



2023 Financial Plan

For John & Mary Smith

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Objectives

Objectives



- Receive sufficient income to sustain your desired standard of living throughout your lifetime.
 - In support of this, ensure your savings grow as much as possible.
 - You'd like to get Mary out of her job as quickly as possible.
- Pay for Brad & Sarah's college expenses.
- Reduce your income taxes as much as possible.
- Keep investment risk in check while maximizing returns.
- Ensure survivor standard of living is maintained.
- Ensure that any assets you have at death pass to the survivor of you and ultimately to your children only.

Observations

Assets



Description	Gross Value	Liabilities	Net Equity
Taxable Accounts			
JT - Checking & Savings	\$21,559	\$0	\$21,559
Trust (Mary) - Apple & Amazon - Brokerage	\$1,342,605	\$0	\$1,342,605
Mary - Apple & Amazon - Brokerage	\$15,620	\$0	\$15,620
John - Apple & Amazon - Brokerage	\$592,604	\$0	\$592,604
Subtotal	\$1,972,388	\$0	\$1,972,388
Retirement Accounts			
Mary - 401(k)	\$126,089	\$0	\$126,089
John - 401(k)	\$181,429	\$0	\$181,429
John - 401(k)	\$45,550	\$0	\$45,550
Mary - Pension	\$1	\$0	\$1
John - Pension	\$1	\$0	\$1
Subtotal	\$353,069	\$0	\$353,069
Real Estate			
Trust (Mary) - Primary Residence	\$300,000	(\$70,000)	\$230,000
Subtotal	\$300,000	(\$70,000)	\$230,000
Assets for Children			
Brad - UTMA - Amazon (EQ)	\$344,317	\$0	\$344,317
Brad - UTMA - Brokerage (Jordan)	\$36,038	\$0	\$36,038
Brad - UTMA - Brokerage (Mary)	\$201,715	\$0	\$201,715
Sarah - UTMA - Apple (Computershare)	\$40,109	\$0	\$40,109
Sarah - UTMA - Amazon (EQ)	\$67,355	\$0	\$67,355
Sarah - UTMA - Brokerage (Jordan)	\$21,342	\$0	\$21,342
Sarah - UTMA - Brokerage (Mary)	\$0	\$0	\$0
Subtotal	\$710,877	\$0	\$710,877
Grand Total	\$3,336,334	(\$70,000)	\$3,266,334

Cash Flow

Description	Annual	Monthly
John's Salary	\$140,000	\$11,667
Mary's Salary	\$88,938	\$7,412
Total Income	\$228,938	\$19,078
John's 401(k) Contributions	\$9,800	\$817
Mary's 401(k) Contributions	\$5,200	\$433
Total Planned Savings	\$15,000	\$1,250
Estimated Income Taxes	\$67,416	\$5,618
Estimated Living Expenses	\$155,736	\$12,978
Total Expenses & Taxes	\$223,152	\$18,596
Estimated Cash Flow Surplus	(\$9,214)	(\$768)

Financial Independence Summary



Scenario	Base Case	Stress Test	Max Retirement Contributions
Total Retirement Contributions	\$15,000	\$15,000	\$61,000
Stress Test Variables (See Stress Test Page for Details)	Off	On	Off
Straight Line Results	\$6,379,445 at Ages 94/ 90	Assets Depleted at Age 89/ 85	\$6,514,345 at Ages 94/ 90
Monte Carlo Success Probability \$2,500,000 Remaining at 94/90	66%	31%	67%
Max Retirement Spend	\$180,000	\$149,000	\$180,000

Assumes John retires at 60 & Mary retires at 55.

Includes the following expenses in addition to normal living expenses:

Support for John's Mother: \$30,000 per year for 10 years (2029 – 2038)

Excess Healthcare Expenses – Pre-Medicare: \$24,000/ year + inflation (retirement – Age 65)

Excess Healthcare Expenses – Post-Medicare: \$12,000/ year + inflation (Age 65 – Life Expectancy)

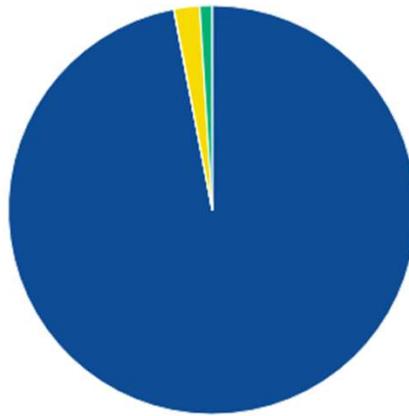
The information above is a summary only of full financial reports provided by eMoney. This summary is incomplete without accompanying reports and disclosures.

