Spring 2021

Final Comprehensive Case Study: Tyler and Mia Bedo

Landen Akers

Abstract:

Mia and Tyler Bedo's comprehensive financial plan. The objective of this case study was to complete a comprehensive financial plan the family of Tyler and Mia Bedo. This case study looked at the different parts of a financial plan that could be presented to Tyler and Mia Bedo. During this course we were able to research and complete different parts of the plan that would help benefit the Bedo's financially. Through research I was able to discover how I can help the Bedo's reach their short- and long-term financial goals. This case study helped me understand the importance of a financial planner and the work they do.

Fictitious names were used throughout the document.

Life Aspirations Financials

Comprehensive financial plan
created for:

Tyler and Mia Bedo

Plan created by Landen Akers

Contents

Client Letter

Landen Akers, CFP

Life Aspirations Financials

2109 McCarthy Rd

Ames, IA 50014

August 31, 2020

Tyler and Mia Bedo

727 Success Lane

Springfield, MO

Dear Mr. & Mrs. Bedo,

Welcome to Life Aspirations Financials. I am reaching out to let you know how excited I am to be given the opportunity to work with your family and help you create a comprehensive financial plan.

First, I just want to let you know a little bit about myself and the knowledge I have gained in my field over the years. I have been a practicing Certified Financial Planner (CFP) for the past 5 years and have been working in the family financial planning industry for the past 8 years. I have created many personalized financial plans that have helped many families reach their goals and strive for even bigger ones.

It is important for me to help guide you through this process one step at a time to ensure your family is content with my work. I have learned that checking in with you weekly is the best way for me to keep up with you in this ever-changing world. I plan on getting back to your family in few days to give you a summary of this process that I will be guiding you through.

Sincerely,

Landen Akers

Life Aspirations Financials

Engagement Letter

Mia and Tyler Bedo

727 Success Lane

Springfield, MO

August 31, 2020

Dear Tyler and Mia,

We are happy that you have chosen to work with us. This letter is meant to give you an overview of the services that we will be providing you and how you will be charged.

The steps that we take to create your comprehensive financial plan are as follows:

1. Gather financial information from intake meeting, including financial goals
2. Analyzing financial information to create and individualized plan
3. Presentation of financial plan with client's goal and recommendations
4. Implementation and guidance through comprehensive financial plan
5. Checkups and monitoring of financial plan

For our intake meeting we want you to be prepared with financial statements such as your recent tax returns, retirement/brokerage accounts, bank statements, and any insurance documents. These documents play an important role in creating your financial plan. Other important information we will need you to come prepared with other than your financial statements are personal information about your life aspirations, beliefs, and values. This is will give us a better idea of how we will be leading and guiding you through this whole process.

Once this information has been seen by my team, we will be able to start creating your individualized plan with your goals in mind. This plan will then be presented to you and once agreed upon we will start the implementation process. While this may seem scary my team and I will be at your side through every step with your best interests in mind. We will continue to work with you even after the implementation of the plan, checking up with you on a consistent basis.

The service fees that we will charging are listed below:

- $2,500 for creation of financial plan
- Your AUM will be charged at an annual rate (1.25%). The payments will come directly out your investment accounts and can be found on your annual statement from us.

  Life Aspirations is ready to give you a plan that will pave the way to your life goals.

  If you have any questions about your plan, please don't hesitate to reach out to us.

Sincerely, Landen Akers

I accept the terms to this engagement

Landen Akers

Signature	Date

We accept the terms to this engagement

Tyler & Mia Bedo

Signature	Date

Mission Statement

Life Aspirations Financials' mission is to help clients reach and create new financial goals to help ensure a safe financial future.

Ethics Statement

At Life Aspirations we are committed to serving our clients to the high ethical standards set out by CFP code of ethics. All the Financial Planners must be certified as a CFP to ensure that these standards are followed. There are seven principles that are provided in this ethics code are in place to help Certified Financial Planners make sure that the clients are in the best of hands.

1. **FIDUCIARY DUTY**

At all times when providing Financial Advice to a Client, a CFP® professional must act as a fiduciary, and therefore, act in the best interests of the Client. The following duties must be fulfilled:

a. **Duty of Loyalty.** A CFP® professional must:
   i. Place the interests of the Client above the interests of the CFP® professional and the CFP® Professional's Firm.

   ii. Avoid Conflicts of Interest, or fully disclose Material Conflicts of Interest to the Client, obtain the Client's informed consent, and properly manage the conflict; and

   iii. Act without regard to the financial or other interests of the CFP® professional, the CFP® Professional's Firm, or any individual or entity other than the Client, which means that a CFP® professional acting under a Conflict of Interest continues to have a duty to act in the best interests of the Client and place the Client's interests above the CFP® professional's.

b. **Duty of Care.** A CFP® professional must act with the care, skill, prudence, and diligence that a prudent professional would exercise in light of the Client's goals, risk tolerance, objectives, and financial and personal circumstances.

c. **Duty to Follow Client Instructions.** A CFP® professional must comply with all objectives, policies, restrictions, and other terms of the Engagement and all reasonable and lawful directions of the Client.

