Spring 2019

A comprehensive financial plan prepared for Tyler and Mia Bedo

Loni Jorgenson

A Comprehensive Financial Plan Prepared for Tyler and Mia Bedo

Prepared by: Loni Jorgenson, CFP

Spring 2019

1867 Lake Shore Drive, Clear Lake, Iowa 50428

CONFIDENTIAL

**Fictitious names being used throughout document*

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Loni Jorgenson, CFP
Jorgenson Financial
1867 Lake Shore Drive
Clear Lake, IA 50428

January 27, 2019

Tyler & Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. & Mrs. Bedo:

Welcome to Jorgenson Financial. I am excited about the opportunity to work with you! As we move forward in the financial planning process, I will create your comprehensive financial plan, assist you with implementing the plan, and meet with you periodically to update your plan.

Please reach out to me to schedule a client intake meeting that will best meet your availability. During this meeting, we will discuss in detail your financial goals, as well as begin to compile the personal information needed to create your comprehensive financial plan. To assist in creating your comprehensive financial plan, I ask that you provide the most recent documents of the following before or during the scheduled meeting:

- ✓ Investment account statements
- ✓ Loan statements (mortgage, automobile, etc…)
- ✓ Real estate documentation
- ✓ Credit card statements
- ✓ Federal and state income tax returns (for the past three years)
- ✓ Insurance policies (life, disability, health, homeowners, automobile, etc…)
- ✓ Budget or spending records, if applicable
- ✓ Paycheck stubs (past six months)
- ✓ Employee benefit statements
- ✓ Retirement plan statements
- ✓ Wills, trusts, or other estate planning documentation

After I have had the opportunity to review and analyze these documents, I will create your comprehensive financial plan. We will then schedule another meeting to discuss your financial plan in detail, along with implementation strategies to help you achieve your financial goals.

If you have any questions or concerns leading up to the client intake meeting, feel free to reach out to me for assistance. I look forward to working with you as your financial planner and helping you achieve your financial goals!

Sincerely,

Loni Jorgenson, CFP

Loni Jorgenson, CFP
Jorgenson Financial
1867 Lake Shore Drive
Clear Lake, IA 50428

February 8, 2019

Tyler & Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. & Mrs. Bedo:

Thank you for taking the time to meet with me last week to discuss the opportunity of working together to help you meet your financial goals. I look forward to assisting you as your financial planner. This letter outlines the terms of the financial planning engagement between:

Loni Jorgenson, CFP, and Tyler and Mia Bedo.

Should any terms of this engagement change, they should be documented in writing and mutually agreed upon by all parties.

The personal information you provide to me to develop your comprehensive financial plan will be kept secure and confidential. With your permission, I may consult with other professionals you are collaborating with to obtain additional information, in order to develop your comprehensive financial plan.

This engagement will include the services required to develop your comprehensive financial plan, which includes reviewing and analyzing your:

- ✓ Financial goals and objectives
- ✓ Cash flow and net worth
- ✓ Income taxes
- ✓ Personal, property and liability insurance
- ✓ Non-retirement and retirement assets and goals
- ✓ Estate

Following the review and analysis, I will develop a written comprehensive financial plan, review it with you in detail and assist you with implementation.

The financial planning services I provide to you will be on a flat-fee basis of $750 for the first year of services. This fee covers the development and assistance of implementing your comprehensive financial plan. Feel free to reach out to by phone or e-mail for implementation assistance. Please make checks payable to Jorgenson Financial.

There are currently no known conflicts of interest. Should I become aware of any conflicts of interest, you will be notified in writing.

I agree to adhere to the CFP Board's *Standards of Professional Conduct,* and all applicable federal and state rules and regulations. As a fiduciary, I will place your interests above my own. For additional information on the CFP Board's ethical requirements, visit www.cfp.net.

I look forward to working with you as your financial planner and helping you achieve your financial goals!

Sincerely,

Loni Jorgenson, CFP

Client:
I understand and accept the terms of this engagement letter.

Signature: ____ Date: ________________

CFP:
I understand and accept the terms of this engagement letter.

Signature: ____ Date: ________________

MISSION STATEMENT

Our mission is to assist clients with both their short- and long-term financial goals in order to achieve a successful financial future.

STATEMENT OF CORE VALUES

Trust- *We provide our clients with a fiduciary relationship by placing their interests above our own.*

Collaboration- *We work collaboratively with you to help you achieve your financial goals by taking the time to understand beliefs, needs and objectives.*

Accountability- *We assist you with implementation by helping you understand the steps you need to take, and with follow through by reviewing the progress you're making towards your financial goals.*

ETHICS STATEMENT

At Jorgenson Financial, we provide our clients with a ***fiduciary*** *relationship by placing their interests above our own, in an honest and professional manner. As Certified Financial Planners, we follow the CFP Boards Code of Ethics and Professional Responsibility, which consists of providing clients with* ***competent, confidential,*** *and* ***professional*** *services with* ***integrity, objectivity, fairness and diligence.***

Principle 1 – Integrity: Provide professional services with integrity.
Integrity demands honesty and candor which must not be subordinated to personal gain and advantage. Certificants are placed in positions of trust by clients, and the ultimate source of that trust is the certificant's personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one's principles.

Principle 2 – Objectivity: Provide professional services objectively.
Objectivity requires intellectual honesty and impartiality. Regardless of the particular service rendered or the capacity in which a certificant functions, certificants should protect the integrity of their work, maintain objectivity and avoid subordination of their judgment.

Principle 3 – Competence: Maintain the knowledge and skill necessary to provide professional services competently.
Competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Certificants make a continuing commitment to learning and professional improvement.

Principle 4 – Fairness: Be fair and reasonable in all professional relationships. Disclose conflicts of interest.
Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.

Principle 5 – Confidentiality: Protect the confidentiality of all client information.
Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

Principle 6 – Professionalism: Act in a manner that demonstrates exemplary professional conduct.
Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities. Certificants cooperate with fellow certificants to enhance and maintain the profession's public image and improve the quality of services.

Principle 7 – Diligence: Provide professional services diligently.
Diligence is the provision of services in a reasonably prompt and thorough manner, including the proper planning for, and supervision of, the rendering of professional services.

**More information can be found on the CFP Board website at: https://www.cfp.net/for-cfp-professionals/professional-standards-enforcement/current-standards-of-professional-conduct/standards-of-professional-conduct/code-of-ethics-professional-responsibility*

PRIVACY STATEMENT

Jorgenson Financial is committed to keeping your personal information secure and confidential. We collect personal information from you including but not limited to your name, address, social security number and financial condition through applications, forms, and interactions with other professionals with your approval. This information is used to assist you in obtaining your financial goals through the creation of a comprehensive financial plan. With your consent, this information may be disclosed to other professionals you are collaborating with including but not limited to tax professionals and/ or attorneys. Your personal information is not sold to others, and is protected through confidentiality policies within our company.

DISCLAIMERS

While we may offer tax recommendations in your comprehensive financial plan, it is important to be aware we are not licensed tax professionals or attorneys. Please confirm any tax recommendations we have made with your tax professional or attorney.

Please consult with your attorney regarding any needed legal advice or to have legal documents prepared.

Investment Policy Statement

TYLER & MIA’S FINANCIAL ASSUMPTIONS

- **Current Assets:** $1,050,150
- **Risk Tolerance:** Conservative to Moderate
- **Goals & Objectives:**
    - Financial satisfaction
    - Self-sufficient retirement
        - Home addition
        - Art gallery
    - Education funding for Becky
    - Leave an estate for Becky at death

FINANCIAL PLANNER RESPONSIBILITIES

Jorgenson Financial will provide you with a fiduciary relationship by placing your financial interests above our own. We will make financial investment recommendations based on your financial risk tolerance, as well as provide diverse portfolio recommendations. We will rebalance your assets annuals and provide performance monitoring on a quarterly basis.

PORTFOLIO SELECTION

Based on your conservative to moderate financial risk tolerance, the following investments Jorgenson Financial uses would be appropriate investment options for your portfolio.

