

Comprehensive Financial Plan

John & Jackie Griffin

Prepared by Abraham Doe

Agenda

- Goals and Priorities
- Qualitative and Quantitative Information
- Current Course of Action
- Recommendations
- Next Steps

Goals and Priorities

Goals and Priorities

- Education Savings
- Debt Management
- Retirement Plan
- Insurance Plan (Risk Management)
- Investment Plan (Investment Portfolio)
- Estate Plan
- Income Tax Plan

The Family

Life Cycle Approach

Ages	John Griffin 37, Jackie Griffin 37
Marital Status	Married filing jointly
Children	Jack 6, Jill 3, Jane 1
Employment/Income	John, Geologist \$85k / Jackie, Homemaker \$0
Net Worth	\$244,861
Life Cycle Phase	Risk Management & Accumulation

Qualitative and Quantitative Information

External Information

- Economic Environment
 - General inflation Consumer Price Index (CPI) is expected to be 3% annually
 - Education inflation is expected to be 5% annually
 - You live in a common law state with no state income taxes
- Bank Lending Rates
 - Mortgage 30 years - conforming rate = 4.0%
 - Mortgage 15 years - conforming rate = 3.75%
 - Refinancing costs are 1.5% of the amount refinanced and can be paid directly or included in the balance refinanced
 - The prime rate is 3.25

Investment Information

- The general market is expected to have a rate of return of 8.5% in the short term and 8.5% in the long-term
- Your required and expected long-term rate of return is 8.5%
- Fixed income investments are expected to yield 6%
- T-Bills are expected to yield 3% per year and are expected to be the proxy for the risk-free rate of return
- You scored 19 on the Global Portfolio Allocation Scoring System (PASS) for Individual Investors placing you at a moderate asset allocation.

Retirement Information

- John started contributing to his employer's 401(k) plan last year. John currently contributes 6.92% of his annual salary. John's employer plan matches his contribution dollar-for-dollar up to 3% of John's salary
- John chose a moderate asset allocation in his retirement account.
- John does not know the return on his 401(k) balance, but considers this account to be a long-term investment and is not concerned about short term returns.
- John's Summary Plan Description of 401(k) master plan details is unavailable. This document includes information on loan provisions, hardship withdrawals for education, and additional rules.

Debt

Debt Payments - As of 1/1/2024

Liabilities	Rates & Terms	Original Balance	Monthly Payment	Months Remaining
Credit Card	Variable @ 18%	\$16,000	\$300.00	
Student Loan	10 years @ 10%	\$40,000	\$528.60	60
Bank Loan	18 months @ 7%	\$12,000	\$704.22	12
Mortgage	30 years @ 6.25%	\$320,000	\$1,970.30	259
Auto Loan	4 years @ 5%	\$30,000	\$690.88	24
Total		\$418,000	\$4,194.00	

Other Assets & Liabilities

- Investment Assets.
 - Brokerage Account. Willing to sell one your stocks. As of 1/1/2019, balance of investment assets and cash was \$78,180. Total assets \$576,250.
- Personal Use Assets
 - Primary Residence. Plan to stay in current home through retirement. Interested in refinancing the remaining balance on the mortgage that is currently 6.25%. Refinancing costs are 1.5% of any mortgage amount. Qualified several years ago for a 15 year secured but unused home equity line of credit (HELOC) for \$50,000 with a 4% variable interest rate. The HELOC is still in existence.
 - ATV. Open to discussing selling the ATV. It is currently uninsured.

Current Course of Action

Analysis of Current Situation

- The following slides illustrate analysis and outputs from Financial Statement Preparation & Analysis software.
 - Financial Statements
 - Ratio Analysis
 - 3 Panel Approach Analysis

Balance Sheet - Current Year



Balance Sheet - Current Year

Griffin Case 12/31/2024

Client: John (Age: 37) Spouse-Partner: Jackie (Age: 37) as of 12/31/2024

Cash and Cash Equivalents

JT - Cash & Checking	\$3,500	
JT - Money Market	\$7,000	
Total Current Assets		\$10,500

Invested Assets

S/P - Brokerage Account	\$67,647	
C - 401(k) - John	\$13,190	
Total Invested Assets		\$80,837

Personal Use Assets

JT - Primary Residence	\$360,000	
JT - Auto	\$30,000	
C - ATV	\$7,070	
JT - Furniture and Fixtures	\$71,000	
SO - Jewelry	\$20,000	
SO - Clothing	\$10,000	
Total Personal Use Assets		\$498,070

Total Assets \$589,407

Current Liabilities

C - Student Loan	\$4,037	
S/P - Credit Card	\$784	
JT - Car	\$7,678	
N/A - Principal Residence	\$6,337	
JT - Bank Loan	\$8,139	
Total Current Liabilities		\$26,974

Long Term Liabilities

C - Student Loan	\$20,842	
S/P - Credit Card	\$15,216	
JT - Car	\$8,070	
N/A - Principal Residence	\$273,444	
JT - Bank Loan	\$0	
Total Long Term Liabilities		\$317,572
Total Liabilities		\$344,546

Total Net Worth **\$244,861**

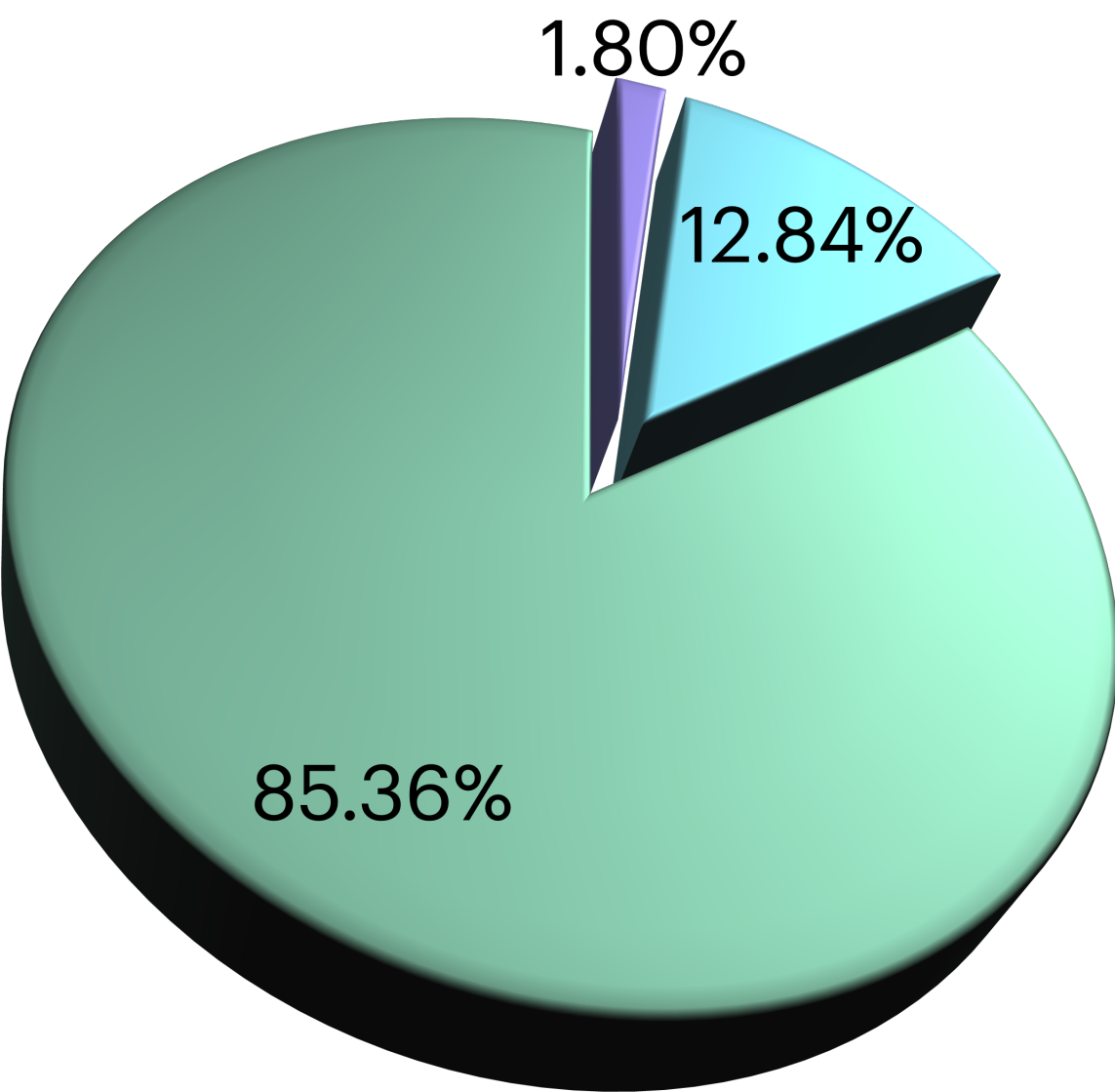
Total Liabilities and Net Worth \$589,407