2. **INTEGRITY**

a. A CFP® professional must perform Professional Services with integrity. Integrity demands honesty and candor, which may not be subordinated to personal gain or advantage. Allowance may be made for innocent error and legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of principle.

b. A CFP® professional may not, directly, or indirectly, in the conduct of Professional Services:

   i. Employ any device, scheme, or artifice to defraud.

   ii. Make any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; or

   iii. Engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any person.

3. COMPETENCE

a. A CFP® professional must provide Professional Services with competence, which means with relevant knowledge and skill to apply that knowledge. When the CFP® professional is not sufficiently competent in a particular area to provide the Professional Services required under the Engagement, the CFP® professional must gain competence, obtain the assistance of a competent professional, limit or terminate the Engagement, and/or refer the Client to a competent professional. The CFP® professional shall describe to the Client any requested Professional Services that the CFP® professional will not be providing.

4. DILIGENCE

a. A CFP® professional must provide Professional Services, including responding to reasonable Client inquiries, in a timely and thorough manner.

5. DISCLOSE AND MANAGE CONFLICTS OF INTEREST

a. **Disclose Conflicts.** When providing Financial Advice, a CFP® professional must make full disclosure of all Material Conflicts of Interest with the CFP® professional's Client that could affect the professional relationship. This obligation requires the CFP® professional to provide the Client with sufficiently specific facts so that a reasonable Client would be able to understand the CFP® professional's Material Conflicts of Interest and the business practices that give rise to the conflicts, and give informed consent to such conflicts or reject them. A sincere belief by a CFP® professional with a Material Conflict of Interest that he or she is acting in the best interests of the Client is insufficient to excuse failure to make full disclosure.

i. A CFP® professional must make full disclosure and obtain the consent of the Client before providing any Financial Advice regarding which the CFP® professional has a Material Conflict of Interest.

ii. In determining whether the disclosure about a Material Conflict of Interest provided to the Client was sufficient to infer that a Client has consented to a Material Conflict of Interest, CFP Board will evaluate whether a reasonable Client receiving the disclosure would have understood the conflict and how it could affect the advice the Client will receive from the CFP® professional. The greater the potential harm the conflict presents to the Client, and the more significantly a business practice that gives rise to the conflict departs from commonly accepted practices among CFP® professionals, the less likely it is that CFP Board will infer informed consent absent clear evidence of informed consent. Ambiguity in the disclosure provided to the Client will be interpreted in favor of the Client.

iii. Evidence of oral disclosure of a conflict will be given such weight as CFP Board in its judgment deems appropriate. Written consent to a conflict is not required.

b. **Manage Conflicts.** A CFP® professional must adopt and follow business practices reasonably designed to prevent Material Conflicts of Interest from compromising the CFP® professional's ability to act in the Client's best interests.

6. SOUND AND OBJECTIVE PROFESSIONAL JUDGMENT

a. A CFP® professional must exercise professional judgment on behalf of the Client that is not subordinated to the interest of the CFP® professional or others. A CFP® professional may not solicit or accept any gift, gratuity, entertainment, non-cash compensation, or other consideration that reasonably could be expected to compromise the CFP® professional's objectivity.

7. PROFESSIONALISM

a. A CFP® professional must treat Clients, prospective Clients, fellow professionals, and others with dignity, courtesy, and respect.

8. COMPLY WITH THE LAW

a. A CFP® professional must comply with the laws, rules, and regulations governing Professional Services.

b. A CFP® professional may not intentionally or recklessly participate or assist in another person's violation of these Standards or the laws, rules, or regulations governing Professional Services.

9. CONFIDENTIALITY AND PRIVACY

a. A CFP® professional must keep confidential and may not disclose any non-public personal information about any prospective, current, or former Client ("client"), except that the CFP® professional may disclose information

Privacy Statement

Standards are in place at Life Aspirations to keep our client's information private and confidential. We will not be releasing any of your information to third party companies without your permission or consent. Life Aspirations is working in your best interest and wants to keep your information safe.