Equity Funds

Fund	**Investment Style**	**Before-Tax Rate of Return**	**Standard Deviation**	**Correlation with Equity Market**	**Yield**
Value Fund	Large Cap	9%	12%	.95	3%
Growth Fund	Large Cap	10.2%	15%	.9	2%
Eastside Fund	Mid-Cap	8.4%	10%	.92	2%
Konza Fund	Mid-Cap	9.2%	13%	.91	1.75%
Sagebrush Fund	Small Cap	11.2%	21%	.8	.5%
Rocket Fund	Small Cap	14%	22%	.75	0%
Consumer Fund	Small Cap	8.75%	11%	.99	2.5%
Acquisitions Fund	Mid-Cap	7.5%	5.2%	.2	4%
International Fund	International (EAFE Index)	10%	11.2%	.5	2%

Haley G & I Fund	Large Cap	8%	10%	.9	3.2%
Graham Fund	Real Estate & Precious Metals	4.1%	12%	.1	2%

Bond Funds

Fund	**Investment Style**	**Before-Tax Rate of Return**	**Standard Deviation**	**Correlation with Equity Market**	**Yield**
Ruth Fund	Government Bond	4.8%	4.9%	.85	4%
Cardinal Fund	Corporate Bond	5.2%	5.1%	.9	4.8%
Clock Fund	Corporate Bond	6%	6.2%	.98	5.4%
Ely Fund	Government Bond	6.1%	6.05%	.92	6%
Companion Fund	High Yield	7%	13%	.8	6.1%
States Fund	Government Bond	5.7%	6%	.75	4%
Barrister Fund	Money Market	3%	0%	0	3%

REBALANCING ASSETS

Rebalancing of assets will be completed annually.

PERFORMANCE MONITORING

Jorgenson Financial uses custom benchmarks to measure the performance of client portfolios. Monitoring of client portfolios is completed quarterly.

Market Indexes

Index	**Before-Tax Rate of Return**	**Standard Deviation**	**Yield**
Treasury Bills	3%	5%	3%
Treasury Coupon Bonds	5%	6%	5.5%
Treasury Zero-Coupon Bond "Strips"	6%	6.5%	0%
Investment-Grade Corp. Coupon Bonds	7%	7%	7%

Investment-Grade Corp. Zero-Coupon Bonds	7.5%	8%	0%
High-Yield Corporate Bonds	9%	12%	9%
International Bonds	10%	15%	10%
U.S. Large-Cap Equity	10%	18%	2.25%
U.S. Small-Cap Equity	12%	+20%	<100%
Developed International Equity	15%	+25%	≈0%

Grable, J. E., p. 56

Cash & Cash Equivalents

Asset	**Yield**
Savings Accounts	2%
Money Market Accounts	3%
Money Market Mutual Funds	3%
Missouri Municipal Money Market Account	2.3%
One-Year Certificate of Deposit	3.5%

Grable, J. E., p. 56

CLIENT PROFILE

Tyler Bedo
42 years old
No known health issues
Employment:
Sales Consultant, 12 years
Golden Tee Golf Association, Inc.
6282 Star Drive
Springfield, MO

Mia Bedo
42 years old
No known health issues
Employment:
Career Counselor, 3 years
The Family and Career Institute
5600 Cedar Lane Road, Suite #150
Springfield, MO

Becky Bedo, Dependent
5 years old
No known health issues

Residence:
727 Success Lane
Springfield, MO

SUMMARY OF GOALS & OBJECTIVES

Objective 1: Tyler and Mia would like to live life with a relatively high level of financial satisfaction.

Objective 2: Tyler and Mia would like to retire at age sixty-two with the ability to be self-sufficient. In addition, Mia would like to rent a retail outlet to start a small art supplies and collectibles business during retirement.

Objective 3: Tyler and Mia would like to provide for 100 percent of Becky's college education.

Objective 4: Tyler and Mia would like to maintain financial privacy. Additionally, they want to ensure Becky has financial stability, should they die.

UNIVERSAL ASSUMPTIONS

- 3% Universal inflation rate
- 3.25% Prime interest rate
- Tyler and Mia's life expectancy is age ninety-five
- Tyler and Mia would like to assume a 30% combined state and federal tax bracket
- At retirement, Tyler and Mia would like to assume a 25% combined state and federal tax bracket

2017 Cash Flow Analysis

Income	Annual Amount
Tyler- Salary	$68,466.58
Tyler- Bonus	$34,233.30
Mia- Salary	$32,496
Total	**$135,195.88**
Fixed Expenses	
Federal Taxes (Tyler)	$18,668
State/Local Taxes (Tyler)	$4,862
FICA Taxes (Tyler)	$7,800
Federal Taxes (Mia)	$3,510
State/Local Taxes (Mia)	$1,404
FICA Taxes (Mia)	$2,486.04
Real Estate Taxes	$1,675
Homeowners Insurance	$700
Utilities	$4,200
Other Household Expenses	$400
Food/Groceries	$5,100
Clothing	$2,800
Auto Maintenance	$1,500
Auto Insurance Premiums	$2,000
Missouri Vehicle Plate/Tag	$450
Mortgage Loan	$13,056
Auto Loan	$5,412
Charge Account/Credit Card	$5,100
Retirement-Tyler	$2,054.00
Retirement- Tyler	$2,054.00
Retirement-Mia	$3,249.60
General Savings	$9,000
Mia's Retirement	$3,000
Cash Reserves	$1,800
Committed Expenses	$10,339
Total	**$112,619.64**
Variable Expenses	
Entertainment	$2,700
TV	$600
Dining Out	$3,300
Recreation	$2,700
Travel	$3,000
Savings for Art Gallery	$1,800
Charities	$5,800
Holiday Giving	$1,800
Home Improvements	$1,800
Dues	$1,800
Subscriptions	$960
Housekeeping	$960
Pet Care	$420
Tax Preparation	$400
Total	**$28,040**
Net Cash Flow	**(5,463.76)**

2018 Cash Flow Analysis

Income	Annual Amount
Tyler- Salary	$70,520.58

Tyler- Bonus	$35,260.29
Mia- Salary	$33,470.88
Total	**$139,251.75**
Fixed Expenses	
Federal Taxes (Tyler)	$14,000
State/Local Taxes (Tyler)	$3,000
FICA Taxes (Tyler)	$8,092.24
Federal Taxes (Mia)	$3,000
State/Local Taxes (Mia)	$2,000
FICA Taxes (Mia)	$2,560.52
Real Estate Taxes	$1,675
Homeowners Insurance	$560
Boat Insurance	$175
Utilities	$4,200
Other Household Expenses	$400
Food/Groceries	$5,100
Clothing	$2,800
Auto Maintenance	$1,500
Auto Insurance Premiums	$1,400
Missouri Vehicle Plate/Tag	$450
Mortgage Loan	$13,056
Auto Loan	$5,412
Charge Account/Credit Card	$5,100
Retirement-Tyler	$2,054.00
Retirement- Tyler	$2,054.00
Retirement-Mia	$3,249.60
General Savings	$9,000

Mia’s Retirement	$3,000
Cash Reserves	$1,800
Committed Expenses	$9.259
Estate Planning Fees	$1,200
Mia- Term Life Insurance	$274.75
Tyler- Term Life Insurance	$1435.90
Total	**$107,808.01**
Variable Expenses	
Entertainment	$2,700
TV	$600
Dining Out	$3,300
Recreation	$2,700
Travel	$3,000
529 Savings	$1,800
Charities	$5,800
Holiday Giving	$1,800
Home Improvements	$1,800
Dues	$1,800
Subscriptions	$960
Housekeeping	$960
Pet Care	$420
Tax Preparation	$400
Total	**$28,040**
Net Cash Flow	**$3,403.74**

2017 Net Worth Analysis

Assets	
Home	$250,000

Furnishings	$45,000
Sedan	$20,000

Minivan	$15,500
Yard Equipment	$8,000
Jewelry/Collectibles	$10,000
Signed Golf Club	$5,000
Sporting Equipment	$2,500
Golf Artwork	$5,000
Boat	$5,800
Savings	$10,000
Checking	$3,500
Money Market	$10,000
Checking Account 2	$5,000
EE Bonds	$25,000
Haley G&I Fund	$69,000
Konza Fund	$43,000
Ruth Fund	$13,000
Sagebrush Fund	$8,000
Tyler's 401(k)	$203,000
Tyler's IRA	$52,000

Mia's 401(k)	$15,250
Mia's IRA	$32,500
Mia's IRA (Traditional)	$52,000
Mia's Annuity	$125,000
Mia's Life Insurance CV	$8,750
Tyler's Life Insurance CV	$8,350
Total Assets	**$1,050,150**
Liabilities	
Mortgage	$130,331.61
Sedan Loan	$10,396.40
Visa	$3,500
Mastercard	$2,000
Total Liabilities	**$144,428.01**
Net Worth	**$905,721.99**

2018 Net Worth Analysis

Assets	
Home	$260,000

Furnishings	$45,000
Sedan	$20,000

Minivan	$15,500
Yard Equipment	$8,000
Jewelry/Collectibles	$10,000
Signed Golf Club	$5,000
Sporting Equipment	$2,500
Golf Artwork	$5,000
Boat	$5,800
Savings	$10,000
Checking	$3,500
Money Market	$10,000
Haley G&I Fund	$69,000
Ruth Fund	$13,000
Acquisitions Fund	$8,000
Tyler's 401(k)	$203,000
Tyler's IRA	$52,000
Mia's 401(k)	$15,250
Mia's IRA	$32,500

Mia's IRA (Traditional)	$52,000
Mia's Annuity	$125,000
Mia's Life Insurance CV	$8,750
Tyler's Life Insurance CV	$8,350
529 Plan*	$73,000
Total Assets	**$1,060,150**
Liabilities	
Mortgage	$127,441.18
Sedan Loan	$5,299.40
Visa	$1,967.46
Mastercard	$1,368.61
Total Liabilities	**$136,076.65**
Net Worth	**$924,073.35**

Ratio Analysis

CURRENT RATIO- "Indicates whether sufficient monetary assets are available to pay off all outstanding short-term debts," (Grable, J.E., p. 140).
Monetary Assets/Current Liabilities

Benchmark > 1
$28,500/$5,500=5.18

EMERGENCY FUND RATIO- **"Indicates how long a client could live in a crisis situation without liquidating nonmonetary assets," (**Grable, J.E., p. 141).

