



FINANCIAL ASSESSMENT

PREPARED FOR

SAMPLE

PRIMARY GOALS

1. Re-evaluate relationship with City National Bank
2. Update investments to improve returns, reduce taxes, & match financial goals
3. Evaluate mortgage pay off
4. Determine which annuitization option is right for Chris's pension
5. Create a plan for accounts that will finance Bryan's well-being

RETIREMENT PLANNING

- Delay Social Security until age 70 to take advantage of tax planning opportunities in your gap years.
- Perform a Retirement Income Analysis to create an income stream you can't outlive.
- Given your risk tolerance and capacity, pay off your mortgage.
- Coordinate your Social Security distributions, retirement account distributions, business income and losses, rental income and losses, pension distributions, capital gain realization, and Roth IRA conversions **to generate the least amount of tax possible now and in retirement**. Learn more at <https://www.definefinancial.com/blog/lower-retirement-taxes/>.

RISK MANAGEMENT

- Consider lowering the deductible on your earthquake policy to 5% (~\$150,000). Keep in mind, a lower deductible will result in a higher cost for insurance each year.
- Consider raising your current homeowner's insurance deductible (\$5,000) to highest amount you are comfortable with to save money on the cost of insurance each year. Learn more at: <https://www.definefinancial.com/blog/right-way-use-homeowners-insurance/>
- Given that your fine art collection is worth ~\$20,000, you may be able to save on the cost of insuring that collection by lowering your coverage from its current amount of \$100,000.
- Given your existing savings, consider self-insuring in the event of Chris's disability. You should be able to generate more in income from your investments than the policy provides in benefits. (~\$50,000). This will save you ~\$1,600 each year.

TAX PLANNING

- Work with Considine & Considine to plan for how the new tax law will affect your taxes, especially the new limitation on deductions for state and local taxes.
- If continuing to give to Noah Homes (or any charity) remains important, consider using a Donor-Advised Fund to reduce your tax bill and create a longer-term charitable giving strategy.

- Implement an Asset Location strategy to improve investment returns and lower taxes.
- Work with Define Financial and Considine & Considine to help you evaluate the value and need of a Roth conversion strategy each year.

ESTATE PLANNING

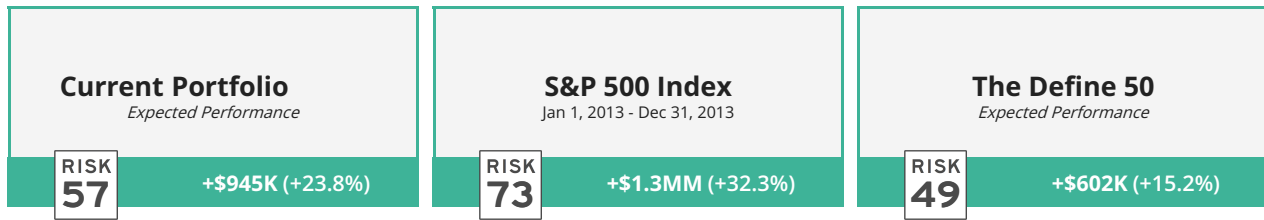
- Work with Define Financial and an estate attorney to finalize the process of funding the accounts for your son's well-being. (See attached list of Professional Contacts.)
- Review your estate planning documents every five years. Confirm that your beneficiaries and successive agents are up to date.
- Create a Side Letter of Instruction for each other, listing contact information of important point persons (e.g. attorney, CPA, insurance agent, and financial advisor), as well as the location and log in information of all your cash, investing, and insurance accounts. Consider Dashlane or LastPass as well. Learn more at: <https://www.definefinancial.com/blog/side-letter-instruction-defined/>

INVESTMENTS

- Once Chris is ready to retire, re-evaluate the various pension annuitization options.
- Take our complimentary risk questionnaire to determine your tolerance and capacity for risk: www.definefinancial.com/risk
- Your investment accounts are made of up more than 70% stocks. Increase your bond allocation to reduce risk – especially when you are within 10 years of retirement.
- Choose higher-quality U.S. Treasury bonds over the riskier municipal and junk bonds you currently own.
- Choose lower cost investments to increase your odds of financial success. Target an expense ratio of 0.25% or less.
- Improve your asset allocation by including meaningful holdings such as value stocks, international stocks, small cap stocks, TIPS, and REITs.