Client Goals and Aspirations

Tyler and Mia Bedo's goals and aspirations are listed below:

- Start planning for today for a successful financial future
- Retirement plan for Tyler and Mia to retire at the age of 62 (plan would allow them to pursue other talents and dreams)
- Create and fund a plan for Becky's college (plan that would create enough money for 4 years of college)
- Plan for Mia to open small art gallery in retirement. (cost of gallery in downtown Springfield $80,000)
- Estate plan that would make sure Becky is taken care of financially if anything were to happen to Mia or Tyler

Universal Financial Assumptions

The financial assumptions that are used throughout our plan are listed below:

- Inflation rate per year: 3.0%
- Prime interest rate 3.25%
- Life expectancy of 95 years
- Social security benefits available at age 62

Cash Flow Analysis

The following statements will be discussed in this section:

Statement of Net Worth – This statement shows where you are financially at a given point in time. All your current assets and liabilities are compiled to calculate your net worth, which can give us an idea of where you are heading financially.

Statement of Cash Flows – This statement looks at the inflows and outflows of cash. These would be described as your monthly or yearly income and expenses. Analyzing this statement will help us give you ideas on where you can save money.

ASSETS

Personal and Real Assets	Owner/Title	Current Value
Home	Joint	$ 250,000.00
Furnishings	Joint	$ 45,000.00
Four door sedan (3 years old)	Joint	$ 20,000.00
Minivan (5 years old)	Joint	$ 15,500.00
Yard Equipment	Joint	$ 8,000.00
Jewelry and collectibles	Joint	$ 10,000.00
Phil Mickelson signed Calloway driver	Joint	$ 5,000.00
Golf clubs/sporting equipment	Joint	$ 2,500.00
Golf Artwork	Joint	$ 5,000.00
Aluminum boat	Joint	$ 5,800.00
		$ 366,800.00

Cash Value of Life Insurance	Amount
Tyler	$ 8,750.00
Mia	$ 8,350.00

Monetary Assets	Owner	Current Value
Savings account	Joint	$ 10,000.00
Checking account	Joint	$ 3,500.00
Money market account	Joint	$ 10,000.00
Checking account II	Joint	$ 5,000.00
		$ 28,500.00

Investment Assets	Owner	Market value	Yield
Miscellaneous EE bonds	Joint	$ 25,000.00	3.5%
Haley G&I Fund	Joint	$ 69,000.00	3.2%
Konza Fund	Joint	$ 43,000.00	1.8%
Ruth Fund	Joint	$ 13,000.00	4.0%
Sagebrush Fund	Joint	$ 8,000.00	0.5%
		$ 158,000.00	

Retirement Assets	Owner	Market Value	Rate of Return
Tyler's 401k-Consumer Fund	Tyler	$ 69,000.00	8.75%
Graham Fund	Tyler	$ 134,000.00	4.10%
Tyler's traditional IRA- certificate of deposit	Tyler	$ 52,000.00	3.50%
Mia's 401k - Rocket Fund	Mia	$ 15,250.00	14.00%
Mia's Rollover IRA Ruth Fund	Mia	$ 32,500.00	4.83%
Mia's traditional IRA – certificate of deposit	Mia	$ 52,000.00	3.50%
Conservative annuity - Potsdam Fixed Annuity	Mia	$ 125,000.00	5.00%

	$ 479,750.00

Total Net Assets **$1,050,150.00**

Loans		Amount owed	Interest rate
Home mortgage	$	130,332.00	7.875%
Car (Ford taurus) Loan	$	10,824.00	3.900%
Credit card: Visa Mastercard	$	3,500.00	18.250%
Credit card: other MasterCard	$	2,000.00	16.750%

Total Liabilities **$ 146,656.00**

Your net worth is equal to $903,494. This is an important figure as it shows the financial progress your family has made over your lifetime. As of right now your family is in a good place with a steadily increasing net worth. It is important for you to keep this progress up as it will allow you to reach the many goals you have for retirement and post retirement.

CASH FLOWS

Income and Expense report

	Income
Salary (Mia and Tyler)	$ 100,962.58
Bonuses (Tyler)	$ 34,233.00
Sec. 79 Income Tyler	$ 22.16
Sec. 79 Income Mia	$ 95.98

Total		**$ 135,313.72**

Taxes			
Federal Tax	Tyler	$	18,688.00
	Mia	$	2,486.04
State Tax	Tyler	$	4,862.00
	Mia	$	1,404.00
FICA	Tyler	$	7,800.00
	Mia	$	2,486.04
Total		**$**	**37,726.08**

Retirement Contributions			
Contribution Funds	Tyler's Consumer Fund	$	2,053.99
	Tyler's Graham Fund	$	2,053.99
	Mia's Rocket Fund	$	3,249.60
Employer Match	Tyler's Graham Fund	$	2,053.99
	Mia's Rocket Fund	$	1,462.32
Total		**$**	**10,873.89**