Monetary Assets/Monthly Living Expenses
Benchmark 3-6 months
$28,500/$11,721.64=2.43

SAVINGS RATIO- **Determines whether a client is saving the recommended minimum annual gross income.**

Personal Savings+Employer Contributions/Annual Gross Income
Benchmark > 10%
$24,186.48/$135,195.88=17.89%

DEBT RATIO- **Determines whether a client borrowing less than the maximum recommended amount of debt.**

Total Liabilities/Total Assets
Benchmark < 40%
$144,428.01/$1,050,150=13.75%

LONG-TERM DEBT COVERAGE RATIO- **Informs "how many times a client can make debt payments, based on current income,"** (Grable, J.E., p. 142).

Annual Gross Income/Total Annual Long-Term Debt Payments
Benchmark > 2.5
$135,195.88/$18,468=7.32

DEBT-TO-INCOME RATIO- **"Measures the percentage of take home pay committed to consume credit repayment,"** (Grable, J.E., p. 142).

Annual Consumer Credit Payment/Annual Take Home Pay
Benchmark < 15%
$5,100/$96,465.84=5.29%

EDUCATION/RECOMMENDATIONS

You fall within the benchmarks for the following ratios: current ratio, savings ratio, debt ratio, long-term debt coverage ratio, and debt-to-income ratio. The benchmark for emergency fund ratio is three to six months and your ratio is falling just short of this benchmark at 2.43 months. I understand increasing the value of your emergency fund is one of your financial goals, so will address this as a non-retirement goal and investment later in the plan.

Tax Analysis

INCOME TAX PLANNING TERMS

IRS Form 1040- a form "used by U.S. taxpayers to file an annual income tax return," (About Form 1040, U.S. Individual Income Tax Return).

"Above-the-line" Deductions- "adjustments to gross income," which may include contributions to qualified retirement plans and pre-tax employee benefits, (Grable, J. E, p. 177).
Itemized Deductions- deductions to reduce taxable income, which may include mortgage interest and gifts to charities.
Marginal Tax Rate- "the tax rate at which the last dollar earned is taxed," (Grable, J. E., p. 179).
Taxable Income- "income that is usually subject to income tax," including "salaries…dividends, interest income…"Section 79" income," (Grable, J. E, p. 180).
"Section 79" Income- "an often overlooked…source of unearned income," which may include "certain employer-provided benefits, such as group term life insurance plans," (Grable, J. E, p. 134).

2017 FEDERAL TAXES

Income	
Salary	$135,196
Interest	$633
Dividends	$3,521
Section 79	$118
Total Income	**$139,468**
"Above-the-line" Deductions	
125 Plan	$3,600
Pre-Tax Disability	$300
401(k) Contributions	$7,358
Adjusted Gross Income	**$128,210**
Itemized Deductions	
Real Estate Taxes	$1,675
State Income Taxes	$6,266
Mortgage Interest	$10,161
Gifts to Charities	$5,800
Exemptions	$12,150
Taxable Income	**$92,158**
Taxes	**$**14,517
Federal Taxes Paid	$22,178
Refund	**$7,661**

2017 FICA Taxes
Tyler- $7,856.54
Mia- $2,485.94

2017 MISSOURI STATE TAXES

Missouri Net Income	**$128,210**
Itemized Deductions	
Real Estate Taxes	$1,675
Mortgage Interest	$10,161

Gifts to Charities	$5,800
State Deduction	$1,000
State Exemptions	$1,800
Taxable Income	**$107,774**
Taxes	$5,245.90
State Income Taxes Paid	$6,266
Refund	**$1,020.10**

2018 FEDERAL TAXES

Income	
Salary	$139,251.75
EE Bond Interest	$875
Capital Gains	$3,825
Interest	$707
Dividends	$3,048
Section 79	$118
Total Income	**$147,824.75**
"Above-the-line" Deductions	
FSA	$1,080
125 Plan	$3,600
Pre-Tax Disability	$300
401(k) Contributions	$7,578
Adjusted Gross Income	**$135,266.75**
Standard Deduction	**$24,000**
Taxable Income	**$111,266.75**
Taxes	**$16,357.74**
Federal Taxes Paid	$17,000
Refund	**$642.26**

2018 FICA Taxes
Tyler- $8,092.24
Mia- $2,560.52

2018 MISSOURI STATE TAXES

Missouri Net Income	**$135,266.75**
Itemized Deductions	
529 Deduction	$16,000
Real Estate Taxes	$1,675
Mortgage Interest	$10,161
Gifts to Charities	$5,800
State Deduction	$1,000
Taxable Income	**$100,630.75**
Taxes	$4,887.69
State Income Taxes Paid	$5,000
Refund	**$112.31**

ASSUMPTIONS

- Filing status: Married filing jointly
- 25% Federal tax bracket
- 5% Missouri tax bracket
- State deduction: $1,000
- State exemptions: $900 X 2= $1,800
- FICA tax rate: 7.65%

EDUCATION/RECOMMENDATIONS

Consider reducing your state and federal income tax withholdings to increase your cash flow. Rather than waiting to receive a tax refund, reducing your withholdings would be beneficial to automatically increase your cash flow. With a negative net cash flow of $5,463.76 and a total state and federal refund of $8,681.10, this brings you to a positive cash flow of 3,217.34 if you were to reduce your withholdings.

Disclaimer: *While we may offer tax recommendations in your comprehensive financial plan, it is important to be aware we are not licensed tax professionals or attorneys. Please confirm any tax recommendations we have made with your tax professional or attorney.*

Life Insurance Analysis

LIFE INSURANCE TERMS

Term life insurance- "The most basic and least expensive life insurance policy…provides coverage for a specific number of years," (Grable, J. E., p. 233).
Whole life insurance- "Combines lifetime insurance protection with a continual buildup of cash value," (Grable, J. E., p. 233).

Policy Owner- "Person or entity who has the right to name one or more beneficiaries," (Grable, J. E., p. 239).
Insured- "Person whose death prompts payment of the insurance policy's face value," (Grable, J. E., p. 239).
Beneficiary- "Person or entity who receives the proceeds from a policy at the death of the insured," (Grable, J. E., p. 239).

Term and Whole Life Insurance Comparison

Characteristic	**Term Life Insurance**	**Whole Life Insurance**
Length of Policy	1-30 years	Life of insured
Premium from year to year	Fixed or increasing	Fixed
Cash Value	No	Yes
Guaranteed Cash Value	NA	Yes
Interest Earned on Cash Value	NA	Fixed

(Grable, J. E., p. 234).

ASSUMPTIONS

- Tyler and Mia's life expectancy is 95 years of age.

CURRENT COVERAGE

Policy Type	**Whole-Life**	**Whole-Life**	**Group Term**	**Group Term**
Owner	Tyler	Mia	Tyler	Mia
Insured	Tyler	Mia	Tyler	Mia
Beneficiary	Mia	Tyler	Mia	Tyler
Death Benefit	$100,000	$100,000	1X Salary (Does not include bonus).	4X Salary
Cash Value	$8,750	$8,350	$0	$0
Monthly Premium	$92	$80	Paid by employer	Paid by employer
After-Tax Rate of Return	5.5%	5.5%	0%	0%
Insurance Company	Manhattan Insurance Co.	Manhattan Insurance Co.	Great Plains Assurance & Protection Corp.	Great Plains Assurance & Protection Corp.
A.M. Best Rating	A	A	A	A

EDUCATION/RECOMMENDATIONS

	Tyler	**Mia**
Life Insurance Needs*	**$2,385,273.27**	**$721,227.67**
Current Life Insurance	**$373,866.32**	**$132,496**

Current Retirement Assets	**$255,000**	**$224,750**
Current Investment Assets	**$158,000**	**$158,000**
Current Monetary Assets	**$28,500**	**$28,500**
Additional Life Ins. Needed	**$1,569,906.95**	**$174,481.64**

*Based on your income, mortgage and automobile loan, credit card debt, Becky's expected education funding, funeral and estate expenses. After accounting for current life insurance policies, as well as retirement, investment, and monetary assets, Tyler's additional life insurance need is $1,569,906.95 and Mia's additional life insurance need is $174,481.64.