Investments – Asset Allocation



All Assets - Current Allocation

(6.47% blended rate)

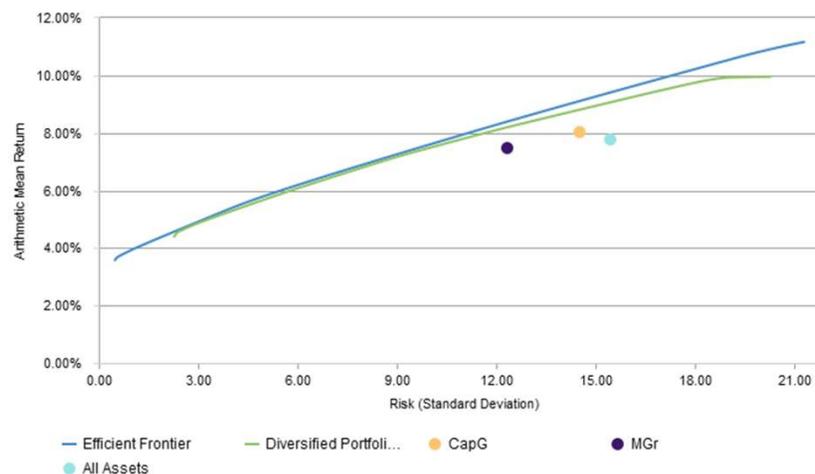


Equities	96.99%
Tax Exempt Bonds	0.01%
Taxable Bonds	2.02%
Cash	0.98%

Description	Apple	Amazon	Total
Holdings in Stock	\$759,547	\$1,509,221	\$2,268,768
Total Investable Assets	\$2,701,706	\$2,701,706	\$2,701,706
% Concentration in Stock	28%	56%	84%

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Investments – Efficient Frontier Analysis



One important aspect of assessing an investment portfolio is to consider its allocation amongst the various classes of assets (cash, bonds and stocks) within the portfolio. Financial advisors generally recommend investors diversify their investment holdings across these asset classes in various combinations to spread investment risk. Investment risk can be measured by Standard Deviation, a statistical measure of the variability of a set of data.

Diversification is achieved through investment in a combination of asset classes that historically have performed differently. Investments that historically have performed opposite from one another are said to be negatively correlated. The goal is to construct a portfolio allocation with a risk-return profile that aligns with the investor’s risk tolerance level and investment objectives and lies on the Efficient Frontier.

The Efficient Frontier is the theoretical combination of minimum investment risk for a given target investment return. Other portfolios that have the same level of risk would have a lower return potential and would therefore be inefficient.

Asset / Portfolio	Rate of Return	Mean Return	Risk
CapG	6.80%	8.03%	14.52%
MGr	6.50%	7.47%	12.32%
All Assets	6.47%	7.76%	15.44%

This analysis must be reviewed in conjunction with the limitations and conditions disclosed in the Disclaimer page. Projections are based on assumptions provided by the advisor/representative, and are not guaranteed. Actual results will vary, perhaps to a significant degree. The projected reports are hypothetical in nature and for illustrative purposes only. Return assumptions do not reflect the deduction of any commissions. They will reflect any fees or product charges when entered by the advisor/ representative. Deduction of such charges would result in a lower rate of return. Consult your legal and/or tax advisor before implementing any tax or legal strategies.