Other Savings		
Sagebrush Fund	$	3,000.00
Haley G&I Fund	$	3,000.00
Ruth Fund	$	3,000.00

Individual conservative fixed annuity contract	$	3,000.00
Money market account	$	1,800.00
Total	**$**	**13,800.00**

Other Expenses	Amount
Housing	$ 1,675.00
Homeowner’s insurance	$ 700.00
Utilities	$ 4,200.00
Other household expenses	$ 400.00
Food/Clothing/Transportation	
Food/Groceries	$ 5,100.00
Clothing	$ 2,800.00
Auto maintenance	$ 1,500.00
Auto insurance premiums	$ 2,000.00
Missouri vehicle plate/tag	$ 450.00
Loan Payments	
Mortgage loan payment	$ 13,056.00
Auto loan payment	$ 5,412.00
Credit card payments	$ 5,100.00
Other committed expenses	
Medical Costs(copay)	$ 240.00
Prescriptions	$ 240.00
Dental and eye care	$ 600.00
Life insurance premiums	$ 2,064.00
Medical insurance premiums	$ 3,600.00
Umbrella insurance premiums	$ 175.00
Other miscellaneous insurance premiums	$ 300.00
Disability insurance premiums	$ 300.00
Telephone bills	$ 1,500.00
Bank charges	$ 120.00
Personal care	$ 1,200.00

Discretionary expenses	
Entertainment	$ 2,700.00
Satellite TV	$ 600.00
Dining out	$ 3,300.00
Recreation	$ 2,700.00
Travel	$ 3,000.00
Savings for art and art gallery	$ 1,800.00
Gifts to charity:	
University alumni fund	$ 1,000.00
Church	$ 4,200.00
United way	$ 600.00
Holiday giving	$ 1,800.00
Home improvements	$ 1,800.00
Club dues	$ 1,800.00
subscriptions	$ 960.00
Housekeeping	$ 960.00
Pet care	$ 420.00
Tax preparation	$ 400.00
Total	**$ 80,772.00**

Annual Cash Flows	Amount
Income	$ 135,313.72
Expenses	$ (139,605.66)
Total	**$ (4,291.94)**

As you may notice your family is currently running at a deficit. This means you are spending more than you are making per year. We have calculated that you are losing about $357.66 per month, for a total of $4,291.94 per year. We are here to help you fix this problem and help you reach some of the goals we have set out for you.

Next, we will be going over some your current financial ratios that help us give you an idea of what you may need to change to stop your losses.

Financial Ratios Analysis

Financial ratios help give a better idea of where you are heading financially. We will be comparing your financial ratios to benchmarks within the industry and giving recommendations on how you can improve these ratios. Each ratio will be given a grade (Very Good, Good, Fair, Poor, Very Poor.)

Current Ratio

This ratio will let us know if you would still have money left over if you were to pay off all your short-term debts. The benchmark for this ratio is >1.

Monetary Assets/Current Short curt debts

$28,500/$5,500= 5.18 Very Good

This ratio is far above the industry average.

Emergency Fund Ratio

This ratio looks at how long you may be able to survive on monetary assets. We understand that you currently have a goal of 6 months but based on current conditions will need to extend this goal as you should have monetary assets last you for 8 months during a crisis.

Monetary Assets/Monthly Living Expenses

$28,500/$4,458= 6.39 Good

You are close to our benchmark of 8 months; we would like you to be even closer. This is because of the current economy. With the unknowns of this pandemic, we want you to be as protected as possible and a larger emergency fund would help with that.

Savings ratio

This ratio is to help identify if you are saving enough. Included in this ratio are personal savings and employer contributions to retirement plans. We would recommend that this ratio be >10%.

Tyler and Mia's Personal Savings

Savings accounts: $10,000

Checking account II: $5,000

Annual Gross Income:

Tyler: $102,699.58

Mia: $32,496

Total: $135,313.72

Employer Contributions to Retirement Plans

Annual contributions for Tyler and Mia: $7,357.58

Employer Match for Retirement Plans

Annual match from employer: $3,516.31

Total: $25,873.89

Savings Ratio: $25,873.89/$135,313.72= 19.12% Very Good

This ratio indicates that you are far above the 10% we established for you. We would like you stay on this path of healthy saving.

Debt ratio

This ratio is to show you if you have too much debt. It shows how much of your assets are financed by borrowing. We will take your Liabilities/Assets to find this ratio. We would like for your debt ratio to be less than 35%. If the ratio is below this percentage, it would mean you do not rely heavily on debt.