Portfolio Stress Tests

If a 2013-like Bull Market were to happen again...



If a 2008-like Bear Market were to happen again...



If the Financial Crisis were to happen again...



If a 134bps Interest Rate Spike were to happen again...



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THE DEFINE 50™

SAMPLE INVESTMENT ALLOCATION

| ASSET CLASS | INDEX MUTUAL FUND | TICKER | TARGET |
|---|---|--------|--------|
| U.S. Broad Market Equity | Fidelity® Total Market Index Premium | FSTVX | 9% |
| U.S. Large Cap Value | Dimensional Funds US Large Cap Value | DFLVX | 4.5% |
| U.S. Small Cap Value | Dimensional Funds US Small Cap Value | DFSVX | 7% |
| Int'l Developed Broad Market | Fidelity® International Index Premium | FSIVX | 7.2% |
| Int'l Developed Large Value | Dimensional Funds International Value | DFIVX | 4% |
| Int'l Developed Small Value | Dimensional Funds Int'l Small Cap Value | DISVX | 3.6% |
| Emerging Markets Broad | Fidelity® Emerging Mkts Index Premium | FPMAX | 4% |
| Emerging Markets Value | Dimensional Funds Emerging Mkts Value | DFEVX | 1.9% |
| Emerging Markets Small Cap | Dimensional Funds Emerging Mkts Small | DEMSX | 2% |
| Real Estate Investment Trusts (REIT) | Fidelity® Real Estate Index Premium | FSRVX | 3.8% |
| Real Estate Investment Trusts Value | Dimensional Funds Real Estate | DFREX | 4% |
| Intermediate Nominal U.S. Treasury | Dimensional Intermediate Government | DFIGX | 15% |
| Intermediate TIPS | Dimensional Inflation-Protected Sec | DIPSX | 15% |
| Short Nominal U.S. Treasury Bond | Dimensional Short-Term Government | DFFGX | 10% |
| Short TIPS | Vanguard Short-Term Inflation-Protect | VTAPX | 10% |

WORKING WITH DEFINE FINANCIAL

OUR SERVICES INCLUDE:

- Building and Maintaining your Comprehensive Financial Plan
- Investment Management
- Insurance Planning
- Budgeting and Cash Flow Planning
- Tax Planning
- Estate Planning
- Charitable Giving Strategies
- Business Retirement Solutions

Our office doors, email, and phone lines are always open to ongoing clients.

WHY SHOULD YOU HIRE DEFINE FINANCIAL

Create an income stream in retirement you can't outlive.

Pay Uncle Sam less, keep more for yourself.

Reduce risk in your portfolio and increase long-term returns.

A LIVING, BREATHING FINANCIAL PLAN

You've likely already heard us say that the moment we give you a financial plan, that financial plan is out-of-date. That's because unlike a printed document, your life is constantly changing. Maybe retirement is approaching. Maybe you are about to buy your first (or second) house. Maybe you are making the move to launch your own business. Know that your life will change. That's why your financial plan needs to be regularly updated. Keeping your financial plan up to date better ensures that you stay on track to accomplish those things that matter most to you.

FEE SCHEDULE (INVESTMENTS + FINANCIAL PLANNING)

| ACCOUNT VALUE | QUARTERLY ADVISORY FEE |
|---------------------------|------------------------|
| \$500,000 - \$999,999 | 0.25% |
| \$1,000,000 - \$4,999,999 | 0.20% |
| \$5,000,000 - \$9,999,999 | 0.175% |
| \$10,000,000 and Above | Negotiable |

PROFESSIONAL CONTACTS

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