Based on this information, I would recommend you consider additional life insurance policies while keeping your current policies in place. State Farm has a 20-year term life insurance policy with $1,570,000 of coverage for Tyler with an annual premium of $1,435.90. State Farm has a 20-year term life insurance policy with $175,000 of coverage for Mia with an annual premium of $274.75 annually. Adding this coverage would give you and your family the life insurance protection needed to cover the loss of your income and liabilities should something happen.

Health Insurance Analysis

HEALTH INSURANCE TERMS

Deductible- Expenses "a client must pay before insurance benefits begin," (Grable, J. E., p. 273).
Stop-Loss Limit- "Maximum amount of out-of-pocket expenses paid by an insurance, which includes deductibles, copayments, and coinsurance," (Grable, J. E., p. 279).

Health Maintenance Organization (HMO)- A low cost health insurance plan that restricts hospital and physical choice, that "often provide integrated care and focus on prevention," (Health Maintenance Organization).
Flexible Spending Arrangement (FSA)- "Tax-favored tool that allows employees to accumulate pretax dollars (exempt from state, federal, and Social Security taxes) through salary reductions for the reimbursement of select expenses," (Grable, J. E., p. 288).
"Use it or Lose it" Rule- "Any remaining balance in the account at year-end will most likely be forfeited," (Grable, J. E., p. 289).

ASSUMPTIONS

- The Bedo's have an average of $50/month in dental and eye care expenses; $20/month in prescriptions; and $20/month in medical costs
- Tyler's employer offers an FSA; the Bedo's have not funded this account

CURRENT COVERAGE

Insurance Company	Peacock & Peacock
Plan Type	Health Maintenance Organization (HMO)
Policy Type	Group Health Insurance Policy, Section 125 Plan
Insured	Tyler, Mia, Becky
Monthly Premiums	$300, Pre-tax through employer
Annual Deductible	$450
Stop-Loss	$3,000
Copayments	$20 Primary Care Physician Visits $40 Specialist Visits $100 Emergency Room Visits $10 Generic Prescriptions $25 Brand Name Prescriptions No copay for semiprivate hospitalization accommodations; or private room accommodations if medically necessary.

EDUCATION/RECOMMENDATIONS

Since Tyler's employer offers a flexible spending account (FSA), which is exempt from state, federal and Social Security taxes, I would recommend funding this account with $90 per month. Over the past few years, $50 is the average amount you have spent on dental and eye care expenses. Within at least the past year you have had an average of $20 per month in prescriptions, and $20 per month in medical costs and copays. While the FSA has a "use it or lose it" rule, it is likely you will easily use this $90 a month towards qualified expenses. Funding an FSA account would be tax advantageous to you and it would free up an additional $406.62 in your cash flow.

Other than funding an FSA account, I would recommend you keep your current coverage through Tyler's Section 125 Plan. While HMO's are considered the most restrictive of the common managed care options, your plan does provide affordable, comprehensive coverage. Seeking a private health plan, rather than your employer's offered insurance plan, would likely be too costly.

Disability Insurance Analysis

DISABILITY INSURANCE TERMS

Any-Occupation- "Pays reduced or no benefits as long as the insured can maintain any employment, regardless of the level of skill or compensation relative to pre-disability employment," **(**Grable, J. E., p. 314).

Own-Occupation- "At least partial benefits are paid if the claimant cannot continue to hold gainful employment on a similar skill and compensation level as before the disabling event," **(**Grable, J. E., p. 314).

Modified Own-Occupation- “Pays only if an insured is unable to engage in his or her chosen occupation and is also unable to work in a reasonable alternative occupation—or one for which the client is qualified by education, training, or experience,” (Grable, J. E., p. 316).
Elimination Period- “Period of time the insured must be totally disabled before benefits can begin,” (Grable, J. E., p. 313).
Benefit Period- “Period of time the insurance company is obligated to pay the monthly disability benefits,” (Grable, J. E., p. 313).

ASSUMPTIONS

- Tyler and Mia will not receive Social Security disability benefits
- If a disability occurs, Tyler and Mia will continue to save for other financial goals

CURRENT COVERAGE

Policy Type	**Group**	**Group**	**Group**	**Group**
Insured	Tyler	Mia	Tyler	Mia
Disability Benefit	100% of Salary & Bonus	100% of Salary	60% of Salary & Bonus	70% of Salary
Benefit Period	90 Days	90 Days	To age 65	To age 65
Definition	Own Occupation	Own Occupation	Own Occupation	Modified Own Occupation
Elimination Period (Days)	0	0	90	90
Monthly Premium	Paid by employer	Paid by employer	Paid by employer	$25 Pre-tax through employer
After-Tax Rate of Return	5.5%	5.5%	0%	0%
Insurance Company	Mid-America Disability Assurance Corp.	All-World Life and Disability Co.	Mid-America Disability Assurance Corp.	All-World Life and Disability Co.
A.M. Best Rating	A	A	A	A-

EDUCATION/RECOMMENDATIONS

It is important to be aware that since the premiums for both your short-term disability policies and Tyler’s long-term disability policy are paid for by your employers, any future benefits received are taxable to you. Mia’s long-term disability policy is paid for by her and any future benefits received are not subject to taxes.

Since your short-term disability coverage would provide 100% salary coverage, and you have $23,500 available in cash reserves, your current coverage is sufficient.

While supplemental long-term disability policies can be purchased, long-term disability policies do not cover 100% of salary. An income replacement ratio is typically 60-70% of your earned income. When considering your 30% combined federal and state tax bracket, you both have sufficient long-term disability coverage, with Tyler being covered at 60% of his salary and bonus and Mia being covered at 70% of her salary.

Long-Term Care Insurance Analysis

TERMS

Long-Term Care Insurance- “Can cover a range of services from home health care, care at an adult day care center, in-home care, assisted living care, skilled nursing care, hospice care, or some combination of these needs,” (Grable, J. E, p. 336).
Elimination Period- “A period in which expenses for covered care and services will not be reimbursed,” (Long Term Care Benefit Payments).

ASSUMPTIONS

- Tyler and Mia have no known health issues
- Both of Tyler’s parents are alive and healthy
- Both of Mia’s parents are deceased, due to cancer

- Current annual nursing home coverage is $49,000
- Average age for entering a nurse home is 83, with an average stay of 1.5 years
- Average age for entering an assisted living facility is 75, with an average stay of 2.5 years
- Long-term care expenses increase at 5% per year
- After-tax rate of return is 5.5%

CURRENT COVERAGE

No current coverage.

EDUCATION/RECOMMENDATIONS

Since you're both in good health at this time and under fifty-five, I would recommend waiting to purchase a long-term care insurance policy and revisiting the idea of long-term care insurance after a few years.

Property & Liability Insurance Analysis

PROPERTY & LIABILITY INSURANCE TERMS

Endorsement- "Changes the policy, by modifying the scope of coverage, specifying some unique loss exposure, or adding insureds or locations for coverage," (Grable, J. E., p. 380).
Replacement Cost- "Amount needed to rebuild or repair property," (Grable, J. E., p. 383).
Market Value- "the most probable price that a given property will bring in an open market transaction," (Gordon, Lisa).
Inflation Endorsement- "Ensures that property coverage automatically adjusts annually in response to rising prices," (Grable, J.E., p. 383).
Multi-Policy Discount- "Clients who insure a home and automobile with a single insurer may receive" this discount from their insurance company, (Grable, J. E., p. 399).
Split-Limit Coverage- "An insurance policy that states different maximum dollar amounts the insurer will pay for different components of a claim," (Kagan, Julia).

