free up cash flow
- ☐ Increase liability limits on auto and homeowners' insurance to $500,000
- ☐ Obtain quotes for life/disability policies on John and Jason for business and business interruption insurance
- ☐ Obtain quotes for disability policy on John to cover disability risk to retirement goals
- ☐ Obtain quotes for LTC insurance policy to cover LTC costs and home healthcare needs
- ☐ Consult attorney to re-write will and create other documents

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