$146,656.00/$1,033,050.00= 14.17% Very Good

As you can see your ratio falls below the recommended percentage, we have established for you.

Recommendations:

- **Refinance home for lower interest rate**

Right now, you have an interest rate of 7.875%(APR) on your 30-year fixed mortgage for your home. You currently owe $130,332 that could be refinanced at a lower rate to save money for other purposes. Interest rates have decreased to around 2-3% since you purchased your home and now would be a good time to lock in a lower interest rate.

If you were to refinance your home at an interest rate of 2.5% for a 15-year mortgage you be able to save over a $1,000 a year. This money could be added to your emergency fund.

Current mortgage (30 year)

- Currently left on loan: $130,332
- Interest rate: 7.875%
- Payment: $1,087.60
- Payments left: 236

New Mortgage (15 year)

- Loan: $130,332
- Interest rate: 2.5%
- **Payment: $869.04**

- **Payments left: 180**

Savings per year: **$2,622.72**

A fee of around 2-3% of the loan amount would be charged for this action costing an extra $3,000-$4,000 that you would have to pay. Refinancing would be the best choice as it would save money and time on the loan. You would have the house paid off in 15 years instead of 20.

Refinancing would allow you to save money while also decreasing the amount of payments you have remaining.

- **Grow emergency fund**

We are recommending that you increase your emergency fund from the 6.39 months that you have, to 8 months or longer. We want you to do this in case of any emergency that could arise. These emergencies could be a loss of income from Tyler or Mia, car repair needs, medical bills, or home repairs.

The amount needed for an 8 month or longer emergency fund would be $36,000. You are currently at $28,500. So, we would need to save another $7,500.

How to get additional savings:

- Refinance your home to receive a lower interest rate, which would allow you to contribute more to your emergency fund
  - As you can see refinancing you home will allow you to cut away at the losses per year you are taking. If you were to refinance you home your family would only be operating at a deficit of $1,669.22 per year
- Look at your expenses to see if there are items that could be reduced, such as entertainment, recreation, travel, etc., allowing you to increase your savings.
  - Everyone has stuff they have in their life that they can live without, your family must find these things in order to be able to save for your future
    - Things such as entertainment and dining out and travel could be reduced as we are in a pandemic and you are not eating out as much or using money for entertainment and travel
    - Decreasing the spending in just these three areas will allow you to turn your deficit into a surplus
- Start saving additional money each month to contribute to your savings accounts
  - The surplus of money that you will be making will allow you to put more into your saving account each month
    - Saving an additional $625 each month will allow your family to grow your emergency fund to our recommended amount of $36,000

Tax Planning

Life Aspiration financial will next be analyzing your taxes. It is very important to make sure your taxes are reviewed every year to make sure you are paying the right amount. If you do not have your taxes reviewed by professionals, you could end up overpaying and losing money that could be used elsewhere.

We will be reviewing your tax statements for the year of 2019 to make sure every calculation is correct. We are aware that you are worried about your FICA tax withholding, which will be covered in this section.

New assumptions about your taxes:

Federal tax rate: 22%

Capital gains tax rate: 15%

State tax rate (Missouri): 5.4%

FICA tax rate: 7.65%

The new assumptions we are using above will be used to calculate the refund you will be receiving for your previous year of work. We are using these assumptions as this is what the IRS will be using to calculate your state and federal tax liabilities.

Here is the amount you have been withholding for the year of 2019:

Tyler's Previous tax withholdings:

Federal taxes: $18,688

State taxes: $4,862

FICA taxes: $7,800

Total: $31,350

Mia's previous tax withholdings:

Federal taxes: $3,510

State taxes: $1,404

FICA taxes: $2,486.04

Total: $7,400.04

Total combined: $38,750.04

After calculating your taxes with your new assumptions. We found the following using the 2019 standard deduction amount of $24,400. We chose the standard deduction rather than the itemized deduction because it produced a smaller Adjusted Gross Income.

Federal Tax Liability	**Amount**
Combined Income	$ 135,195.58
Retirement contributions	$ (7,357.58)
above line adjustments	$ (11,429.00)
Standard deduction	$ (24,400.00)
AGI	$ 92,009.00
Federal Tax Liability (22%) tax bracket	$ 11,821.98

After reviewing your taxes, we noticed that you are withholding more money than you need to. Tyler is withholding $18,668 per year and Mia is withholding $3,510. This combined amount is a total of $22,178 per year. Your federal tax liability is only $11,821.98 so your family's federal refund should be an amount of $10,356.02, which can be used in different areas. Therefore, it is important to review your taxes every year to make sure you are withholding the correct amount of money. While it may seem nice to receive a refund every year during tax season, the money could be working for you in other areas. Some place it may be useful is your retirement savings or your non-retirement investment accounts.