ASSUMPTIONS

- Tyler's job requires monthly travel

- Market value of home is $250,000
- Replacement value of home is $275,000
- Live in an area with frequent violent thunderstorms and tornados
- Current value of Ford Taurus is $20,000
- Current value of Nissan Quest is $15,500

CURRENT COVERAGE

Policy Type	Automobile Insurance
Covered Vehicles	Ford Taurus Nissan Quest
Coverage	Split Limit Coverage, 100/300/50 $100,000 Uninsured/Underinsured Motorist Coverage
Deductibles	$500 Comprehensive $500 Collision
Premium	$2000 annually
Policy also includes:	Medical Payments Car Rental Coverage Towing
Insurance Company	Missouri Valley Insurance Corporation
A.M. Best Rating	A

***Your Split Limit Policy covers up to: $100,000 bodily injury per person; $300,000 bodily injury per accident; and $50,000 property damage for "at-fault" accidents.**

Policy Type	Homeowner's Insurance
Coverage	H0-3 $225,000 Insured Coverage $100,000 Liability Limit Endorsement provides replacement value on contents
Deductibles	$500
Premium	$700 annually
Insurance Company	Missouri National Insurance
A.M. Best Rating	A

EDUCATION/RECOMMENDATIONS

Homeowner's insurance is based on the replacement cost of your home rather than the market value. Your home currently has a market value of $250,000; a replacement value of $275,000; and is covered for $225,000. I would recommend purchasing a policy that has $275,000 coverage and includes an inflation endorsement, to ensure 100% coverage of your home moving forward. Additionally, I would encourage you to increase your liability coverage to the suggested minimum of $300,000.

Since you currently have $23,500 in cash reserves, I would recommend increasing your increasing your deductibles for both your homeowner's and automobile insurance policies from $500 to $1000, which will provide up to 25% savings on your homeowner's insurance premium and up to 40% on your automobile insurance premium, (Grable, J. E., p. 399).

Along with this recommendation, I suggest inquiring if Missouri Valley Insurance Corporation or Missouri National Insurance would be willing to offer a multi-policy discount, should you decide to switch to one or the other for both homeowner's and automobile insurance. It is likely that clients with "a strong history of premium payment and a low incident level of filing claims" will qualify for this discount, which will decrease your premiums, (Grable, J. E., p. 400).

Unfortunately, homeowner's and automobile policies do not typically cover watercraft. Boat insurance coverage will be approximately $175 for an annual premium.

I would recommend continued coverage through your umbrella liability policy. This will provide you with additional affordable liability coverage, in excess of your homeowner's, automobile and watercraft insurance policies.

Non-Retirement Goals & Investments Analysis

INVESTMENT TERMS

Risk Tolerance- "Maximum level of uncertainty a client is willing to accept when making an investment decision than entails the possibility of a loss," (Grable, J.E., p. 422).
Liquidity- "How quickly assets can be converted to cash," (Grable, J.E., p. 423).
Large-cap- "Stocks with a market capitalization over $10 billion…typically mature, dividend-paying companies," (Grable, J.E., p. 435).
Mid-cap- "Stocks with a market capitalization between $2 billion and $10 billion…may not pay dividends…higher growth rate prospects than later-cap companies," (Grable, J.E., p. 435).
Small-cap- "Stocks with a market capitalization under $2 billion…typically do not pay dividends…less mature but fast-growing companies that retain earnings," (Grable, J.E., p. 435).
Section 529 Savings Plan- "Tax-advantaged education funding tool," (Grable, J.E., p. 499).

ASSUMPTIONS

- 3% universal inflation rate
- Moderate to lower level of financial risk tolerance
- 3% yield on savings and money market accounts
- Any earned interest or dividends are reinvested
- Current tuition rates are $10,000 per semester, increasing at 5% per year
    - Prefer a tax-advantaged investment

- Current cost of opening an art gallery is $80,000
- Current cost of building an addition to the home is $20,000
- Willing to invest in a moderately aggressive portfolio for education funding, art gallery & home addition

CURRENT ASSETS & INVESTMENTS

Account	Market Value	Current Yield	Amount	Purpose
Sagebrush Fund*	$8,000	. 5%	$250/monthly	Any
Haley G&I Fund*	$69,000	3.2%	$250/monthly	Any
Konza Fund*	$43,000	1.75%		Any
Ruth Fund*	$13,000	4%	$250/monthly	Any
Money Market Account	$10,000	3%	$150/monthly	Cash Reserves
Checking Account 2	$5,000	NA	$150/monthly	Art/Art Gallery
EE Bonds	$25,000	3.5% Deferred		Any
Savings Account	$10,000	3%		Cash Reserves
Checking Account	$3,500	NA		Cash Reserves

*Tyler and Mia's basis is 50% of value.

GOALS

Emergency Fund- Within two years, Tyler and Mia would like to accumulate six months of dedicated and discretionary expenses, not including taxes paid.

Education Funding- Tyler and Mia would like to provide 100% of Becky's college education.

Art Gallery- At retirement, Mia would like to open an art gallery.

Home Addition- At retirement, Mia would like to add an addition onto their home.

EDUCATION/RECOMMENDATIONS

Your cash reserve goal of six months of committed and discretionary expenses, minus taxes would total $49,937.80. Of this you already have $23,500 in cash reserve, leaving you with $26,437.80 to accumulate. I would recommend moving the $8,000 you currently have in the Sagebrush Fund into an Acquisitions Fund. It is mid-cap equity fund that offers a 4% yield. After making $250 monthly contributions, in two years this account will have a value of $14,900.86. Using the Acquisitions Fund, along with the Ruth Fund (future value of $20,316.58), money market account (future value of $14,322.99) and savings account (future value of 10,617.57), this will help you attain your cash reserve goal.

Based on your willingness to invest in a moderately aggressive portfolio and your preference of using a tax-advantaged investment, I would recommend funding a Section 529 Savings Plan to save for Becky's college education. Based on Becky's current age and your interest in a moderately aggressive portfolio, I would recommend the VanGuard Growth Portfolio, which consists of 80% stock and 20% bonds. This portfolio has an average annual return of 6.09%. To fund the Section 529 Savings Plan, I would recommend selling the EE Bonds ($25,000), moving the $43,000 you currently have in the Konza Fund, and using the $5,000 in your second checking account, along with the $150 monthly contributions towards the Section 529 Savings Plan. While the second checking account is currently set aside for the art gallery, the Haley G&I Fund will be able to fund the art gallery.

To fund the art gallery and home addition, I would recommend using the Haley G&I Fund you currently contribute to. In 20 years, at the time of retirement, this fund will have a value of $214,653.59, which will cover the cost of both the art gallery (future cost of $144,488.90) and the home addition (future cost of $36,122.22).

Retirement Planning Analysis

RETIREMENT PLANNING TERMS

Retirement Planning- “The process of helping a client to define and prepare for retirement by developing strategies for asset accumulation, asset distribution, and monitoring of plan progress,” (Grable, J. E., p. 530).

ASSUMPTIONS

- Tyler and Mia would like to retire at age 62
- Normal retirement age is 67
- Tyler and Mia have a life expectancy of 95
- Tyler and Mia will need approximately 85% of their current earned before-tax income when they retire
- Tyler and Mia both expect a salary increase of 3% each year
- Tyler and Mia plan to increase retirement account contributions by 3% each year
- Tyler and Mia expect to receive Social Security, and would like to take benefits at earliest possible opportunity
- At age 67, Tyler’s primary insurance cost will be $2,200 and Mia’s will be $1,300

CURRENT RETIREMENT ASSETS

Owner	Account	Market Value	Rate of Return	Owner Contributions	Employer Contributions
Tyler	401k -Consumer Fund	$69,000 $134,000	8.75% 4.1%	3% of base salary	0% 3%

	-Graham Fund			3% of base salary	(100% match on first 3%)
Tyler	Traditional IRA Certificate of Deposit	$52,000	3.5%		
Mia	401k -Rocket Fund	$15,250	14%	10% of salary	3% (50% match on first 6%
Mia	Rollover IRA -Ruth Fund	$32,500	4.8%		
Mia	Traditional IRA Certificate of Deposit	$52,000	3.5%		
Mia	Conservative Annuity -Postdam Fixed Annuity	$125,000	5%		

EDUCATION/RECOMMENDATIONS

While your goal is to retire at age 62, I understand the importance of not wanting to deplete your assets and to be able to leave an estate for Becky at the time of your death. Due to these desires, I would recommend retiring at your normal retirement age of 67. This would provide Tyler with an increased Social Security benefit of $2,645 and Mia with an increased Social Security benefit of $1,349. When claiming Social Security benefits at 62, rather than at your normal retirement age of 67, you receive a 30% decrease in benefits received. Delaying retirement until age 67 would also allow the opportunity of five more years of growth for your retirement investment assets.