Pie Chart

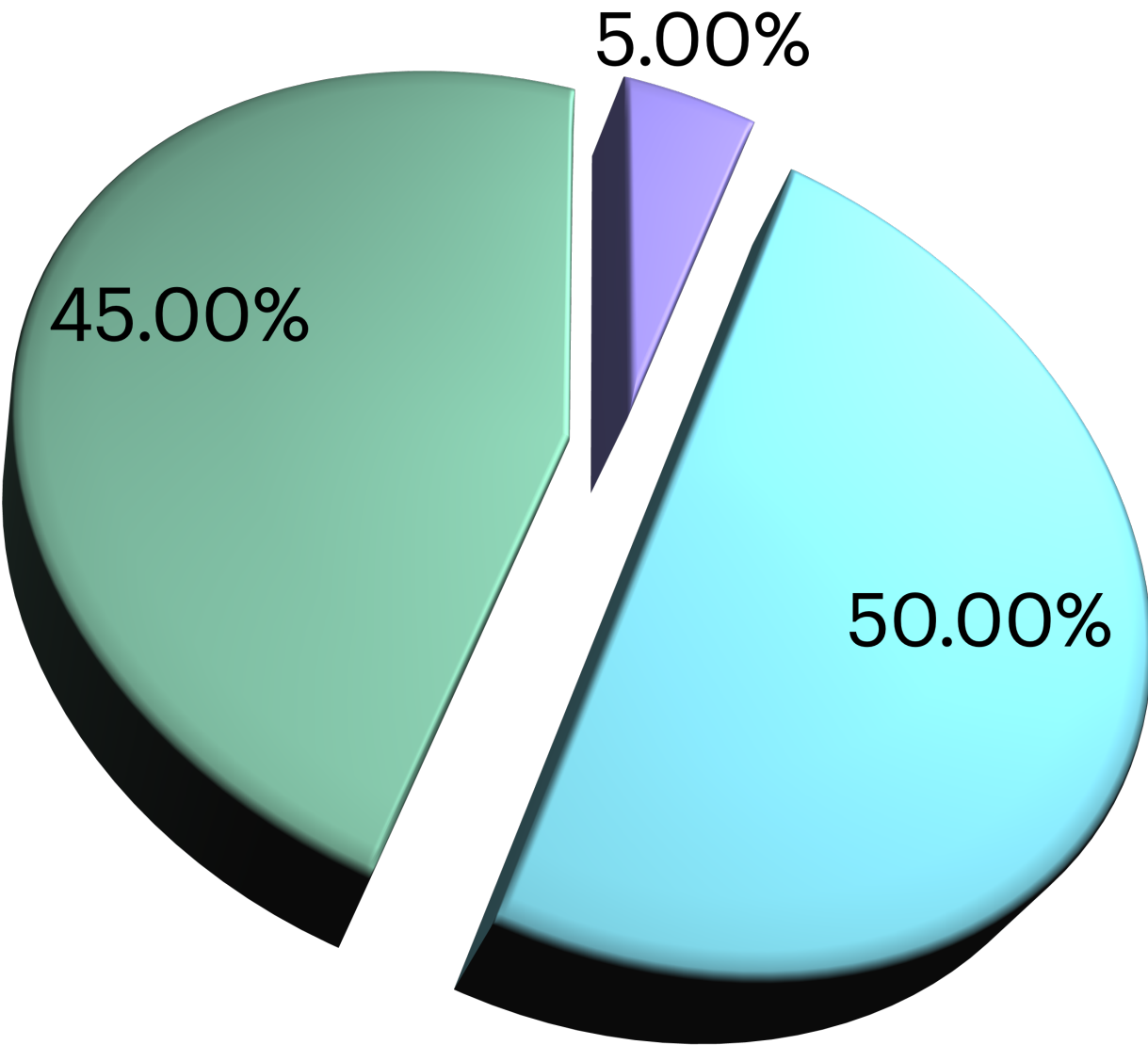
Balance Sheet - Current Year

- Cash & Cash Equivalents
- Invested Assets
- Personal Use Assets

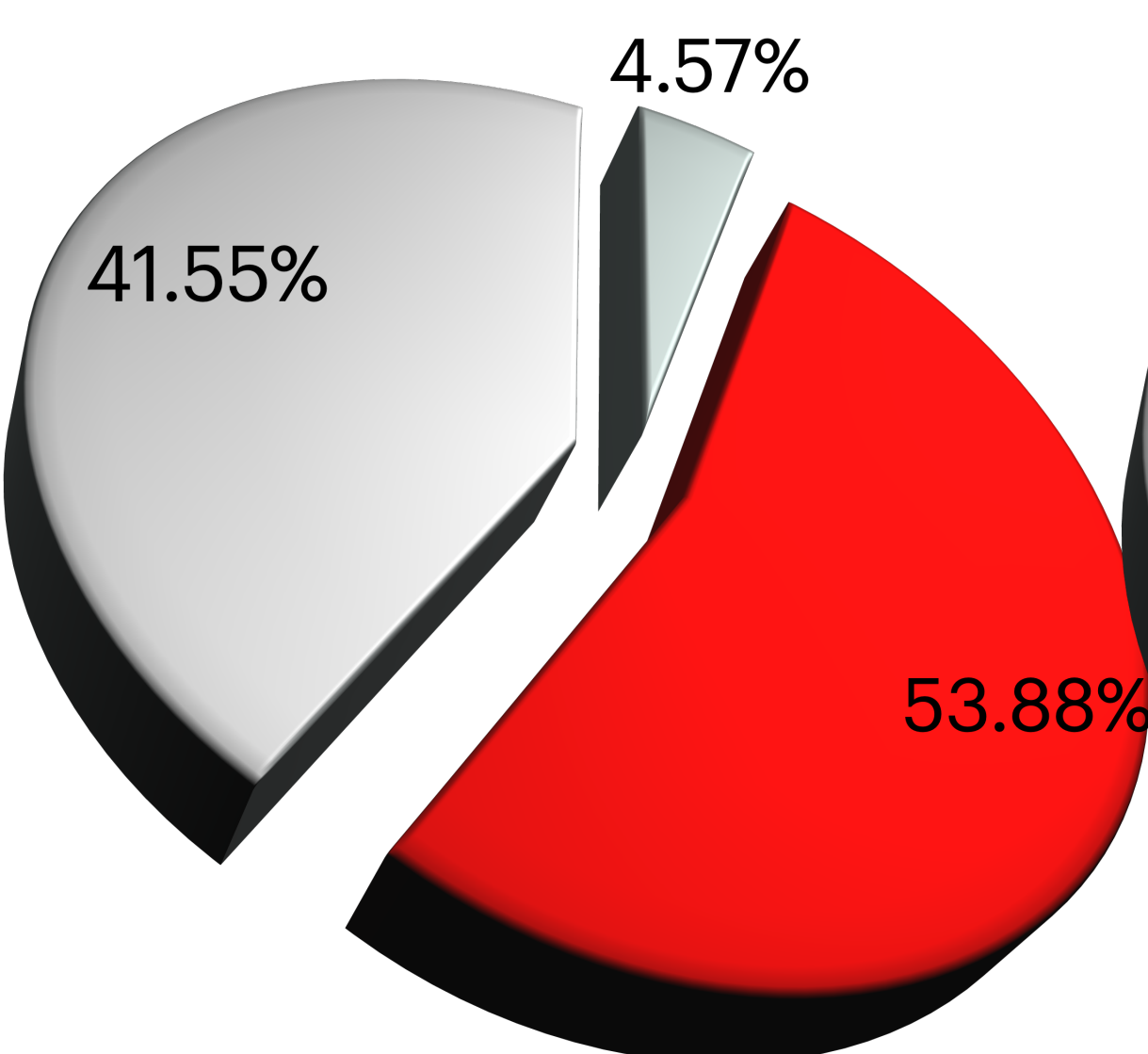
- Current Liabilities
- Long-Term Liabilities
- Net Worth