State and FICA taxes	**Amount**
FICA (7.65%)	$ 10,342.00
State (5.4%)	$ 4,968.49

State and FICA taxes

We have also found that you are overpaying for your state taxes as well. Tyler is withholding $4,862 and Mia is withholding $1,404 for a total of $6,266. This amount is higher than the amount shown above, so your family will be receiving a refund for state taxes as well. This refund will be for $1,297.51.

We are aware that you were worried about your FICA tax withholding that were taken out by your employer. Tyler is now taking out $300 biweekly for this FICA taxes for a yearly total of $7,800. We calculated Tyler's owed FICA taxes to be $7,581.12. This means you are overpaying in FICA taxes by $218.88, which you should receive a refund for. We suggest that you go talk to your employer about getting your biweekly FICA tax withholding adjusted to $291.58.

Tax Refund Recommendations

As you can see using the new tax rates for 2019 you are able to save an amount of $11,872.41. This refund is a combination of your Federal, State, and FICA taxes. We have calculated this by taking the amount your owed and subtracting it from your tax withholdings for the year. All these calculations were based off the new tax assumptions we had for 2019.

As we mentioned earlier, we would like you to contact your employer and CPA to adjust your withholdings for the next year. We are advising you to adjust your withholdings, so you can save more money throughout the year. This money could be used in many different areas of your family's life, which we will talk about next.

Emergency Fund

An option that we would like you to consider is adding it to your emergency fund. As we talked about earlier, we would like you to grow your emergency fund to 8 months rather than the six months you had planned for. Your family's savings/emergency fund currently is at $28,500. Contributing $5,000 of your refund will grow your savings to $33,500. Your family would then only need to save $2,500 to reach the goal of $36,000 that we have for you.

The amount we had you saving each month to reach this goal was $625. By putting the $5,000 into your savings you would reduce the amount your family would have to save each month to $210.

Fee for Refinancing home

With the remaining $6,872.41 we would like you to use on the fee that would be required for refinancing your home. As we mentioned earlier, we want you to refinance your home to reduce the amount of your payment. The money left from your refund would be able to cover any fees associated with the refinancing of your home.

There would be a money left over after paying the fees for the refinancing and we suggest that you do something fun with it. While saving is important, your health and happiness is something you should never forget about. Taking a weekend trip to go golfing or Mia taking a golf lesson would be something to do with the left-over money.

Reminder: While I am a CFP, I would still recommend that you talk to your CPA to discuss and evaluate your taxes further.

Personal Insurance

In this next section I will be reviewing your current personal insurance policies. This includes your life, health, disability, and long-term care insurances. With my analysis I will be giving you recommendations on possible changes to your current policies. The first policy that we will be reviewing is your current life insurance policy. We will be creating a needs analysis to figure out the amount needed if you or your spouse were to die.

Life Insurance

Life insurance is needed in any family to help support their loved ones if anything were to happen to them. Many expenses would need to be made up for if one of your incomes were to go away. Things such as monthly expenses, Becky’s college fund and many others would need to be payed for if one of you were to pass. Planning for this may seem scary, but it is something we need to do to keep you as safe as possible.

Both of you currently have Whole-life policies with the Manhattan Insurance Company. These Whole-life policies both have a death benefit of $100,000 for a total of $200,000 for the both of you. This would be the amount that your beneficiaries would receive if you one of were to pass. While this amount of money may seem to be a lot it would not last long. The loss of income coming into the household would be a great area of concern. With Tyler making $102,699.58 before taxes, $100,000 would only be able to cover Mia for a year. The loss of Mia’s income of $32,496 would also hurt Tyler. The $100,000 would not last Tyler for more than a few years.

Human Life Value Approach Analysis

The human life value approach is used to determine the amount of income expected to be provided by the insured that would need to be replaced upon the death of the insured. We believe that your family is underinsured and doing this analysis will show us the amount of money that would be sufficient.

Salary + Bonus before taxes	Amount
Tyler	$ 102,699.58
Mia	$ 32,496.00

Tyler	Amount
Earnings after tax: PMT	$ 71,369.58
Years: N	20.00
Inflation: I/Y	3%
FV	$ 1,917,727.34
Money Needed: PV	$ 1,061,799.13

The amount that would be needed for Tyler if he were to pass is highlighted above. This is the amount that would be needed if Mia were to lose the income that Tyler brings in. The same is highlighted below for Mia. If Mia were to pass, Tyler would need $373,364.51 to cover the loss of her income.