Estate Planning Analysis

ESTATE PLANNING TERMS

Estate Planning- "Helping clients make decisions about the accumulation, preservation, and ultimate distribution of assets…also involves providing advice on other end-of-life decisions, including custodial and guardianship situations for incapacitation or minor children," (Grable, J. E., p. 596).
Gross Estate- "The fair market value of all property that the client owned or had an interest in at the time of death, or in some cases within three years of death," (Grable, J. E., p. 598).
Taxable Estate- "Determined by subtracting certain deductions from the gross estate," such as "outstanding mortgages…expenses of estate administration…marital deductions…charitable deductions; and the state death tax deduction," (Grable, J. E., p. 598).
Will- "Ensures that a client's wishes are followed appropriately rather than relying on the intestate laws of the client's state of residence," (Grable, J. E., p. 602).
Letter of Last Instruction- "Special wishes that might not otherwise be included in a will or trust document," (Grable, J. E., p. 603).
Living Will- "Legal document that establishes the medical situations in which a client no longer desires life-sustaining or life-prolonging treatment," (Grable, J. E., p. 603).
Power of Attorney- "Legal document appoints another person…to make health care decisions for the client when the client is unable to do so as a result of physical or mental incapacitation," (Grable, J. E., p. 604).
Trust- "An arrangement that grants a trustee legal title to assets," (Grable, J. E., p. 600).
Living Trust- "A trust created during a client's life," (Grable, J. E., p. 608).

ASSUMPTIONS

- Tyler & Mia's assumed appreciation rate on their gross estate, debt, loans, and other financial position items is 4 percent.

- Funeral and administration expenses are assumed to be $9,000 each for Tyler and Mia, growing at a rate of 4% annually.
- Executor fees are anticipated to be $13,500 each for Tyler and Mia.

CURRENT SITUATION

- Tyler and Mia have wills, created three years ago.
- Barbara, Mia's oldest sister is named Becky's guardian in Tyler and Mia's wills.
- Tyler and Mia will leave all assets to the other in case of death.

EDUCATION/RECOMMENDATIONS

Since your current wills were created with a will kit, I would recommend meeting with an attorney to update your wills, which you can expect to cost between $200 and $750 for a "basic attorney-drafted will," (Grable, J.E., p. 603). Depending on complexity, these costs may be higher. It would be beneficial to have the expertise of an attorney to assist with this process, to help meet your goals of avoiding unnecessary estate taxes and maintaining privacy.
In addition, other estate documents including a letter of last instruction, living will, and power of attorney are recommended to be created. I'd also recommend you consider a living trust to avoid probate. It is important to note, while probate can be avoided with a living trust which will assist with privacy, this strategy does not avoid estate taxation.

Since I understand privacy is important to you, it will be important to ensure all of your assets have designated beneficiaries, as well as contingent beneficiaries. If changes in your personal situation occur, it is important to update beneficiaries as needed. Having beneficiaries up to date will also help reduce probate fees.

Disclaimer: *Please consult with your attorney regarding any needed legal advice or to have legal documents prepared.*

Client Acceptance Letter

Loni Jorgenson, CFP
Jorgenson Financial
1867 Lake Shore Drive
Clear Lake, IA 50428

March 16, 2019

Tyler & Mia Bedo
727 Success Lane
Springfield, MO 65619

Dear Mr. & Mrs. Bedo:

Once you have reviewed the attached comprehensive financial plan I have prepared and provided, and you are ready to move forward with implementation of this plan, please sign below and return a copy to our office. Once you have provided us with a signed copy, call or stop by our office to schedule an implementation planning session.

Sincerely,

Loni Jorgenson, CFP

I understand and accept the comprehensive financial plan I have been provided:

Client Signature: ____ Date: ________________

Charts & Calculations

TAXES

Married Filing Joint Taxable Income Tax Brackets and Rates, 2017

Rate	Taxable Income Bracket	Tax Owed
10%	$0 to $18,650	10% of taxable income
15%	$18,650 to $75,900	$1,865 plus 15% of the excess over $18,650
25%	$75,900 to $153,100	$10,452.50 plus 25% of the excess over $75,900
28%	$153,100 to $233,350	$29,752.50 plus 28% of the excess over $153,100
33%	$233,350 to $416,700	$52,222.50 plus 33% of the excess over $233,350
35%	$416,700 to $470,700	$112,728 plus 35% of the excess over $416,700
39.60%	$470,700+	$131,628 plus 39.6% of the excess over $470,700

Pomerleau, Kyle, (2016).

2018 Tax Brackets for Single/Married Filing Jointly

If taxable income is over—	but not over—	the tax is:
$0	$19,050	10% of the amount over $0
$19,050	$77,400	$1905 plus 12% of the amount over $19,050
$77,400	$165,000	$8,907 plus 22% of the amount over $77,400
$165,000	$315,000	$28,179 plus 24% of the amount over $165,000
$315,000	$400,000	$64,179 plus 32% of the amount over $315,000
$400,000	$600,000	$91,379 plus 35% of the amount over $400,000
$600,000	no limit	$161,379 plus 37 % of the amount over $600,000

2018 Federal Tax Rate Schedules, (2018).

2017 Missouri Tax Rate Chart

If the Missouri taxable income is:	The tax is:
$0 to $100	$0
At least $101 but not over $1,008	1½% of the Missouri taxable income
Over $1,008 but not over $2,016	$15 plus 2% of excess over $1,008
Over $2,016 but not over $3,024	$35 plus 2½% of excess over $2,016
Over $3,024 but not over $4,032	$60 plus 3% of excess over $3,024
Over $4,032 but not over $5,040	$90 plus 3½% of excess over $4,032
Over $5,040 but not over $6,048	$125 plus 4% of excess over $5,040
Over $6,048 but not over $7,056	$165 plus 4½% of excess over $6,048
Over $7,056 but not over $8,064	$210 plus 5% of excess over $7,056
Over $8,064 but not over $9,072	$260 plus 5½% of excess over $8,064
Over $9,072	$315 plus 6% of excess over $9,072

2017 Missouri Income Tax Reference Guide, (2018).

2018 Missouri Tax Rate Chart

If the Missouri taxable income is...	The tax is...
$0 to $102	$0
At least $103 but not over $1,028	1-1/2% of the Missouri taxable income
Over $1,028 but not over $2,056	$15 plus 2% of excess over $1,028
Over $2,056 but not over $3,084	$36 plus 2-1/2% of excess over $2,056
Over $3,084 but not over $4,113	$62 plus 3% of excess over $3,084
Over $4,113 but not over $5,141	$93 plus 3-1/2% of excess over $4,113
Over $5,141 but not over $6,169	$129 plus 4% of excess over $5,141
Over $6,169 but not over $7,197	$170 plus 4-1/2% of excess over $6,169
Over $7,197 but not over $8,225	$216 plus 5% of excess over $7,197
Over $8,225 but not over $9,253	$267 plus 5-1/2% of excess over $8,225
Over $9,253	$324 plus 5.9% of excess over $9,253

Individual Income Tax Year Changes, (2018).

2017 Savings Account Interest: $10,304.16 - $10,000 = $304.16

PV=10000	PMT=0	I=.25	P=12	FV=10304.16

2018 Savings Account Interest: 10,617.57 - $10,304.16 = 313.41

PV=10304.16	PMT=0	I=.25	P=12	FV=10,617.57

2017 Money Market Interest: $12,129.12- $11,800 (monthly contributions total) = $329.12

PV=10000	PMT=150	I=.25	P=1	FV=12,129.12

2018 Money Market Interest: $14,323.00- $13,929.13 (monthly contributions total) = $393.87

PV=12129.13	PMT=150	I=.25	P=1	FV=12,647.50

Mortgage Interest

130331.61	0.0065625	855.3011906	1087.6	130099.3112
130099.3112	0.0065625	853.7767297	1087.6	129865.4879
129865.4879	0.0065625	852.2422645	1087.6	129630.1302
129630.1302	0.0065625	850.6977293	1087.6	129393.2279
129393.2279	0.0065625	849.1430582	1087.6	129154.771
129154.771	0.0065625	847.5781845	1087.6	128914.7492
128914.7492	0.0065625	846.0030413	1087.6	128673.1522
128673.1522	0.0065625	844.4175613	1087.6	128429.9698
128429.9698	0.0065625	842.8216765	1087.6	128185.1914
128185.1914	0.0065625	841.2153188	1087.6	127938.8068
127938.8068	0.0065625	839.5984193	1087.6	127690.8052
127690.8052	0.0065625	837.970909	1087.6	127441.1761
		10160.76608		
		(=A1*B1)		(=A1+C1-D1)

Automobile Loan Balance

10,396.40	0.00325	33.7883	451	9,979.19
9,979.19	0.00325	32.43	451	9,560.62
9,560.62	0.00325	31.072015	451	9,140.69
9,140.69	0.00325	29.7072425	451	8,719.40
8,719.40	0.00325	28.33805	451	8,296.74
8,296.74	0.00325	26.964405	451	7,872.70
7,872.70	0.00325	25.586275	451	7,447.29
7,447.29	0.00325	24.2036925	451	7,020.49
7,020.49	0.00325	22.8165925	451	6,592.31
6,592.31	0.00325	21.4250075	451	6,162.74
6,162.74	0.00325	20.028905	451	5,731.77