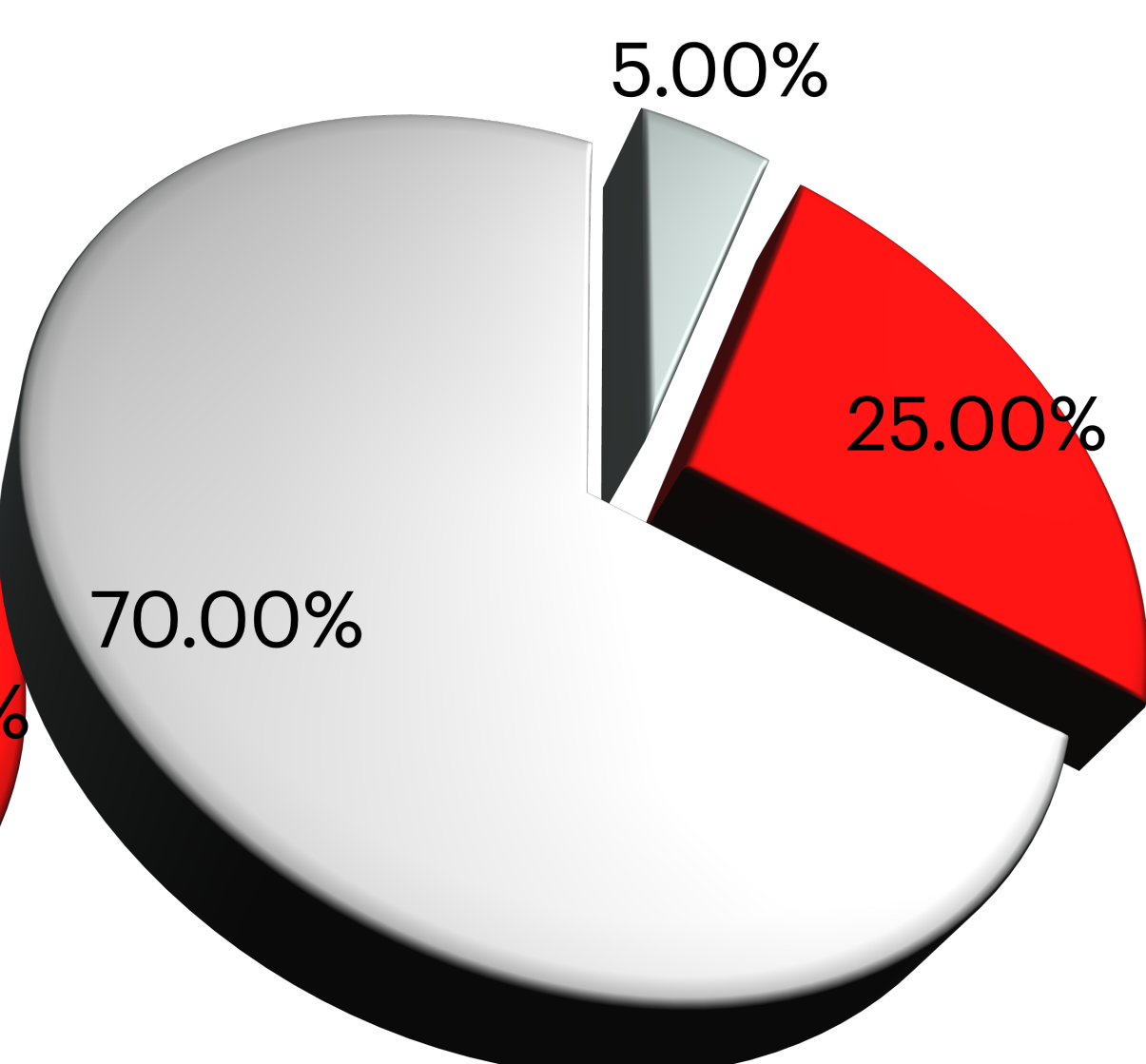
Asset



Benchmarks



Liability & Net Worth



Benchmarks

Income Statement - Current Year



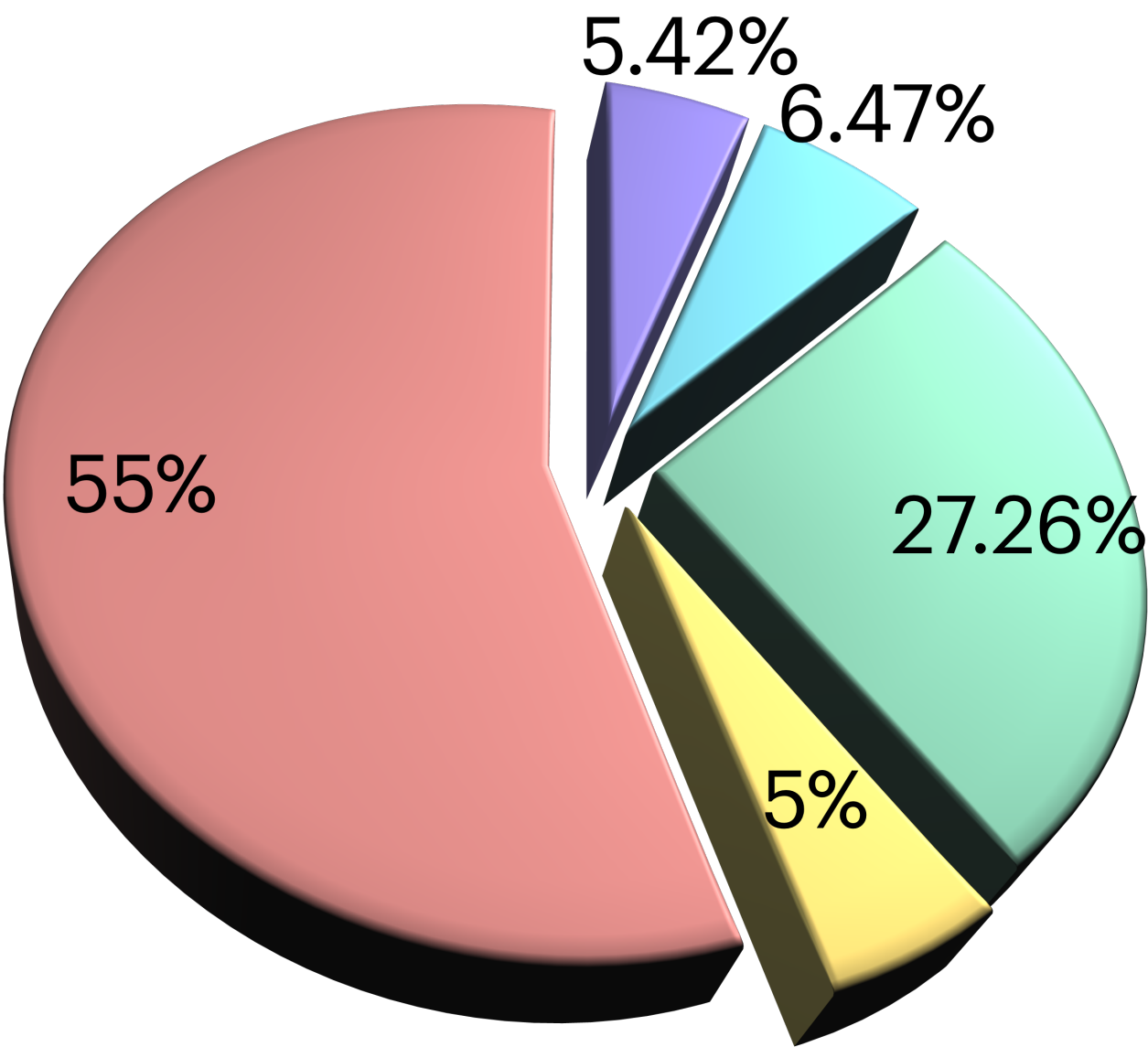
Statement of Income and Expenses - Current Year

Griffin Case 12/31/2024

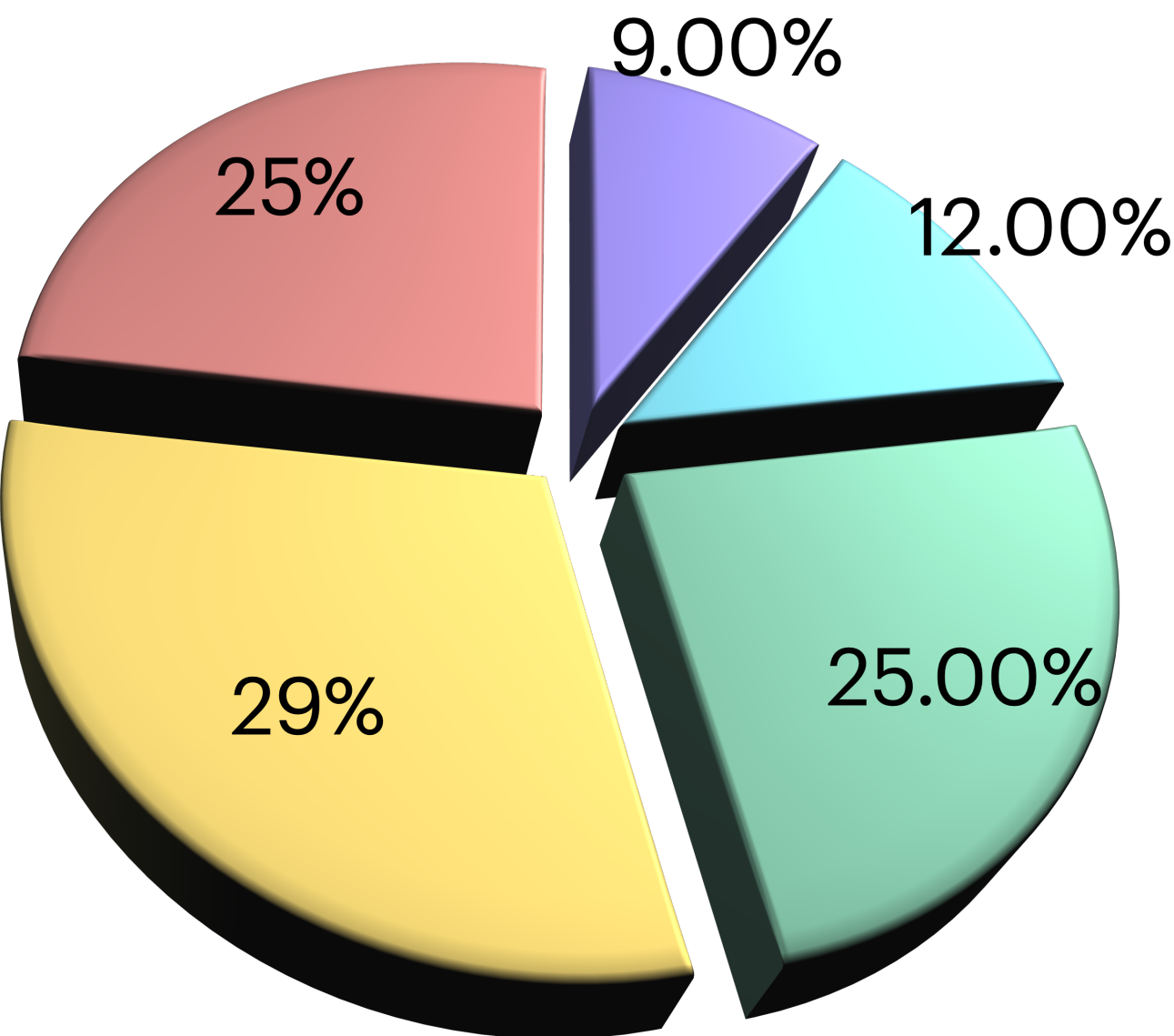
Cash Inflows	From	Income		
	Client	John's Salary	\$85,000	
	Spouse-Partner	Jackie's Salary	\$0	
			Total Cash Inflows	\$85,000
Cash Outflows	Savings			
	401(k) - John		\$5,882	
			Total Savings	\$5,882
			Insurance Payments	
	Health Insurance		\$1,200	
	Disability Insurance		\$900	
	HO Insurance Principal Residence		\$1,625	
	Auto Insurance		\$1,200	
			Total Insurance Payments	\$4,925
			Debt Payments	
	Student Loan		\$6,343	
	Credit Card		\$3,601	
	Car		\$8,291	
	Principal Residence		\$23,644	
	Bank Loan		\$8,451	
			Total Debt Payments	\$50,329
			Living Expenses	
	Utilities Principal Residence		\$1,800	
	Child Care		\$0	
	Auto Maintenance and Gasoline		\$1,200	
	Entertainment and Vacations		\$3,600	
	Church Donations		\$0	
	Food		\$4,800	
	Children's Lessons, Lunches, Allowances		\$0	
	Lawn and Cleaning Services		\$2,000	
	Clothing		\$4,200	
	Miscellaneous		\$2,710	
			Total Living Expenses	\$20,310
			Taxes	
	Federal Income Taxes Withheld		\$15,000	
	John's Social Security Taxes		\$6,503	
	Jackie's Social Security Taxes		\$0	
	Property Tax Principal Residence		\$3,250	
			Total Taxes	\$24,753
			Total Savings, Expenses and Taxes	\$106,199
			Net Discretionary Cash Flow	(\$21,199)

Pie Chart

Income Statement - Current Year



Income Statement



Benchmarks

Ratio Analysis - Current Year

Liquidity Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Emergency Fund Ratio	Cash and Cash Equivalents / (Non-Discretionary Expenses / 12)	\$10,500.00 / (\$73,214.16 / 12) =1.721	W	3 to 6: 1
Current Ratio	Cash and Cash Equivalents / Current Liabilities	\$10,500.00 / \$26,973.84 =0.389	W	> 1.0 to 2.0 : 1

Ratio Analysis - Current Year

Debt Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Housing Ratio 1 (HR1)	PITI / Gross Pay	\$28,518.54 / \$85,000.00 =0.336	W	< 28%
Housing Ratio 2 (HR2)	(PITI + Debt Payments) / Gross Pay	(\$28,518.54+\$26,685.62)/ \$85,000.00=0.649	W	< 36%
Debt to Total Assets	(Long-Term Liabilities + Current Liabilities) / Total Assets	(\$317,572.07 + \$26,973.84)/ \$589,407.00=0.585		As you age this ratio should decline
Net Worth to Total Assets	(Total Assets - Total Liabilities) / Total Assets	(\$589,407.00 - \$344,545.91)/ \$589,407.00=0.415	S	Age < 40: 20% Age < 40 to 60: 20% to 90% Age > 60: 90% to 100%

Note: PITI = Mortgage Principal + Mortgage Interest + Property Taxes + Homeowners Insurance = Housing Costs

Ratio Analysis - Current Year

Financial Security Goals

Ratio	Formula	Calculation	Comment	Benchmark
Savings Rate (Retirement)	Retirement savings + employer match / Gross pay	\$8,432.00 / \$85,000.00 =0.0992	W	12% to 15%
Savings Rate (Overall)	Retirement + education + health + investments+ other savings / Gross pay	(\$8,432.00+\$0+\$0+\$0+\$0)/ \$85,000.00=0.0992	W	> 15%
Investment Assets to Gross Pay	Cash & Cash Equivalents + retirement + education + health + investments+ other savings / Gross pay	(\$10,500.00 + \$13,190.00 + \$0 + \$0 + \$0 + \$67,647.00) / \$85,000.00=1.0746	W	1.6

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

Ratio Analysis - Current Year

Performance Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Return on Investment	$I_1 - (I_0 + \text{Savings}) / I_0$	$(\$80,837.00 - (\$78,180.00 + \$8,432.00)) / \$78,180.00 = -0.0739$	W	8% to 10%
Return on Assets	$A_1 - (A_0 + \text{Savings}) / A_0$	$(\$589,407.00 - (\$576,250.00 + \$8,432.00)) / \$576,250.00 = 0.0082$	W	2% to 4%
Return on Net Worth	$NW_1 - (NW_0 + \text{Savings}) / NW_0$	$(\$244,861.09 - (\$211,471.00 + \$8,432.00)) / \$211,471.00 = 0.118$	W	The higher the number the better