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Investments – Cash Reserves



Description	Value
Current Cash on Hand	\$21,559
Target Emergency Fund (6 Months Living Expenses)	\$77,868
Total Cash Needed	\$77,868
Accumulate/ (Deploy)	\$56,309

Years to Target	1
Annual Savings to Cash	\$56,309
Monthly Savings to Cash	\$4,692

Income Tax Planning



- John can contribute up to \$30,500 to employer retirement plans for 2024.
- Mary can contribute up to \$30,500 to employer retirement plans for 2024.
- Based on your estimated income for 2024, you may not be able to make direct Roth IRA contributions. However, you may make Backdoor Roth IRA contributions of \$8,000 each, \$16,000 total.
- You do not have sufficient cash flow surplus to make maximum retirement contributions. However, you have sufficient Non-Retirement assets that could be liquidated to make maximum retirement contributions.

The information is not tax advice. You should consult a tax professional before taking any action.

Education Planning



- Brad will start his undergraduate education this fall. He plans to get an Associate's Degree at a total cost of \$11,000, then transfer into an engineering program at State University.
- Sarah will start her undergraduate education in four years. For modeling purposes, we've assumed that she attends the State University.
- Between potential aid from your family and the funds already moved to Brad's & Sarah's names (UTMAs), it appears that their educations are fully funded. No additional education savings are required.

Risk Management – Life & Disability Insurance



Life Insurance

Description	Type	Premium	Death Benefit	Cash Value
John - Employer Insurance (2x)	Group Term	\$0	\$280,000	\$0
John - Secondary Employer Insurance	Group Term	\$0	\$69,773	\$0
Mary - Employer Insurance (1x)	Group Term	\$0	\$219,175	\$0

Disability Income Insurance

Description	Type	Premium	Monthly Benefit	Taxable?
John - Employer Insurance (60% of Salary)	Employer	\$0	\$7,000	Yes
Mary - Employer Insurance (50% of Salary)	Employer	\$0	\$3,706	Yes

Estate Planning



- Your current Estate Plan names the following executors:
 - John: Mary, then Jordan Smith, then Steve Smith
 - Mary: John, then Jordan & Roberta Smith as co-executors, then Steve Smith
- Your current Estate Plan leaves your assets to your Revocable Trusts. At your passing, your Revocable Trust separates into two irrevocable trusts, a Family Trust and a Marital Trust.
 - The beneficiaries of both the Family Trust and Marital Trust are the surviving spouse, then your children.
- Your current asset titling does not appear to support your wishes. Significant portions of your non-retirement assets are held outright in your names, rather than in the Revocable Trusts that you've established.
- It is unclear whether your current beneficiary designations support your wishes.

Recommendations

Financial Independence



- Continue to monitor your progress towards your Financial Independence goals. Update Financial Independence models at least annually, with a target probability of success of at least 80%.
- Monitor your spending and savings results over time.
 - Should your expenses be lower than projected or savings higher than projected, your model results may improve.

Investment Planning – Portfolio Design



- Design your Investment Portfolio as outlined below.
- Ensure your portfolio is aligned with the Efficient Frontier, maximizing the risk/ return tradeoff. Diversify your existing concentrated stock positions gradually over time, considering capital gains tax implications.

Cash Reserves	
Time Horizon	0-1 Year
Risk Tolerance	Short
Target Return	3.0%
Equities	0%
Fixed Income	0%
Cash	100%
Current Funding	\$21,559
Target Funding	\$77,868

Non-Retirement Investments	
Time Horizon	6 + Years
Risk Tolerance	Moderate
Target Return	6.0%
Equities	69%
Fixed Income	30%
Cash	1%
Current Funding	\$1,950,829
Target Funding	N/A

Retirement Investments	
Time Horizon	6 + Years
Risk Tolerance	Moderate
Target Return	6.0%
Equities	69%
Fixed Income	30%
Cash	1%
Current Funding	\$353,069
Target Funding	N/A

Savings Allocation



- Gradually reposition assets from Non-Retirement Investments to other sources, as outlined below. Doing so will create an appropriate Emergency Fund and take advantage of the tax benefits offered by your retirement plans at work.