5,731.77	0.00325	18.6282525	451	5,299.40

Visa Balance

3,500.00	0.01396	48.86	140	3,408.86
3,408.86	0.00325	11.08	140	3,279.94
3,279.94	0.00325	10.659805	140	3,150.60
3,150.60	0.00325	10.23945	140	3,020.84
3,020.84	0.00325	9.81773	140	2,890.66
2,890.66	0.00325	9.394645	140	2,760.05
2,760.05	0.00325	8.9701625	140	2,629.02
2,629.02	0.00325	8.544315	140	2,497.56
2,497.56	0.00325	8.11707	140	2,365.68
2,365.68	0.00325	7.68846	140	2,233.37
2,233.37	0.00325	7.2584525	140	2,100.63
2,100.63	0.00325	6.8270475	140	1,967.46

MasterCard Balance

2,000.00	0.01396	27.92	60	1,967.92
1,967.92	0.00325	6.40	60	1,914.32
1,914.32	0.00325	6.22154	60	1,860.54
1,860.54	0.00325	6.046755	60	1,806.59
1,806.59	0.00325	5.8714175	60	1,752.46
1,752.46	0.00325	5.695495	60	1,698.16
1,698.16	0.00325	5.51902	60	1,643.68
1,643.68	0.00325	5.34196	60	1,589.02
1,589.02	0.00325	5.164315	60	1,534.18
1,534.18	0.00325	4.986085	60	1,479.17
1,479.17	0.00325	4.8073025	60	1,423.98
1,423.98	0.00325	4.627935	60	1,368.61

2017 Tax Liability Calculations

Federal:
$92,158- $75,900= $16,258
$16,258 X .25% = $4,064.50
$10,452.50 + $4,064.50 = $14,517
State:
$107,774- $7,056 = $100,718
$100,718 X .05% = $5,035.90
$210 + $5,035.90 = $5,245.90

2018 Tax Liability Calculations
Federal:
111,266.75-$77,400=$33,867
$33,867 X .22 = $7,450.74
$8,907 + $7,450.74 = $16,357.74
State:
100,630.75-$7,197=$93,433.75
$93,433.75 X .05 = $4,671.69
$216+$4,671.69=$4,887.69

FSA Tax Savings
$90 X 12 = $1,080
State Taxes Savings: $1,080 X .05 = $54
Federal Taxes Savings: $1,080 X .25 = $270
FICA Taxes Savings: $1,080 X .0765 = $82.62
Total Tax Savings: $406.62

DISABILITY INSURANCE

Disability Insurance Need Calculation (Should Tyler become disabled)-

Inputs	**Yearly**	**Monthly**	**Calculation**
Household Income Needed if Disability Occurs	$135,195.88	$11,266.32	
Income Replacement Ratio **Net Household Income Needed**	100% $135,195.88	100% $11,266.32	
Spouse's Income **Disability Need**	$32,496 $102,699.88	$2,708 $8,558.32	$11,266.32-$2,708= $8,558.32
Long-Term Disability Benefits **Social Security Disability Benefits**	$61,619.93 $0	$5,135 $0	$102,699.88 X 60%= $61,619.93
Long-Term Disability Need **Short-Term Disability Need (estimation)**	$41,080 $10,299.99	$3,423.33	$3,423.33 X 3= $10,299.99
Current Emergency Fund	$23,500 $0		$10,299.99-$23,500

Short-Term Disability Need			

Disability Insurance Need Calculation (Should Mia become disabled)-

Inputs	**Yearly**	**Monthly**	**Calculation**
Household Income Needed if Disability Occurs	$135,195.88	$11,266.32	
Income Replacement Ratio	100%	100%	
Net Household Income Needed	$135,195.88	$11,266.32	
Spouse's Income	$102,699.88	$8,558.32	$11,266.32- $8,558.32= $2,708
Disability Need	$32,496	$2,708	
Long-Term Disability Benefits	$22,747.20	$1,895.60	$32,496 X 70% =$22,747.20
Social Security Disability Benefits	$0	$0	
Long-Term Disability Need	$9,748.80	$812.40	
Short-Term Disability Need (estimation)	$2,437.20		$812.40 X 3= $2,437.20
Current Emergency Fund	$23,500		$2,437.20-$23,500
Short-Term Disability Need	$0		

NON-RETIREMENT INVESTMENTS

Emergency Fund (FV in 2 years=$53,021.81)
PV=49,937.80
FV=53,021.81
N=24
I=.25

Acquisitions Fund
PV=8,000
FV=14,900.86
N=24

PMT=250
I=.333

Ruth Fund
PV=13,000
FV=20,316.58
N=24
P=250
I=.333

Money Market Account
PV=10,000
FV=14,322.99
N=24
PMT=150
I=.25

Savings Account
PV=10,000
FV=10,617.57
N=24
I=.25

Future Cost of Becky's Education $162,547.66
PV= $20,000
FV= $37,712.98
N= 13
I=5

PV= $20,000
FV= $39,598.63
N= 14
I=5

PV= $20,000
FV= $41,578.56
N= 15
I=5

PV= $20,000
FV= $43,657.49
N= 16
I=5

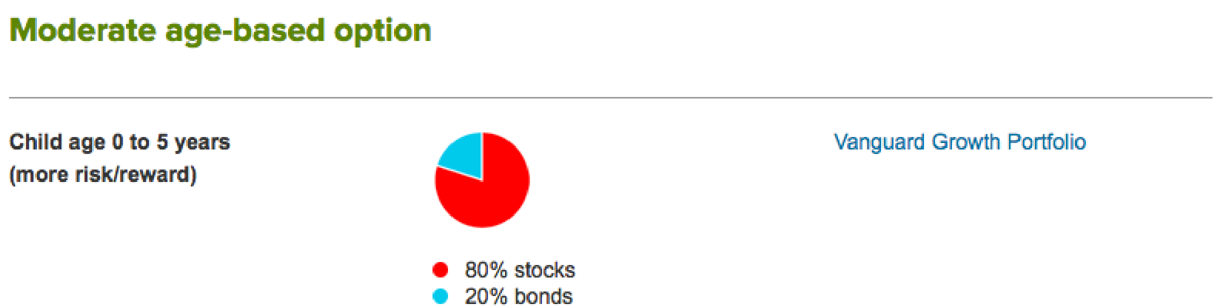
Future Cost of Home Addition $36,122.22
PV=20,000

FV=36,122.22
N=20
I=3

Future Cost of Art Gallery $144,488.90
PV=80,000
FV=144,488.90
N=20
I=3

Future Value of Vanguard Growth Portfolio (EE Bonds, Konza Fund, Checking Account 2)
PV=73,000
FV=196,348.04
N=156
PMT=150
I=.5075

Future Value of Haley G&I Fund
PV=69,000
FV=214,653.58
N=240
PMT=250
I=.2667



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Average Annual Returns - Updated Monthly as of 02/28/2019

Name	1 year	3 year	5 year	10 year	Since Inception 06/02/2006
Vanguard Growth Portfolio	1.10%	11.18%	6.51%	12.14%	6.09%

Vanguard Growth Portfolio, (2019). Retrieved from https://www.missourimost.org/motpl/fund/details.cs?fundId=1009017

RETIREMENT INVESTMENTS

Tyler's 401k Consumer Fund

Age	Income	Employee Contribution	Value
42.00	68,467.00	2,054.01	77,091.51
43.00	70,521.01	2,115.63	85,952.65
44.00	72,636.64	2,179.10	95,652.60
45.00	74,815.74	2,244.47	106,266.68
46.00	77,060.21	2,311.81	117,876.82
47.00	79,372.02	2,381.16	130,572.20
48.00	81,753.18	2,452.60	144,449.86
49.00	84,205.77	2,526.17	159,615.40
50.00	86,731.95	2,601.96	176,183.71
51.00	89,333.91	2,680.02	194,279.80
52.00	92,013.92	2,760.42	214,039.70
53.00	94,774.34	2,843.23	235,611.40
54.00	97,617.57	2,928.53	259,155.93
55.00	100,546.10	3,016.38	284,848.45
56.00	103,562.48	3,106.87	312,879.57
57.00	106,669.36	3,200.08	343,456.61
58.00	109,869.44	3,296.08	376,805.15
59.00	113,165.52	3,394.97	413,170.56
60.00	116,560.48	3,496.81	452,819.80
61.00	120,057.30	3,601.72	496,043.25
62.00	123,659.02	3,709.77	**$543,156.81**
		58,901.79	