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year

Risk Management Plan

Insurance	Insured	Measure	Actual	Target	Recommendation
Group Life Insurance	Client	Multiple of Gross Pay (GP)	0.29	12x to 16x	U
Health Insurance	Family	Policy Lifetime Limit (\$M)	Unlimited	> 1	S
Disability Insurance	Client	% of GP	52%	> 60%	U
Homeowners Insurance	Joint	% of Fair Market Value (FMV)	67%	80%	U
Auto Insurance	Joint	Sufficient for PLUP	10/20	100/300	U
Personal Liability Umbrella Policy	Joint	Amount of personal liability insurance (\$M)	0	1	U

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year

Financial Short-Term

Goal	Measure	Actual	Target	Recommendation
Liquid assets for emergencies	Emergency Ratio (# months)	1.72	3 to 6	U
Liquid assets for emergencies	Current Ratio (Multiple of Current Liabilities)	0.39	2	U
Control monthly housing expenses	Housing Ratio 1 (% of GP)	33.6%	< 28%	U
Control monthly housing and debt expenses	Housing Ratio 2 (% of GP)	64.9%%	<36%	U
Adequate debt to total assets	Percent of Total Assets that are debt	58.5%	<30%	U

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year

Financial Long-Term

Goal	Measure	Actual	Target	Recommendation
Financial Security	Overall savings rate	9.9%	12% to 15%	U
Retire at 62 with Financial Security	Investment assets to gross pay	1.075	1.6	U
Education Fund	Education savings ratio	0%	10%	U
Return on Investments	Annual return on investment	-7.38%	8.5%	U
Estate Plan	Will	No	Yes	U
Estate Plan	Advance medical directive	No	Yes	U
Estate Plan	Durable power of attorney for healthcare	No	Yes	U
Estate Plan	Revocable living trust	No	Yes	U

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

Recommendations

Financial Issues that Need Attention

- Risk Management Recommendations
- Financial Recommendations (debt management)
- Investment Recommendations (education savings)
- Income Tax Recommendations
- Retirement Recommendations
- Estate Plan Recommendations

Risk Management Recommendations

- Insurance Coverages

- Life insurance for John — \$1.275M (15x GP) @ \$918 a year for 30 year term. Life insurance for Jackie — \$780k @ \$280 a year for 30 year term
- Disability insurance for John — \$4,958 monthly benefit (70% GP) @ \$978 a year
- Homeowners insurance — 80% FMV (\$300k) with endorsements @ \$2,792 a year
- Auto insurance — of 100/300/50 @ \$2,400 a year
- PLUP of \$1M @ 250 a year

- Other Recommendations

- Meet with a licensed insurance agent to purchase recommended coverages
- If you decide to keep the ATV and not sell it, you should purchase insurance

Finance Recommendations

- Retire Debts
 - Credit Card \$16,000 @ 18%
 - Student Loan \$20,842 @ 10%
 - Bank Loan \$8,139 at 7%
 - Car \$15,748 @ 6.25%
- Other Recommendations
 - Use \$50,000 4% HELOC to pay off higher interest debts
 - Refinance to lower mortgage payment from \$1,970 a month at 6.25% to \$1,336 at 4%
 - Maintain HR 2 < 36%

Income Tax Recommendations

- Current tax withholding is \$15,000 a year
- We recommend that you reduce federal income tax withholdings on Form W-4 to \$1,200 a year.
- Cash flow increase of \$13,800 a year
- Meet with a CPA to complete tax forms

Tax Analysis	
Gross Income	\$85,000
Less: 401(k) Contributions	\$11,050
Adjusted Gross Income (AGI)	\$73,950
Less: Standard Deduction	\$29,200
Taxable Income	\$44,750
Calculated Tax	\$5,138
Less: Tax Credits	\$6,000
Tax Liability	(\$862)

Investment Recommendations

- Establish 529 Plans
 - Jack — Annual savings \$5,951 (\$495.92 a month)
 - Jane — Annual savings \$4,770 (\$397.50 a month)
 - Jill — Annual savings \$4,202 (\$350.33 a month)
- Other Recommendations
 - Sell Stock A. With an inherited basis of \$50,000 and a FMV of \$43,541 this will result in a long-term capital loss to reduce future tax liabilities.
 - Adjust asset allocation to increase diversification based on your risk tolerance.
 - Ask grandparents to contribute \$100 to \$500 per month per child (\$3,600 to \$18,000 annually)
 - Scholarships
 - Job sponsorships

Retirement Recommendations

- Scenario 1 - Retire at 62 with 70% of pre-retirement income (Social Security not included)
 - Annual Savings Required - \$23,040.76
 - Less: Current Annual Savings - \$8,432.00
 - Additional Savings Required - \$14,608.76
- Scenario 2 - Retire at 65 with 80% of pre-retirement income (Social Security included)
 - Annual Savings Required - \$11,009.03
 - Less: Current Annual Savings - \$8,432.00
 - Additional Savings Required - \$3,864.05
- Recommendation
 - Retirement at 65 allows you to: easily transition into Medicare coverage to reduce healthcare costs, increase Social Security retirement income, and allows for 3 more years of 401(k) retirement savings and growth
 - Meet annually with a CFP professional to monitor your retirement plan and update accordingly.
 - Consider a Health Savings Account (HSA) to save and pay for qualified medical expenses today while supplementing your retirement savings and income at age 65.
 - Consider a Roth IRA add further tax diversification.

Estate Recommendations

- Execute legal documents
 - Will
 - Advance medical directive
 - Durable power of attorney for healthcare
 - Revocable living trust
 - Estimated costs of above: \$1,000
- Other Recommendations
 - Meet with a licensed estates and trust attorney to draft legal documents

Financial Statements

- We prepared your initial financial reports
- Balance Sheets
 - Current Balance Sheet and Pie Charts
 - Recommended Balance Sheet and Pie Charts
- Income Statement
 - Current Income Statement and Pie Charts
 - Recommended Income Statement and Pie Charts
- Please review these documents and let us know if you have any questions

Balance Sheet - Current Year

Recommendations

- **Cash & Cash Equivalent**s

- Cash & Checking (Funds Added from HELOC) \$50,000
- Cash & Checking (Funds Added from sale of Stock A) \$24,106
- Money Market (Funds Added from sale of ATV) \$4,000

- **Invested Assets**

- 529 Savings Plan Jack
- 529 Savings Plan Jane
- 529 Savings Plan Jill
- Brokerage Account (Sold Stock A) for \$24,106
- 401(k) John Add Savings

- **Personal Use Assets**

- ATV (Sold) for \$4,000

- **Current Liabilities & Long Term Liabilities**

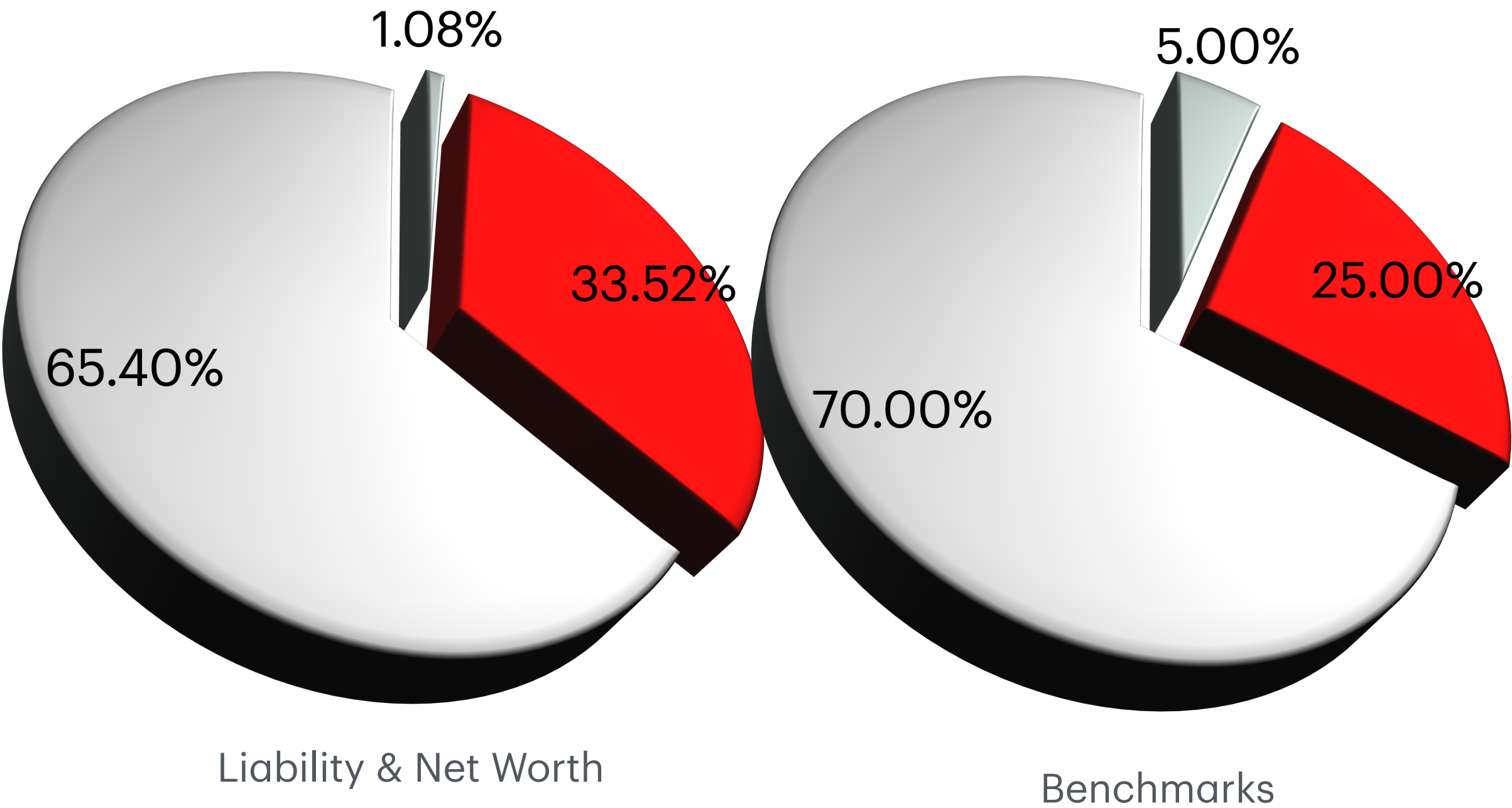
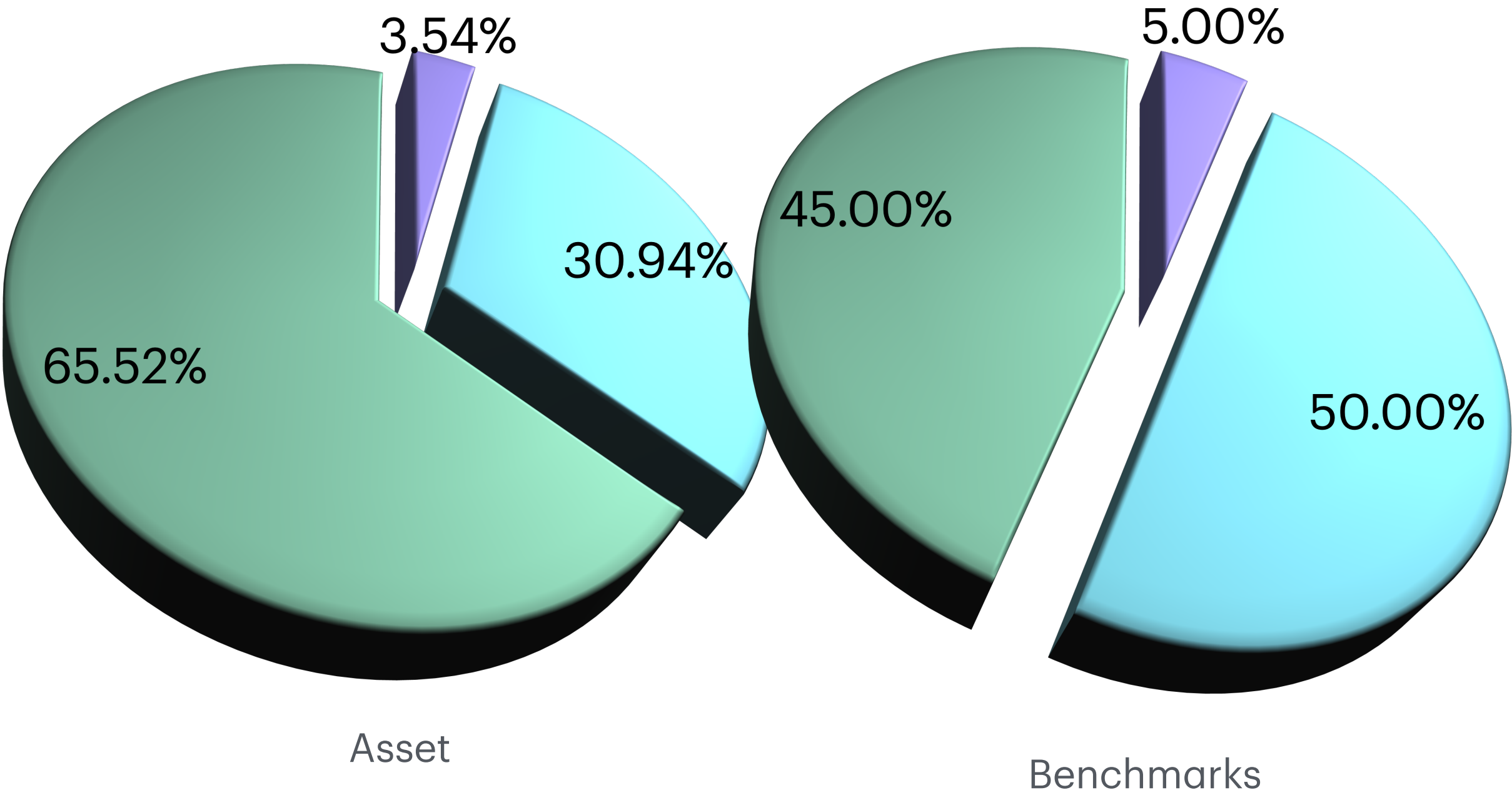
- Credit Card (Retire Debt) (\$16,000)
- Bank Loan (Retire Debt) (\$8,139)
- Car (Retire Debt) (\$15,748)
- Student Loan (Retire Debt) (\$24,879)