Surplus (Annual/ Monthly)			(\$7,623)	(\$635)
Account	Goal	Time Horizon	Target Annual Savings	Target Monthly Savings
Cash	Maintain Emergency Fund	0 - 2 Years	\$56,309	\$4,692
Non-Retirement Investments	Build Wealth	Various	(\$141,000)	(\$11,750)
Education Funding	Fund Education	1 - 8 Years	\$0	\$0
Employer Retirement Plans	Retire Someday, Save Taxes	6 + Years	\$61,000	\$5,083
Roth IRA (if MAGI allows and/ or Backdoor available)	Retire Someday, Save Taxes	6 + Years	\$16,000	\$1,333
Total			(\$7,691)	(\$641)
Remaining Surplus			\$68	\$6

Risk Management



- Consider implementing additional Life Insurance in the following amounts to protect your family financially from a premature death. Ensure all Life Insurance is the appropriate type based on your objectives.
 - \$1,000,000 on John
 - \$1,500,000 on Mary

See Survivor Income scenarios (scenarios 3 & 4) in your Financial Model for details.

- Review your current Disability Income insurance to ensure it is sufficient to protect you from the financial effects of a long-term disability. If it is not, consider implementing additional Disability Income Insurance.
- Consider implementing Long-Term Care Insurance to protect yourself and your family financially from a Long-Term Care event.
- Re-evaluate your insurance planning at least annually and as your situation changes.

Estate Planning



- Review your Wills, Trusts, and other Estate Planning documents. Ensure your documents:
 - Name the appropriate Executor and Trustee(s) based on your wishes.
 - Provide the desired level of Asset Protection for each other and your children.
- Review your asset titling, ensuring it supports your wishes and your Estate Plan.
- Review your beneficiary designations, ensuring they support your wishes and your Estate Plan.

Implementation Schedule

Implementation Schedule



Description	Accepted	Next Action Date	Target Completion Date
Implement the portfolio design outlined in this plan, aligning your portfolio with the Efficient Frontier. Diversify your concentrated stock positions over time, considering capital gains tax implications.	Yes	9/18/2023	12/31/2023
Change the dividend preference on Apple & Amazon stock, allowing dividends to be sent to cash or reinvested in a diversified portfolio rather than reinvested in the stocks themselves.	Maybe	9/18/2023	12/31/2023
Liquidate investments over the next year to accumulate a suitable Emergency Fund, approximately \$80,000 total. Ensure cash is held in an FDIC Insured Savings account paying a competitive interest rate.	Yes	9/18/2023	12/31/2023
Liquidate investments over the next year to make maximum contributions (including catch-up contributions) to your Employer Retirement Plans, \$30,5000 each. Consider Roth contributions.	Maybe	9/18/2023	12/31/2023
Consider implementing additional Life Insurance to protect your family financially from a premature death.	Yes	10/7/2023	TBD
Review your Estate Planning documents. Ensure they name the appropriate Executor and Trustee(s) and provide the desired level of Asset Protection for each other and your children.	Yes	10/7/2023	TBD
Review your current Disability Income insurance to ensure it is sufficient to protect you from the financial effects of a long-term disability.	Yes	10/21/2023	TBD
Consider implementing Long-Term Care insurance to protect yourself and your family financially from a Long-Term Care event.	Yes	10/21/2023	TBD
In early 2025, consider maximum Roth IRA contributions (including catch-up contributions) should your MAGI allow or Backdoor contributions be available.	Maybe	1/1/2024	3/31/2024
Review your asset titling, ensuring it supports your wishes and your Estate Plan.	Yes	Hold	TBD
Review your beneficiary designations, ensuring they support your wishes and your Estate Plan.	Yes	Hold	TBD
Review & update your Financial Model at least annually.	Yes	8/1/2024	Complete for 2023

Appendix

Disclaimer



- All analysis contained herein is based on accompanying eMoney reports. This plan is incomplete without accompanying reports and disclosures.

eMoney Software

- **PERSONAL FINANCIAL WEBSITE** – Aggregate accounts for consolidated picture of your finances
- **INVESTMENTS** – Monitor all your accounts
- **CASH FLOW** – Forecasting inflows and outflows
- **VAULT** – Safely store statements, taxes, and estate planning documents
- **GOALS** – See if you are on target to achieve your goals and explore new ones
- **SPENDING & BUDGETING** – Monitor today and plan for tomorrow
- **MOBILE APP** – Complete financial picture is one tap away