Mia	Amount
Earnings after tax: PMT	$ 25,095.96
Years: N	20
Inflation: I/Y	3%
FV	$ 674,337.84
Money Needed: PV	$ 373,364.51

Life Insurance Recommendation

Next, we will be going over a few different recommendations we came up with if either Tyler or Mia were to pass. As you can see you are very underinsured, you both currently hold a policy for 100,000 each. These whole life insurance policies will not be able to cover you if you one of you were to pass. We are recommending that you purchase two new life insurance policies.

After doing some research we have found a policy that will work for Tyler and Mia. Using the human life value approach, we have valued Tyler's life at $1,061,799.13. A 20-year life insurance policy for $1,000,000 would cost around $590 per month. While this may seem expensive the extra money will be needed if anything were to happen to Tyler. The policy that we have found for Mia would be a 20-year $500,000 policy that would cost around $291. The month total for the policies that we listed would cost $881. The increase in premium would be $709 from what you used to pay for your policies. We do understand that you both have policies through your employers. While these policies are nice, you would not receive the death benefit of them if you were not employed. Adding the two new life insurance policies is the only to make sure your family is safe if anything were to happen.

Health Insurance Recommendation

Currently Tyler can cover the whole family with a group health insurance policy. Tyler is paying $300 a month for the premium. While this is a good plan for your family, we would like you still to contribute an amount of $25-$50 to a Flexible Savings Account. This would be beneficial to your family as it would allow you save money and reduce your taxable income for the year. Money from this account would be able to cover co-pays for doctor's office visits, dental visits, prescription glasses and many other things. Tyler and Mia would both be able to save an amount of $300-$600 per year in this type of account. This is something to think about as we are recommending you increase your life insurance policies. Finding an insurance policy for your dental and vision could also be an option we have for you.

Disability Insurance Recommendation

Your disability insurance seems to be in a good place right now. Both of your employers provide a 100% salary and bonus benefit. Tyler also has as a long-term disability coverage plan through his company that will pay 60% of his salary. Mia has a purchased plan for $25 per month for 70% of her salary and bonuses. These plans are very beneficial to both of you if were to miss any work.

While these plans are working for the both of you right now it would be wise to purchase a long-term plan outside of your company. If one of you were to lose your job this plan would be needed. A long-term plan would only cost $25-40 per month. This plan would allow you to not dig deep into your emergency fund or savings.

Long Term Care Insurance

Long term care insurance has long been known as nursing home insurance. This type of care is needed for continuous or long-term problems that could happen. You will need to purchase a long-term care insurance plan to be able to cover any expenses such as a nursing home, in home care and assisted living. While this may be daunting to imagine you will one day be living in a nursing home or care facility it is something, we need you to take precautions for. Usually, couples are recommended to begin to work on a plan for this type of insurance around the age of 55 when you are starting to get close to retirement. It is going to better for you to get started on a plan before you get to the age of 50. Doing this would allow you to save money as plan price increases with your age. We will revisit the process of creating a plan for you when you reach the age of 50.

Property Casualty

In this next section we will be reviewing your Property and Casualty insurance. Included in this area is your Homeowners insurance, car insurance, umbrella policy and other insurances we might recommend you purchase. Property and Casualty insurance is in place to protect you from any damage, repairs or replacements to your property while also protecting you in case anyone was to be injured on or in your property. Some examples where you would need the best casualty insurance would be if you were legally responsible for some one’s injuries or damage to their property. This could happen if you were involved in a car accident or someone was injured on your property. It is very important to have these different insurances in case any accidents were to happen.

Homeowner Insurance and Recommendation

You currently have a HO-3 policy with a $100,000 liability limit. Your home is currently valued at $250,000 and you have a policy for $225,000. As you can see this may be problem if you do not have the inflation endorsement that you were worried about. If you do not have the inflation endorsement your policy would be for the original amount that the insurance agency assessed. So, you would have deficit of $25,000.

This policy would cover any damages to your home, and any other structures on your home such as fences or detached garages. We would like you to contact your insurance agent to figure out the exclusions that are on this policy as well as if you have an inflation endorsement. The exclusions on this policy may need to be covered. One common exclusion is water or flood damage that you may need to purchase if you believe your home or property will be at risk.