Pie Chart

Balance Sheet - 5 Year Forecast with Recommendations

- Cash & Cash Equivalents
- Invested Assets
- Personal Use Assets

- Current Liabilities
- Long-Term Liabilities
- Net Worth



Income Statement - Current Year

Recommendations

- **Income**

- Grandparents' Gifts for Grandchildren's' Education (Add Income) \$3,600

- **Savings**

- 529 Education Savings Jack \$5,951
- 529 Education Savings Jane \$4,204
- 529 Education Savings Jill \$4,770
- 401(k) Savings John \$11,050

- **Insurance**

- Personal Liability Umbrella Policy \$250
- Life Insurance John \$918
- Life Insurance Jackie \$280
- Disability Insurance \$978
- Homeowners Insurance \$2,792
- Auto Insurance \$1,200

- **Debt Payments**

- Credit Card \$ 0
- Bank Loan \$0
- Car \$0
- Student Loan \$0
- HELOC \$4,438
- Principal Residence \$16,029

- **One Time Payments**

- Estate Planing Docs \$1,000

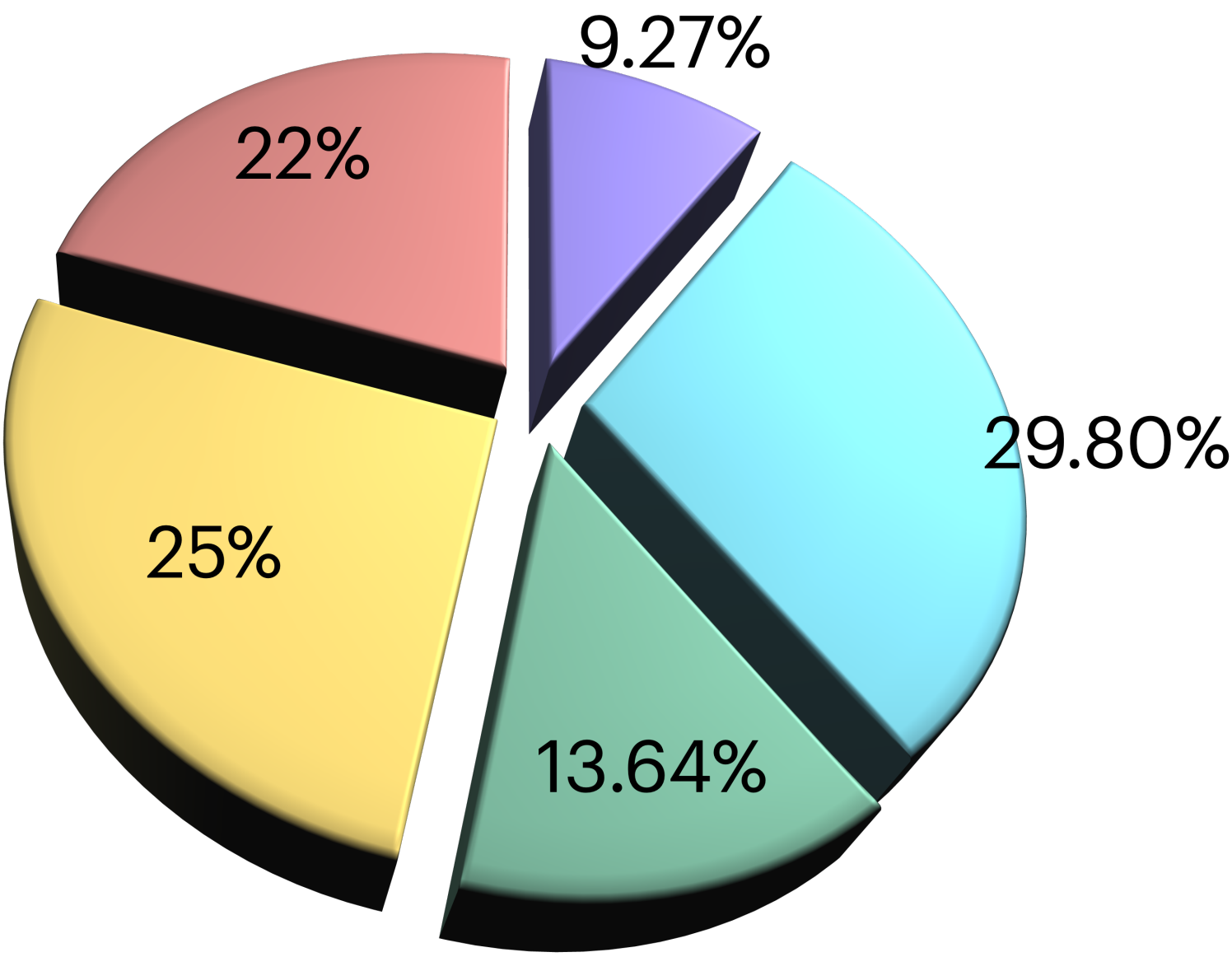
- **Taxes**

- Federal Income Taxes withheld (decrease) \$1,200

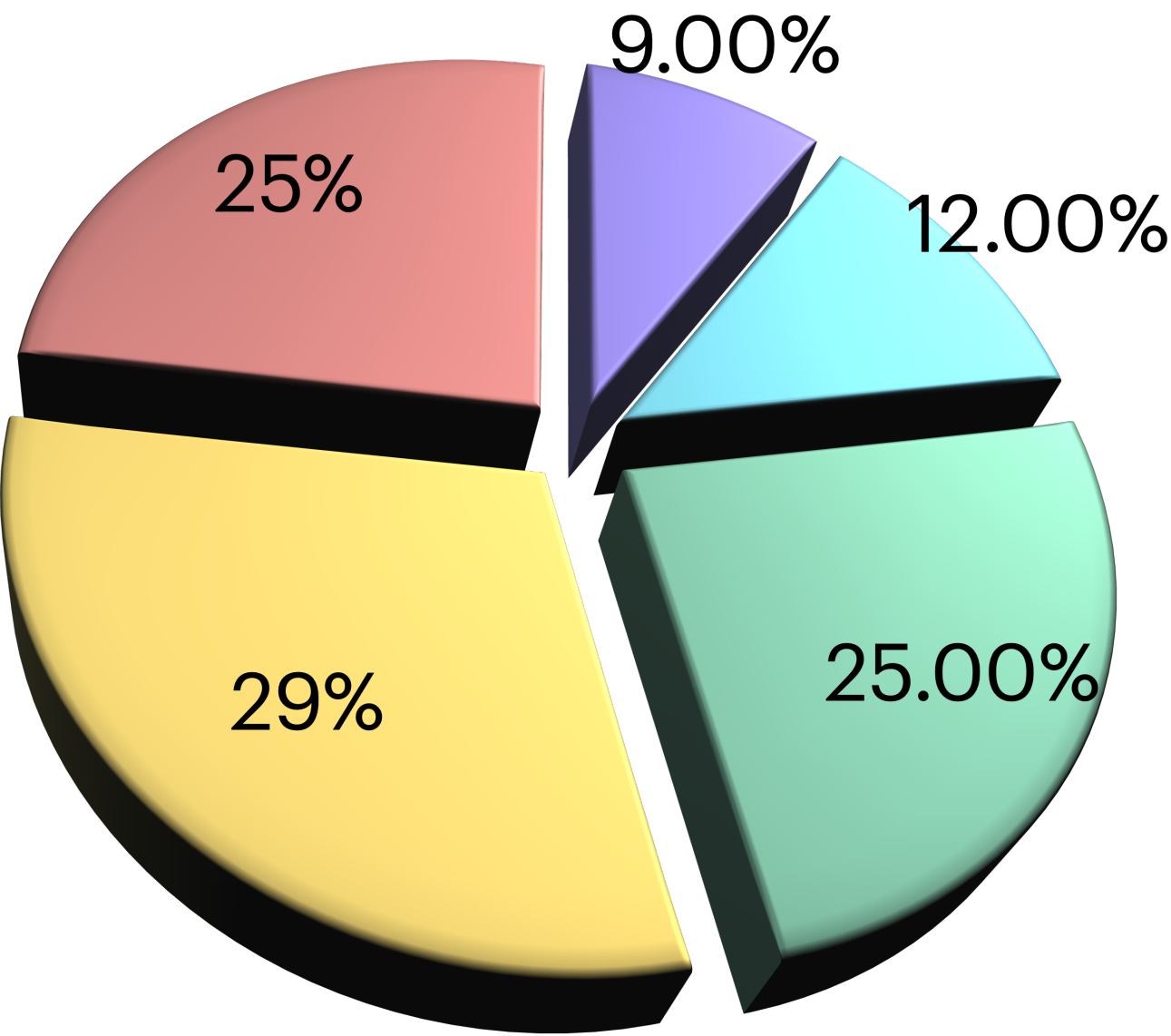
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Pie Chart

