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SAMPLE Financial Planning Criteria

Context: 2/2017 before we got engaged/married

Our vision is to: [Need to prioritize and put in urgency order…]

- Be financially independent long term, while focusing on income generation in the short term
- Improve our quality of life (i.e. time not working at a job)
- Complete my book (Sonya)
- Provide college education for my children (three boys, have a brokerage account for them already)
- Buy a big house on a lake for our family to enjoy
- Develop a plan so that we can coach others on having a proper retirement & estate plan

The challenges we will/may need to overcome include:

- Reducing our mortgage (we are just in the process of refinancing and putting Keir on the mortgage)
- Pay for marriage expenses
- Pay for 3 colleges at one time
- Parents in declining health, care levels
- Finalize divorce and establish a new estate plan (Divorce is final as of mid-July and is already approved by the court)

We have gathered these docs already:

- Auto and homeowner's coverage
- Information on group benefits (disability and health insurance)
- Statements of investments, savings accounts
- Statement of retirement accounts (IRA, Roth IRA, SEP IRA)
- Paystub showing last year's gross earnings (tax returns)
- What else do we need to provide/put together (Budget)

Potentials:
- Pete: - Same age, Insurance based - Mutual funds, annuities, life insurance
- Tony, Richard – Younger, partnership attitude, insurance
- Peter V: May be too much – higher asset requirement, $ under his mgmt
- Two others were eliminated earlier in the conversations as not a good fit.

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SAMPLE Financial Planner Selection Criteria

Philosophical Fit - [Prioritizing longevity]

- Partnership relationship (when to put a plan in place, updating it, executing it)
- Educational, informational (we are analytical and want to be informed. We are fine making decisions, taking advice, harder to just be given advice)
- Update plan regularly, measure against it
- 30-year relationship (need to choose someone who can work with us for a long time)
- Closeness (geography, availability)
- How do they work?
- Reality check?
- Can we avoid financial mistakes and build net worth?
- Cash flow management - do we need to manage this more closely?
- Tax minimization as a goal?
- Real estate management - who manages the property? Property manager?

Fee & Return

- Knowing how do they get compensated?
- Fee based only financial planner?
- Cost structure

$ Under management v advice/direction

- Self-manage v $ under management

What is our # & how to reach it?

- $4M, $5M or something else
- Our progress
- Other ways to reach it - income producing assets (passive income, active income, rentals, dividends)
- How do we not run out of $?
- What is the best use of Keir’s $200K in cash? down payment to second home? What rate of return can we get for that $ in the house or elsewhere?
- $5M investible, $10M of net worth (in the Bay Area)
- Income generation

Best & worst financial decisions

- Pete - sold Apple stock to pay off mortgage
- Sonya – Not diversifying; setting aside money for kids’ college

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Speculation level (risk assessment)

- Risk tolerance
- Dividend King of dividend stocks - need to look at this list

Type of investments (variety or risk)

- stock, bonds (poor understanding of bond market)
- oil, mineral rights, etc
- real estate
- rate of return
- diversification (of risk)

Timing - of investment and need for return

- urgency
- long term
- short term

Conforming $419K, Jumbo loan $625K

- getting mortgage down and under control
- good debt (home mortgage) v bad debt (car, credit card, etc.)
- cash need - mortgage deduction/home equity v having the cash available (cash poor v house rich)

Healthcare costs, insurance, medical insurance
- insurance, medical costs
- life insurance
- HSA (should we have this in the mix? probably yes)
- What do these #s actually look like with premiums (as W2 or 1099?)

Where to keep $ - consolidate or disperse management of $?

Insurance (Umbrella, causality/liability, etc.)

- medical
- life insurance
- Long term care
- other higher priorities?
- cash value of policy

List of assets - where they are