

Wealth Planning Review

Prepared For:
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WEALTH PLANNING REVIEW: Summary

This report is a synopsis of all the planning we have done for you thus far as well as a list of items we will be working on going forward. Each planning issue is color coded according to priority level and/or status of implementation.

- High Priority
- Ongoing
- Completed
- Low Priority

Philanthropy & Charitable Planning	Donor-Advised Fund	Timing of Charitable Gifts	Collaborative Philanthropy				
Insurance	Estate Equalization	Life Insurance Review					
Trust & Estate Planning	Domestic Asset Protection Trusts	Educating Next Generation	Organization of Estate Plan	Estate Plan Review	Titling & Beneficiary Designations	Corporate Trustee	
Tax & Cash Flow Planning	Multi-Year Tax Planning	Paying Off Mortgage	Cash Flow Needs				
Gifting to Family	Initiate Annual Gifting						
Retirement Planning	Retirement Needs Analysis	Considerations for Relocation	Social Security Timing	Redefining Retirement	Sustainable Income		
Investments	Alternative Investments	Portfolio Income Strategy	Investment Policy Statement	Concentrated Stock Position			
Business Planning	Preparing for Sale	Pre-Sale Tax Planning	Incentivizing Key Employees				

WEALTH PLANNING REVIEW: Strategy Detail

This report is a synopsis of all the planning we have done for you thus far as well as a list of items we will be working on going forward. Each planning issue is color coded according to priority level and/or status of implementation.

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Philanthropy & Charitable Planning

Initial Issue	Progress Update / Action Plan
<p>Need for simplicity in charitable gifting</p> <p>Timing issues in charitable planning</p> <p>Involve children in philanthropic plans</p>	<ul style="list-style-type: none">■ Use a donor-advised fund for philanthropic goals <p>A donor-advised fund offers the opportunity to create an easy-to-establish, low cost, flexible vehicle for charitable giving as an alternative to direct giving or the administrative requirements of a private foundation.</p>■ Appraise your tax status toward year-end <p>Consider coordinating the timing of your charitable gifts so that you can take advantage of those deductions in years when you are in a higher income tax bracket.</p>■ Develop a strategic plan for philanthropy <p>By taking a strategic approach to charitable giving, families can work together to make a proactive and intentional impact on the causes that are most important to them. It can help instill stewardship in the next generation as well.</p>

Insurance

Initial Issue	Progress Update / Action Plan
<p>Estate not equalized</p> <p>Existing life insurance policies</p>	<ul style="list-style-type: none">■ Utilize insurance to equalize estate <p>Are you concerned that your assets may not be distributed equally among your heirs? A life insurance policy used in conjunction with business and/or personal assets may aid in equalizing gifts to heirs.</p>■ Evaluate existing life insurance to make sure it is still appropriate <p>Will your heirs be taken care of in the event of your death? A life insurance review evaluates whether your policies are cost effective, beneficiary designations are accurate, and coverage is adequate for you.</p>

Trust & Estate Planning

Initial Issue	Progress Update / Action Plan
<p>May need asset protection trust</p> <p>Beneficiaries not prepared to inherit</p> <p>Estate plan lacks organization</p>	<ul style="list-style-type: none">■ Evaluate various potential risk management solutions <p>Asset protection is risk management planning that is designed to avoid a potential lawsuit or promote a favorable settlement. A South Dakota asset protection trust is one of many layers of asset protection to consider.</p>■ Educate beneficiaries to prepare them for inheritance <p>Do you feel that your heirs are prepared to manage wealth? Learn about resources and educational opportunities that can help prepare the next generation for appropriately managing an inheritance.</p>■ Create organizational structure for estate plan and consolidated checklist <p>We recommend having a checklist of instructions and information about your assets in order to provide</p>

Need to review existing estate docs

Titling/beneficiary designation issues

Complex estate to administer

additional organization & structure to your overall estate plan. (i.e., List of advisors & contact info; list of all accounts and password info; location where important documents are stored)

■ Review your estate plan periodically

Estate documents need to be regularly reviewed to ensure proper beneficiary designation, account for consideration of all assets, and accommodate for any changes in circumstances or tax laws.

■ Determine how account ownership and designations will affect beneficiaries

Have you reviewed the titling and beneficiary designations for your assets? Aligning asset ownership with your estate and gifting plans should mean a quicker and easier process in executing your estate.