Income Statement - 5 Year Forecast with Recommendations



Income Statement



Benchmarks

Ratio Analysis - Current Year with Recommendations

Liquidity Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Emergency Fund Ratio	Cash and Cash Equivalents / (Non-Discretionary Expenses / 12)	\$19,738.54/ (\$46,044.86/12)=5.144	S	3 to 6: 1
Current Ratio	Cash and Cash Equivalents / Current Liabilities	\$19,738.54/\$7,410.35= 2.664	S	> 1.0 to 2.0 : 1

Ratio Analysis - Current Year with Recommendations

Debt Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Housing Ratio 1 (HR1)	PITI / Gross Pay	\$22,070.55/\$88,600.00=0.249	S	< 28%
Housing Ratio 2 (HR2)	(PITI + Debt Payments) / Gross Pay	(\$22,070.55+\$4,438.13)/ \$88,600.00=0.299	S	< 36%
Debt to Total Assets	(Long-Term Liabilities + Current Liabilities) / Total Assets	(\$322,369.65+\$7,410.35)/ \$567,469.54=0.581		As you age this ratio should decline
Net Worth to Total Assets	(Total Assets - Total Liabilities) / Total Assets	(\$567,469.54-\$329,780.00)/ \$567,469.54=0.419	S	Age < 40: 20% Age < 40 to 60: 20% to 90% Age > 60: 90% to 100%

Note: PITI = Mortgage Principal + Mortgage Interest + Property Taxes + Homeowners Insurance = Housing Costs

Ratio Analysis - Current Year with Recommendations

Financial Security Goals

Ratio	Formula	Calculation	Comment	Benchmark
Savings Rate (Retirement)	Retirement savings + employer match / Gross pay	$\$13,600.00 / \$88,600.00 = 0.153$	S	12% to 15%
Savings Rate (Overall)	Retirement + education + health + investments+ other savings / Gross pay	$(\$13,600 + \$14,925.00 + \$0 + \$0 + \$0) / \$88,600.00 = 0.322$	S	> 15%
Investment Assets to Gross Pay	Cash & Cash Equivalents + retirement + education + health + investments+ other savings / Gross pay	$(\$19,738.54 + \$13,190.00 + \$43,541.00 + \$0 + \$0 + \$0) / \$88,600.00 = 0.863$	W	1.6

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

Ratio Analysis - Current Year with Recommendations

Performance Ratios

Ratio	Formula	Calculation	Comment	Benchmark
Return on Investment	$I_1 - (I_0 + \text{Savings}) / I_0$	$(\$56,731.00 - (\$78,180.00 + \$28,525.00)) / \$78,180.00 = -0.639$	W	8% to 10%
Return on Assets	$A_1 - (A_0 + \text{Savings}) / A_0$	$(\$567,469.54 - (\$576,250 + \$28,525.00)) / \$576,250.00 = -0.0647$	W	2% to 4%
Return on Net Worth	$NW_1 - (NW_0 + \text{Savings}) / NW_0$	$(\$237,689.54 - (\$211,471.00 + \$28,525.00)) / \$211,471.00 = -0.0109$	W	The higher the number the better

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year with Recommendations

Risk Management Plan

Insurance	Insured	Measure	Actual	Target	Recommendation
Group Life Insurance	Client	Multiple of Gross Pay (GP)	15	12x to 16x	S
Group Life Insurance	Spouse	Multiple of Gross Pay (GP)	-	12x to 16x	S
Health Insurance	Family	Policy Lifetime Limit (\$M)	Unlimited	> 1	S
Disability Insurance	Client	% of GP	70%	> 60%	S
Homeowners Insurance	Joint	% of Fair Market Value (FMV)	80%	80%	S
Auto Insurance	Joint	Sufficient for PLUP	100/300	100/300	S
Personal Liability Umbrella Policy	Joint	Amount of personal liability insurance (\$M)	1	1	S

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year with Recommendations

Financial Short-Term

Goal	Measure	Actual	Target	Recommendation
Liquid assets for emergencies	Emergency Ratio (# months)	5.14	3 to 6	S
Liquid assets for emergencies	Current Ratio (Multiple of Current Liabilities)	2.66	2	S
Control monthly housing expenses	Housing Ratio 1 (% of GP)	24.9%	< 28%	S
Control monthly housing and debt expenses	Housing Ratio 2 (% of GP)	29.9%	<36%	S
Adequate debt to total assets	Percent of Total Assets that are debt	58.1%	<30%	S

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

3 Panel Approach - Current Year with Recommendations

Financial Long-Term

Goal	Measure	Actual	Target	Recommendation
Financial Security	Overall savings rate	32.20%	12% to 15%	S
Retire at 62 with Financial Security	Investment assets to gross pay	0.86x	1.6	I
Education Fund	Education savings ratio	16.85%	10%	S
Return on Investments	Annual return on investment	-63.92%	8.5%	I
Estate Plan	Will	Yes	Yes	S
Estate Plan	Advance medical directive	Yes	Yes	S
Estate Plan	Durable power of attorney for healthcare	Yes	Yes	S
Estate Plan	Revocable living trust	Yes	Yes	S

Note: Savings rates analyze the annual savings amounts on the income statement compared to gross pay
Investment assets to gross pay analyzes Cash and Investment Assets on the balance sheet compared to gross pay

Next Steps

Results

Ratio analysis & 3 Panel Report

- Current Course of Action
 - Ratio Analysis 1 Strength - 10 Weaknesses
 - 3 Panel Report 1 Satisfactory - 18 Unsatisfactory
 - Wins & Losses: 1 -10 & 1 -18
- Recommendations
 - Ratio Analysis. 7 Strengths - 4 Weaknesses
 - 3 Panel Report. 18 Satisfactory - 2 Unsatisfactory
 - Wins & Losses: 7-4 & 18-2

Results

Cash Flow & Net Worth - 1 Year, 3 Years, 5 Years Forecasts

- Current Course of Actions

- Current Cash Flow (\$21,199)
- Current Net Worth \$244,861
- Cash Flow in 1 Year (\$11,875)
- Net Worth in 1 Year \$298,831
- Cash Flow in 3 Years (\$1,757)
- Net Worth in 3 Years \$392,275
- Cash Flow in 5 Years \$6,525
- Net Worth in 5 Years \$491,578
- Cash Flow in 10 Years \$15,505
- Net Worth in 10 Years \$774,444

- Recommendations

- Current Cash Flow \$2,277
- Current Net Worth \$237,690
- Cash Flow in 1 Year \$4,365
- Net Worth in 1 Year \$290,925
- Cash Flow in 3 Years \$6,640
- Net Worth in 3 Years \$490,750
- Cash Flow in 5 Years \$9,054
- Net Worth in 5 Years \$547,332
- Cash Flow in 10 Years \$15,750
- Net Worth in 10 Years \$995,382

Results

Common Size Analysis

- Insurance Plan. \$7,618 a year (9% GP)
- Financial Plan. \$64,766 one-time payment to retire debt. (\$50,000 HELOC @4%, \$24,106 stock sale, \$7,070 ATV for sale).
- Investment Plan. Education Savings Goals \$14,925 (~18% GP)
- Retirement Plan. \$11,050 a year (13% GP)
- Estate Plan. \$1,000 one time payment

Results

Goals

- Insurance Plan. Insurance policies adjusted and added to provide adequate protection without being over insured.
- Financial Plan. Recommendations significantly reduce debt. Your reduced interest expenses create cash flow needed for investment and retirement goals. Net worth nearly doubles within 5 years.
- Income Tax Plan. Reduced tax withholdings create cash flow needed for investment and retirement goals.
- Investment Plan. Overall savings rate is on target to meet education and retirement goals.
- Retirement Plan. Diversification and asset allocation strategy to achieve long-term goals
- Estate Plan. Estate documents in place safeguard the family.

Summary of Recommendations

Comprehensive Financial Plan

- Insurance Plan. Life insurance for John — \$1.275M (15x GP) @ \$918 a year for 30 year term. Life insurance for Jackie — \$780k @ \$280 a year for 30 year term. Disability insurance for John — \$4,958 monthly benefit (70% GP) @ \$978 a year. Homeowners insurance — 80% FMV (\$300k) with endorsements @ \$2,792 a year. Auto insurance — of 100/300/50 @ \$2,400 a year. PLUP of \$1M @ 250 a year
- Financial Plan. Use \$50,000 4% HELOC to pay off higher interest credit card (\$3,601), student loan (\$6,343), bank (\$8,451), and auto (\$8,291) debts. This results in an annual cash flow increase of \$24,248.00. When credit rating improves, refinance to lower mortgage payment from \$1,970 a month at 6.25% to \$1,336 at 4%. A cash flow increase of \$7,615 a year on your mortgage payment. Pay with cash. Avoid new debts. Maintain HR 2 < 36%.
- Income Tax Plan. Current tax withholding is \$15,000 a year. Reduce federal income tax withholdings on Form W-4 to \$1,200 a year. This results in a cash flow increase of \$13,800 a year.
- Investment Plan. Establish 529 Plans for: Jack — Annual savings \$5,951 (\$495.92 a month); Jane — Annual savings \$4,770 (\$397.50 a month); and, Jill — Annual savings \$4,202 (\$350.33 a month). Adjust asset allocation to increase diversification. See PASS analysis in packet. Ask grandparents to contribute \$100 to \$500 per month per child (\$3,600 to \$18,000 annually). Have children research and scholarships and job sponsorships.
- Retirement Plan. Retire at 65 with 80% of pre-retirement income (Social Security included). Annual Savings Required - \$11,009.03. Less: Current Annual Savings - \$8,432.00. Additional Savings Required - \$3,864.05. Retirement at 65 allows you to: easily transition into Medicare coverage to reduce healthcare costs, increase Social Security retirement income, and allows for 3 more years of 401(k) retirement savings and growth. Consider a Health Savings Account (HSA) to save and pay for qualified medical expenses today while supplementing your retirement savings and income at age 65. Consider a Roth IRA add further tax diversification.
- Estate Plan. Meet with a licensed attorney to draft your Will, Advance medical directive, Durable power of attorney for healthcare, and Revocable living trust. Estimated cost is \$1,000.