Tyler’s 401k Graham Fund

Age	Income	Employee Contribution	Employer Contribution	Value
42.00	68,467.00	2,054.01	2,054.01	143,602.02
43.00	70,521.01	2,115.63	2,115.63	153,720.96
44.00	72,636.64	2,179.10	2,179.10	164,381.72
45.00	74,815.74	2,244.47	2,244.47	175,610.32
46.00	77,060.21	2,311.81	2,311.81	187,433.95
47.00	79,372.02	2,381.16	2,381.16	199,881.07
48.00	81,753.18	2,452.60	2,452.60	212,981.38
49.00	84,205.77	2,526.17	2,526.17	226,765.96
50.00	86,731.95	2,601.96	2,601.96	241,267.28
51.00	89,333.91	2,680.02	2,680.02	256,519.28
52.00	92,013.92	2,760.42	2,760.42	272,557.40
53.00	94,774.34	2,843.23	2,843.23	289,418.72
54.00	97,617.57	2,928.53	2,928.53	307,141.94
55.00	100,546.10	3,016.38	3,016.38	325,767.52
56.00	103,562.48	3,106.87	3,106.87	345,337.74
57.00	106,669.36	3,200.08	3,200.08	365,896.75
58.00	109,869.44	3,296.08	3,296.08	387,490.68
59.00	113,165.52	3,394.97	3,394.97	410,167.73
60.00	116,560.48	3,496.81	3,496.81	433,978.24
61.00	120,057.30	3,601.72	3,601.72	458,974.78
62.00	123,659.02	3,709.77	3,709.77	$**485,212.29**
		58,901.79		

Mia’s 401k Rocket Fund

Age	Income	Employee Contribution	Employer Contribution	Value
42.00	32,496.00	3,249.60	974.88	21,609.48
43.00	33,470.88	3,347.09	1,004.13	28,986.02
44.00	34,475.01	3,447.50	1,034.25	37,525.82
45.00	35,509.26	3,550.93	1,065.28	47,395.63
46.00	36,574.53	3,657.45	1,097.24	58,785.71
47.00	37,671.77	3,767.18	1,130.15	71,913.04
48.00	38,801.92	3,880.19	1,164.06	87,025.12
49.00	39,965.98	3,996.60	1,198.98	104,404.21
50.00	41,164.96	4,116.50	1,234.95	124,372.24
51.00	42,399.91	4,239.99	1,272.00	147,296.35
52.00	43,671.91	4,367.19	1,310.16	173,595.18

53.00	44,982.06	4,498.21	1,349.46	203,746.18
54.00	46,331.53	4,633.15	1,389.95	238,293.74
55.00	47,721.47	4,772.15	1,431.64	277,858.66
56.00	49,153.12	4,915.31	1,474.59	323,148.77
57.00	50,627.71	5,062.77	1,518.83	374,971.20
58.00	52,146.54	5,214.65	1,564.40	434,246.22
59.00	53,710.94	5,371.09	1,611.33	502,023.11
60.00	55,322.26	5,532.23	1,659.67	579,498.25
61.00	56,981.93	5,698.19	1,709.46	668,035.65
62.00	58,691.39	5,869.14	1,760.74	**$769,190.52**
		93,187.11		

Tyler’s Traditional IRA Certificate of Deposit
PV=52,000
FV=103,469.02
N=20
I=3.5

Mia’s Rollover IRA Ruth Fund
PV=32,500
FV=83,005.91
N=20
I=4.8

Mia’s Traditional IRA Certificate of Deposit
PV=52,000
FV=103,469.02
N=20
I=3.5

Mia’s Conservative Annuity Postdam Fixed Annuity
PV=125,000
FV=331,662.21
N=20
I=5

Total Retirement Assets Available at Age 62: $2,288,182.56

Tyler’s Social Security Benefits at 62

Retirement

Your estimated monthly benefit amount, beginning at age 62 and 1 month in 2039, is **$4,041.00**. For your estimate, we assumed future increases in prices or earnings.

We have calculated your benefits by making certain assumptions about your past and future earnings. Please look at these earnings to see if they appear reasonable to you. You can change them and see the effect on your benefit estimates!

Information you submitted

Date of birth: **01/04/1977**
Current earnings: **$102,700.00**
Benefit in **future (inflated)** dollars
Retirement month: **01/2039**

www.ssa.gov

Mia's Social Security Benefits at 62

Retirement

Your estimated monthly benefit amount, beginning at age 62 in 2039, is **$1,986.00**. For your estimate, we assumed future increases in prices or earnings.

We have calculated your benefits by making certain assumptions about your past and future earnings. Please look at these earnings to see if they appear reasonable to you. You can change them and see the effect on your benefit estimates!

Information you submitted

Date of birth: **01/02/1977**
Current earnings: **$32,496.00**
Benefit in **future (inflated)** dollars
Retirement month: **01/2039**

www.ssa.gov

Tyler's Social Security Benefits at 67

Retirement

Your estimated monthly benefit amount, beginning at age 67 in 2044, is **$6,686.00**. For your estimate, we assumed future increases in prices or earnings.

We have calculated your benefits by making certain assumptions about your past and future earnings. Please look at these earnings to see if they appear reasonable to you. You can change them and see the effect on your benefit estimates!

Information you submitted

Date of birth: **01/04/1977**
Current earnings: **$102,700.00**
Benefit in **future (inflated)** dollars
Retirement month: **01/2044**

Mia's Social Security Benefits at 67

Retirement

Your estimated monthly benefit amount, beginning at age 67 in 2044, is **$3,335.00**. For your estimate, we assumed future increases in prices or earnings.

We have calculated your benefits by making certain assumptions about your past and future earnings. Please look at these earnings to see if they appear reasonable to you. You can change them and see the effect on your benefit estimates!

Information you submitted

Date of birth: **01/02/1977**
Current earnings: **$32,496.00**
Benefit in **future (inflated)** dollars
Retirement month: **01/2044**

Yearly Social Security Distribution with 3% Inflation			
Year	Yearly Social Security Income	Year	Yearly Social Security Income
2039	$72,419	2056	$119,697.59
2040	$74,591.57	2057	$123,288.52
2041	$76,829.32	2058	$126,987.18
2042	$79,134.20	2059	$130,796.80
2043	$81,508.23	2060	$134,720.70
2044	$83,953.48	2061	$138,762.32
2045	$86,472.08	2062	$142,925.19
2046	$89,066.24	2063	$147,212.95
2047	$91,738.23	2064	$151,629.34
2048	$94,490.38	2065	$156,178.22
2049	$97,325.09	2066	$160,863.57
2050	$100,244.84	2067	$165,689.48
2051	$103,252.19	2068	$170,660.16
2052	$106,349.76	2069	$175,779.96
2053	$109,540.25	2070	$181,053.36
2054	$112,826.46	2071	$186,484.96
2055	$116,211.25	2072	$192,079.51

Yearly Expenses & Retirement Distributions			
Year	Expenses (3% Inflation)	Social Security Distrib.	Retirement Distrib. Needed
2039	$207,551.98	$72,419	$135,132.98
2040	$213,778.54	$74,591.57	$139,186.97
2041	$220,191.90	$76,829.32	$143,362.58
2042	$226,797.95	$79,134.20	$147,663.75
2043	$233,601.58	$81,508.23	$152,093.35
2044	$240,609.63	$83,953.48	$156,656.15
2045	$247,827.92	$86,472.08	$161,355.84
2046	$255,262.76	$89,066.24	$166,196.52
2047	$262,920.64	$91,738.23	$171,182.41
2048	$270,808.26	$94,490.38	$176,317.88
2049	$278,932.51	$97,325.09	$181,607.42
2050	$287,300.48	$100,244.84	$187,055.64
2051	$295,919.50	$103,252.19	$192,667.31
2052	$304,797.08	$106,349.76	$198,447.32
2053	$313,940.99	$109,540.25	$204,400.74
2054	$323,359.22	$112,826.46	$210,532.76
2055	$333,060.00	$116,211.25	$216,848.75
2056	$343,051.80	$119,697.59	$223,354.21
2057	$353,343.36	$123,288.52	$230,054.84
2058	$363,943.66	$126,987.18	$236,956.48
2059	$374,861.97	$130,796.80	$244,065.17
2060	$386,107.82	$134,720.70	$251,387.12
2061	$397,691.06	$138,762.32	$258,928.74
2062	$409,621.79	$142,925.19	$266,696.60
2063	$421,910.45	$147,212.95	$274,697.50
2064	$434,567.76	$151,629.34	$282,938.42
2065	$447,604.79	$156,178.22	$291,426.57
2066	$461,032.94	$160,863.57	$300,169.37
2067	$474,863.92	$165,689.48	$309,174.44
2068	$489,109.84	$170,660.16	$318,449.68
2069	$503,783.14	$175,779.96	$328,003.18
2070	$518,896.63	$181,053.36	$337,843.27
2071	$534,463.53	$186,484.96	$347,978.57
2072	$550,497.43	$192,079.51	$358,417.92

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