■ Consider naming a Corporate Trustee

A corporate trustee can provide a level of expertise and objectivity to estate administration that will relieve surviving family members of complex responsibilities & emotional burdens incurred in role of trustee.

Tax & Cash Flow Planning

Initial Issue

Need to utilize income tax projections

Whether to pay down debt

Need to understand living expenses

Progress Update / Action Plan

■ Utilize multi-year planning to reduce taxes & maximize net cash flow

Given your expected income & the variability of inflows, it is important that you utilize multi-year projections to take advantage of any long-term planning as it relates to regular income tax minimization as well as AMT minimization.

■ Evaluate pro/cons of accelerated mortgage pay off

Determine whether it is advantageous for you to either accelerate the pay down of your mortgage or pay it off entirely. This decision involves both economic and psychological considerations.

■ Develop a greater understanding of your current and future expenses

How much do you spend annually and what is the breakdown between fixed expenses (i.e., debt payments, insurance premiums) and variable expenses (food, clothing, travel)? What spending changes do you anticipate in the future?

Gifting to Family

Initial Issue

Desire and ability to gift to heirs

Progress Update / Action Plan

■ Inaugurate an annual gifting program

An annual gifting program can shift significant wealth down generational lines, especially when appreciating assets are being gifted. Note that any amount up to \$14,000 per person is excluded from federal gift taxes.

Retirement Planning

Initial Issue

Uncertain of retirement funding needs

Don't know full impact of relocation

Lack plan for taking Social Security

Progress Update / Action Plan

■ Evaluated your retirement needs to determine funding requirements

We helped you develop a retirement needs analysis which serves as a foundation for all the planning we will do going forward. Once you know where you are currently relative to your retirement goals, you can determine either what to do to close the "gap" or devise strategies for surplus wealth.

■ Consider various factors involved with a potential relocation

As you consider relocation in retirement, consider not only state income tax implications but also property taxes, sales taxes, and state estate taxes. Quality of life and other non-tax considerations should also be factored in.

■ Integrate Social Security into your retirement income strategy

Uninspired by the notion of retirement

No plan for sustainable withdrawals

Determine optimal timing for commencing Social Security benefits by considering factors such as life expectancy & other income sources. Proactive coordination with retirement accounts can allow you to maximize your income.

■ Envision what an appealing "retirement" would look like for you

Start thinking in terms of what you want to "retire to" rather than "retire from". The idea is to have a positive vision for this next phase of life and creating a plan for financial independence needed to achieve it.

■ Create a plan for sustainable income

In order to properly evaluate the sustainability of income from your assets, we need to consider how much of your investable asset base is currently liquid and create a plan to transition from accumulation to distribution mode.

Investments

Initial Issue

Only utilizing traditional asset classes

Allocation out of sync with income needs

No formalized investment strategy

Concentrated position may jeopardize goals

Progress Update / Action Plan

■ Add non-traditional investments to reduce downside risk

Incorporating alternative assets such as natural resources, real estate, or hedge funds into your portfolio adds an additional layer of diversification and the potential to increase or stabilize overall return.

■ Align investments with your cash flow needs

Will your current portfolio provide for needs and fund your future goals? Your investment allocation should consider both your current and projected cash flow and allow for appropriate liquidity from the portfolio.

■ Consolidate investments to align with Investment Policy Statement

How are decisions made regarding individual assets in your portfolio? An Investment Policy Statement will provide guidelines and a framework to effectively allocate, supervise, monitor and evaluate your portfolio.

■ Consider options for reducing company-specific risk

Understand the range of strategies that are available to hedge against the greatest risk in this situation, which is a significant drop in the market value of the security (and thus in your net worth).

Business Planning

Initial Issue

Need to plan ahead for the sale

Reduce tax liability of business sale

Key employee compensation

Progress Update / Action Plan

■ Prepare for sale by understanding what to expect and planning accordingly

What are the five most common mistakes made by business owners when selling their businesses? Learn how to avoid these mistakes by properly preparing yourself and preparing the business itself for sale.

■ Utilize a Charitable Remainder Trust (CRT)

By establishing a charitable trust and transferring shares into it prior to sale, you may be able to reduce your taxes for a future gift to charity while creating a stream of retirement income for the rest of your life.

■ Incentivize key employees with a deferred compensation plan

Through an agreement to pay future benefits based on achieving certain performance targets, key employees can become more engaged and motivated to help grow the business.