Next Steps . . .

- Sending you home with a packet of all items discussed today, including your financial statements, ratio analysis, and 3 panel brochure, our Investment Policy Statements, and an Agreement detailing the costs of our services .
- Once we know the recommendations you want to implement, we will help you coordinate with other professionals (Insurance Agents, CPAs, CFPs, CFAs, and Attorneys) as needed, and also perform revised and in depth sensitivity analysis for your education savings retirement goals.
- As a client, plan on weekly conference calls, monthly research reports, and quarterly meetings every 3 months to monitor your plan. Attend as frequently as you wish.
- Review and discuss your comprehensive financial plan.
- Decide which recommendations to implement.
- Meet in 2 weeks to discuss any remaining questions and concerns.
- Significant update to plan in 5 years when Jackie returns to work and Jane is 6 years old.
- We ask that you keep us updated with any significant changes.

Additional Information

Additional Information

- Case Assumptions
- Net Present Value of All Goals
- Global PASS Score
- Brokerage Account
- Model Portfolio Investment Policy Statements
- Engagement Letter

Present Value of All Goals

PV All Name	Age 65 / 80% WRR
PV Retirement	\$129,516.37
Current Age	37
Age at Retirement	65
Child 1 PV of Education	\$43,707.38
Child 2 PV of Education	\$37,098.18
Child 3 PV of Education	\$39,612.61
PV Total of All Goals	\$249,934.54
Current Resources (Investments & Cash)	\$76,470.00
PV of Obligations to satisfy all goals	\$173,464.54
Work Life Expectancy	28
Investment Rate of Return	8.50%
PMT = Anual Savings Amount	\$16,416.53
Current Annual Savings	\$25,975.00
Annual Savings increase necessary to	(\$9,558.47)

Retirement Goal	
Goal Name	Age 65/80% WRR
Current Age	37
Expected Retirement Age	65
Age at Life Expectancy	91
Annual Retirement Needs	\$68,000
Less Social Security	\$30,000
Net Needs	\$38,000
Inflation Rate Assumed	3%
Annual Retirement Needs at 65	\$86,941.25
Expected Portfolio Earnings Rate	8.50%
PV of Retirement Needs	\$129,516.37
Dollars Needed at Start of	\$1,271,619.95
Current Retirement Assets	\$13,190.00
Net Needs	\$116,326.37
Annual Savings Required	\$11,009.03
Current Annual Savings	\$11,050.00
Additional Savings Required	(\$40.97)

Present Value of Education Savings Goal

Education Goal		
1	Childs name:	Jack
2	Current age of child:	6
3	Age college begins:	18
4	Number of years until college:	12
5	Years going to college:	4
6	Current annual cost of college:	\$17,000.00 in today's dollars?
7	Education inflation rate:	5.00%
8	Education portfolio earnings rate:	8.50%
9	Present value of education cost a start of college:	\$116,335.33
10	Present value of education cost today:	\$43,707.38
11	Less amount saved for education as of today:	\$0.00
12	Surplus / Deficit:	(\$43,707.38)
13	Annual savings required:	\$5,950.88
14	Current annual education savings	\$0.00
15	Additional annual savings required:	\$5,950.88

Education Goal		
1	Childs name:	Jill
2	Current age of child:	3
3	Age college begins:	18
4	Number of years until college:	15
5	Years going to college:	4
6	Current annual cost of college:	\$17,000.00 in today's dollars?
7	Education inflation rate:	5.00%
8	Education portfolio earnings rate:	8.50%
9	Present value of education cost a start of college:	\$134,672.69
10	Present value of education cost today:	\$39,612.61
11	Less amount saved for education as of today:	\$0.00
12	Surplus / Deficit:	(\$39,612.61)
13	Annual savings required:	\$4,770.17
14	Current annual education savings	\$0.00
15	Additional annual savings required:	\$4,770.17

Education Goal		
1	Childs name:	Jane
2	Current age of child:	1
3	Age college begins:	18
4	Number of years until college:	17
5	Years going to college:	4
6	Current annual cost of college:	\$17,000.00 in today's dollars?
7	Education inflation rate:	5.00%
8	Education portfolio earnings rate:	8.50%
9	Present value of education cost a start of college:	\$148,476.64
10	Present value of education cost today:	\$37,098.18
11	Less amount saved for education as of today:	\$0.00
12	Surplus / Deficit:	(\$37,098.18)
13	Annual savings required:	\$4,203.67
14	Current annual education savings	\$0.00
15	Additional annual savings required:	\$4,203.67

Global Portfolio Allocation Scoring System (PASS)

Questions	Strongly Agree. -5	Agree - 4	Neutral - 3	Disagree - 2	Strongly Disagree - 1
1. Earning a high long-term total return that will allow my capital to grow faster than the inflation rate is one of my most important investment objectives		XX			
2. I would like an investment that provides me with an opportunity to defer taxation of capital gains to future years.			XX		
3. I do not require a high level of current income from my investments.			XX		
4. I am willing to tolerate some sharp down swings in the return on my investments in order to seek a potentially higher return than would normally be expected from more stable investments.			XX		
5. I am willing to risk a short-term loss in return for a potentially higher long-run rate of return.			XX		
6. I am financially able to accept a low level of liquidity in my investment portfolio.			XX		

Risk Tolerance Profiles

Risk Tolerance Profiles												
	Short-Term Horizon				Intermediate-Term Horizon				Long-Term Horizon			
	RT1 Target	RT2 Target	RT3 Target	RT4 Target	RT1 Target	RT2 Target	RT3 Target	RT4 Target	RT1 Target	RT2 Target	RT3 Target	RT4 Target
PASS Score	6-12	13-18	19-24	25-30	6-12	13-18	19-24	25-30	6-12	13-18	19-24	25-30
Cash and Money Market Funds	40%	30%	20%	10%	5%	5%	5%	5%	5%	5%	3%	2%
Treasury Bonds/ Bond Funds	40%	30%	30%	20%	60%	35%	20%	10%	30%	20%	12%	0%
Corporate Bonds/ Bond Funds	20%	30%	30%	40%	15%	15%	15%	10%	15%	10%	10%	4%
Subtotal	100%	90%	80%	70%	80%	55%	40%	25%	50%	35%	25%	6%
International Bond Funds	0%	0%	0%	0%	0%	5%	5%	5%	0%	5%	5%	4%
Subtotal	0%	0%	0%	0%	0%	5%	5%	5%	0%	5%	5%	4%
Index Fund	0%	10%	10%	10%	10%	15%	15%	20%	20%	20%	20%	25%
Large Cap Value Fund/ Stocks	0%	0%	5%	5%	5%	5%	10%	10%	10%	10%	5%	5%
Large Cap Growth Fund/ Stocks	0%	0%	0%	0%	5%	5%	10%	10%	15%	10%	10%	5%
Mid/Small Growth Funds/ Stocks	0%	0%	0%	0%	0%	0%	5%	5%	0%	0%	5%	10%
Mid/Small Value Funds/ Stocks	0%	0%	0%	5%	0%	5%	5%	5%	0%	5%	5%	10%
Subtotal	0%	10%	15%	20%	20%	30%	45%	50%	45%	45%	45%	55%
International Stock Funds	0%	0%	0%	5%	0%	5%	5%	10%	0%	5%	10%	15%
Subtotal	0%	0%	0%	5%	0%	5%	5%	10%	0%	5%	10%	15%
Real Estate Funds	0%	0%	5%	5%	0%	5%	5%	10%	5%	10%	15%	20%
Subtotal	0%	0%	5%	5%	0%	5%	5%	10%	5%	10%	15%	20%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Risk Tolerance Profiles, Droms Strauss Advisors, INC., Copyright 2002

Investment Policy Statement

Perpetua Model Portfolio A – Capital Preservation

- Cash & Cash Equivalents
- Risk free return as part of the Capital Asset Pricing Model
- FDIC Insured up to \$1.25 M
- 3.85% APY
- 4.40% 1-month Treasury Bill
- 4.78% 10 Year Treasury Notes

Investment Policy Statement

Perpetua Model Portfolio B – Growth

- Your Portfolio Manager manages the portfolio with the primary objective to minimize principal fluctuations and maximize investor returns. Your Portfolio tracks market leading companies in 11 sectors, 24 industry groups, 69 industries and 158 sub-industries in which all major public companies are categorized. The Manager reviews the long-term performance and risk characteristics of “Power Law” companies listed on the NYSE and NASDAQ and assigns portfolio weights to reduce risks and grow long-term earnings.* Model B is a Large, Mid, and Small Capitalization US Growth Fund. The cost to manage this portfolio is 0.20% AUM and 2.0% of returns in excess of the S&P 500 index.
- 10 Year Portfolio Measurements based on 10,000 simulations on the efficient frontier.*
- 1. S&P 500 Correlation. 0.98
- 2. Portfolio Expected Annual Return (10 year) = 32.49%
- 3. Portfolio Standard Deviation (Volatility) = 21.97%
- 4. Sharpe Ratio = 1.30
- 5. Average Annual Dividend Yield (5 year). 1.31%

All investing is subject to risk, including the risk of loss.

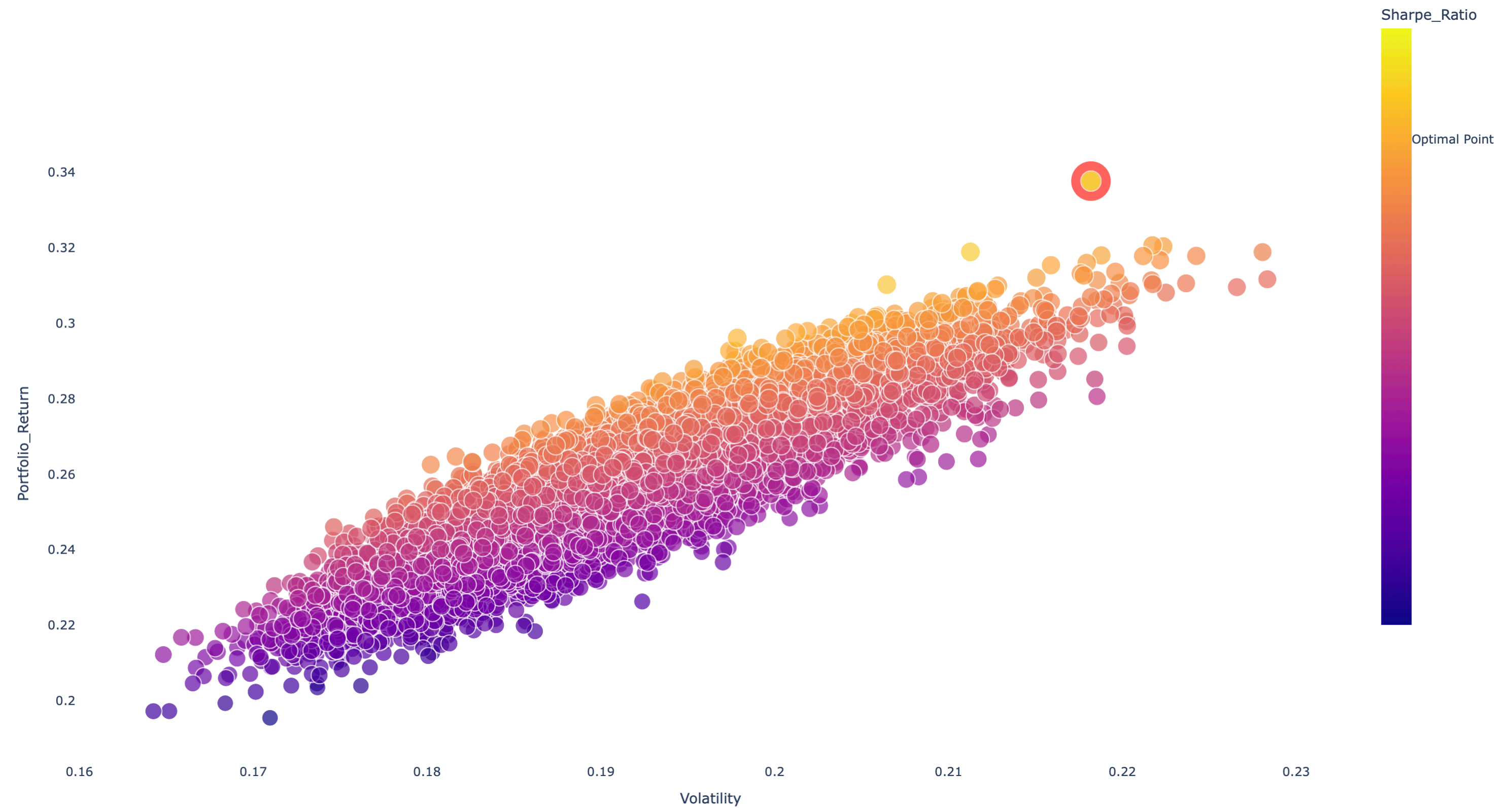
*As of 12/31/2024

Investment Policy Statement

Perpetua Model Portfolio B - Modern Portfolio Theory

10 Year Portfolio measurements based on 10,000 simulations on the efficient frontier.

- 1. S&P 500 Correlation. 0.98
- 2. Portfolio Expected Annual Return (10 year) = 32.49%
- 3. Portfolio Standard Deviation (Volatility) = 21.97%
- 4. Sharpe Ratio = 1.30
- 5. Average Annual Dividend Yield (5 year). 1.31%



Investment Policy Statement

Perpetua Model Portfolio B - Asset Allocation & Portfolio Optimization

Symbol	Target Allocation	Allocation Range
APPL	4.38%	2% to 6%
BRK-B	6.65%	4% to 8%
MSFT	5.57%	3% to 7%
NVDA	9.83%	8% to 12%
AMZN	1.46%	1% to 5%
META	9.73%	8% to 12%
GOOGL	2.10%	1% to 5%
AVGO	2.06%	1% to 5%
LLY	7.28%	5% to 9%
TSLA	1.20%	1% to 5%
JPM	10.8%	8% to 12%
V	1.36%	1% to 5%
MA	1.12%	1% to 5%
JNJ	2.49%	1% to 5%
PG	9.54%	7% to 11%
ABBV	10.45%	8% to 12%
HD	3.99%	2% to 6%
COST	0.98%	1% to 5%
MRK	3.91%	2% to 6%
UNH	2.56%	1% to 5%

- Sample portfolio allocations not optimized on efficient frontier

Investment Policy Statement

Perpetua Model Portfolio C– Income

- Your Portfolio Manager manages the portfolio with the primary objective to minimize principal fluctuations and maximize investor returns. Your Portfolio invests in NYSE and NASDAQ exchange listed stocks priced less than their intrinsic value based on a dividend discount model. The Manager reviews the long-term efficiency, profitability, price performance and risk characteristics of dividend paying stocks and assigns portfolio weights to reduce risks and grow long-term earnings. Model C is a Large, Mid, and Small Capitalization US Value Fund. The cost to manage this portfolio is 0.20% AUM and 2.0% of returns in excess of the S&P 500 index.
- 10 Year Portfolio Measurements based on 10,000 simulations on the efficient frontier.*
- 1. S&P 500 Correlation. 0.39
- 2. Portfolio Expected Annual Return (10 year) = 26.80%
- 3. Portfolio Standard Deviation (Volatility) = 24.23%
- 4. Sharpe Ratio = 0.93
- 5. Average Annual Dividend Yield (5 year). 6.35%

All investing is subject to risk, including the risk of loss.

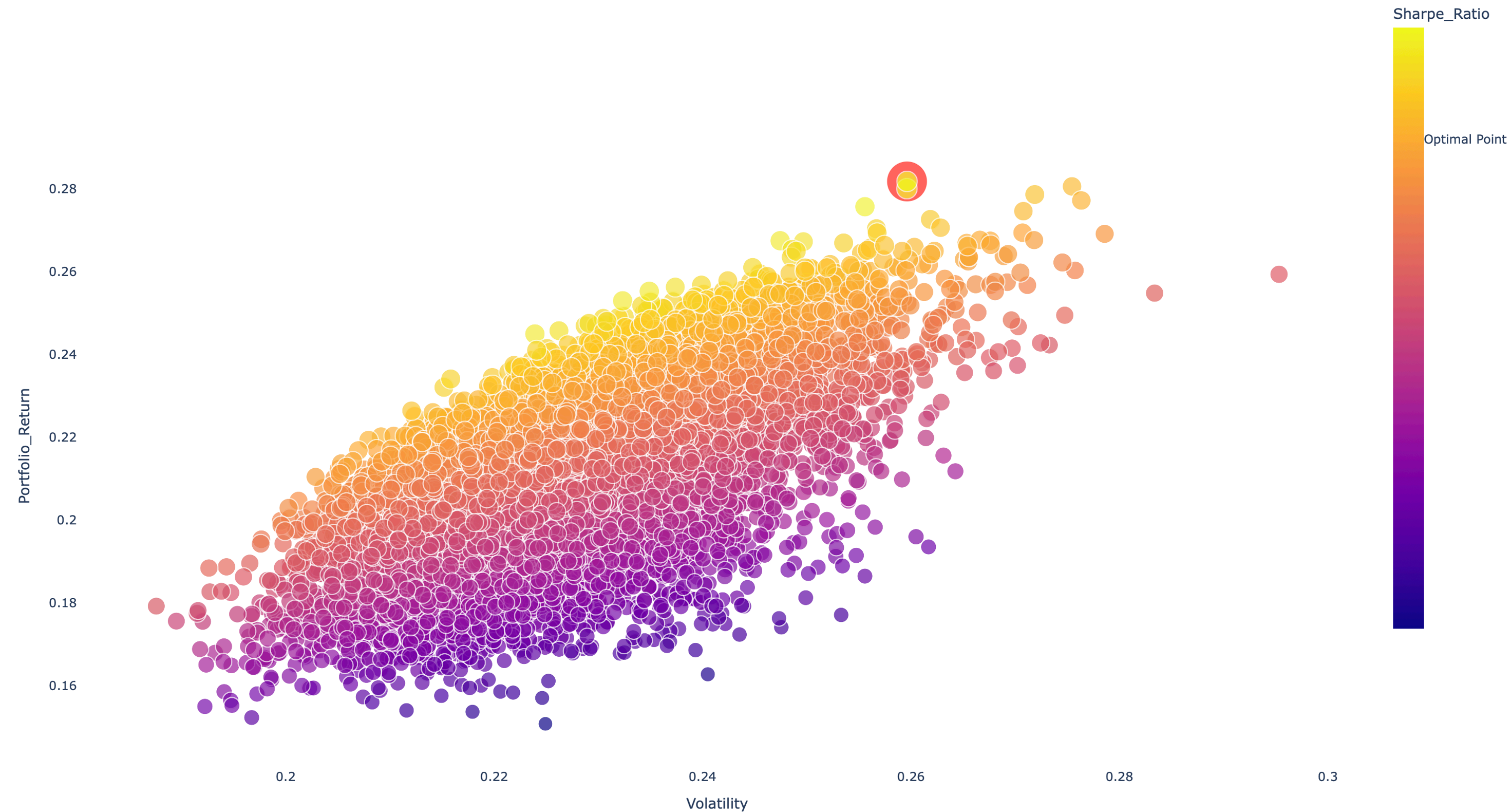
*As of 12/31/2024

Investment Policy Statement

Perpetua Model Portfolio C - Modern Portfolio Theory

10 Year Portfolio measurements based on 10,000 simulations on the efficient frontier.

- 1. S&P 500 Correlation. 0.39
- 2. Portfolio Expected Annual Return (10 year) = 26.80%
- 3. Portfolio Standard Deviation (Volatility) = 24.23%
- 4. Sharpe Ratio = 0.93
- 5. Average Annual Dividend Yield (5 year). 6.35%



Investment Policy Statement

Perpetua Model Portfolio C - Asset Allocation & Portfolio Optimization

Symbol	Target Allocation	Allocation Range
PAYS	4.8%	3% to 7%
CL	1.7%	0% to 2%
CRT	10%	8% to 12%
HRB	7.4%	5% to 9%
MAS	10.1%	8% to 12%
PBT	6.3%	4% to 8%
SBR	10%%	8% to 12%
VOC	10.6%	8% to 12%
WU	10.3%	8% to 12%
ARLP	6.7%	4% to 8%
OMAB	6.1%	4% to 8%
SLMBP	4.0%	2% to 6%

- Sample portfolio allocations not optimized on efficient frontier

Notes

CFP Board

Code of Ethics & Standards of Conduct: CFP Board's Code of Ethics and Standards of Conduct reflects the commitment that all CFP® professionals make to high standards of competency and ethics.

CFP Board Practice Standards Reference Guide for the Financial Planning Process: Reference guide to the practice standards for the financial planning process

As an financial professional, my core values and purpose form the essence of my investment philosophy. My promise is an offering of financial products, services, and investments grounded in: Quality, reduced costs, reduced risks, reduced anxiety, making you money, saving you time, simplicity, providing you access, family heirlooms.

As a portfolio manager my primary objective is to minimize risks and maximize returns.