Auto Insurance and Recommendation

Your family currently has a 100/300/50 coverage on both of your cars with $100,000 of uninsured/underinsured motorist coverage. The 100/300/50 coverage is $100,000 for bodily injury liability for each of you, $300,000 for bodily injury liability for all persons, and $50,000 for property damage liability in an accident you caused. Also included in this plan is the $100,000 for uninsured/underinsured motorist coverage. Deductibles for this plan are $500 for comprehensive coverage and $500 for collision coverage. The comprehensive coverage would cover your vehicles if the damage were caused by theft, vandalism, or natural disasters. The collision coverage would cover any repairs needed if your car were involved in an accident. The cost of these coverages is in premiums of $1,000 paid semi-annually for a total of $2,000 per year. Both coverages are important, and we are glad you have both.

After talking to some car insurance companies, we have found a quote from State Auto insurance that would only cost you $139 a month and $1,668 a year. This would save an amount of $332 a year. While this option reduces the amount you pay per year, you are not receiving the same benefits. Your deductibles would now raise to amount of $1,000 for both collision and comprehensive coverage and your split-limit coverage would be 100/50/100. Since this option would only save you $332 and it reduces your split-limit coverage we would advise you to stick with the Missouri Valley Insurance Corporation. This coverage is great for your family. Your family is spending $2,000 and we believe it adequately covers your safety and vehicles if anything bad were to happen.

Umbrella Policy

We noticed that you have purchased an umbrella policy. This policy covers you for $500,000 and costs $175 per year. We are very happy you have purchased this policy to help cover any accidents that may not be totally covered by your home or auto insurance. There are upgrades to this policy, but we believe the policy you have purchased is priced fairly and suits your family well.

Boat Insurance

Your family currently has no insurance to cover any injuries or damage to boat. We would recommend that you contact your insurance agent to possibly buy liability coverage for your boat. This policy would cover any boating accidents or bodily injury to your family or passengers of your boat. Common rule of thumb has a policy costing around 1.5-2% of the cost of your boat. 2% of the value of your boat ($5,000) would be $100. Prices may vary from company to company, but a price around $100 would be able to cover your family's needs.

Investment Policy Statement

The Investment policy is in place for the planning of Tyler and Mia Bedo's investments. Life Aspirations Financials will be supervising and monitoring all the investments held by the Bedos. Included in this would be any accounts that have been created by Life Aspirations, such as 529 plans, trusts, and any other portfolios created for the benefit of Tyler, Mia, and Becky Bedo.

Life Aspirations Financial will be conducting analysis of your current investments and make changes based off your current risk evaluation. These changes will be shown and reviewed by the Bedos. The changes to your investment account will be shown on quarterly reports by Life Aspiration Financials. Yearly reports will also be in place to ensure you understand where your money is being invested.

This policy must be reviewed and approved by the Bedos. Any revisions or changes to the investment policy

After reviewing your confidential risk tolerance questionnaire that you completed, we found that your family has a moderate to lower level of financial risk. This will be used when we are searching for investments that could potentially increase your returns without taking on any excessive risk. Below are the expected returns for the given levels of risk.

	Expected Before-tax Total Rate of Return	Estimated Target After-tax Total Rate of Return	Beta(Indexed to S&P 500)	Standard Deviation
Conservative	5.3%	3.7%	<.40	<7
Moderately Conservative	7.8%	5.4%	<.8	<9
Moderately Aggressive	10.0%	7.0%	.8<1	<13
Aggressive	12.1%	8.5%	>1	>13

By signing below Tyler and Mia Bedo will be acknowledging that they completed the risk tolerance questionnaire and that their given level of risk is moderate to low level of risk, which falls around the moderately conservative row to moderately aggressive row.

We know you both want to retire at the age of 62 and have some goals for retirement. Life Aspiration is also aware of some post retirement goals that you may need to plan for. After our meeting together we have found it important to create plans for these post retirement goals (no order of importance):

- Addition to home valued at $20,000 today
- Small art gallery downtown valued at $80,000 today
- The possibility to travel to see Becky (need 85% of current earned before tax income)
- Education 529 plan for Becky's college saving

These goals will be met through your investment accounts and will be monitored and reported to you on a quarterly and yearly basis. If any changes were to be made, they will be presented on your quarterly report.

By signing below, both Tyler and Mia Bedo accept the contents of this document.

Landen Akers

______________________________________ ___________________________

Signature Date

We accept the terms to this engagement

Tyler & Mia Bedo

______________________________________ ___________________________

Signature Date

Fund	Investment Style	Before-tax Rate of Return	Standard Deviation	Correlation with Equity Market	Yield
Value Fund	Large Cap	9.00%	12.00%	0.95	3.00%
Growth Fund	Large Cap	10.20%	15.00%	0.9	2.00%
Eastside Fund	Mid Cap	8.40%	10.00%	0.92	2.00%
Konza Fund	Mid Cap	9.20%	13.00%	0.91	1.75%
Sage Brush Fund	Small Cap	11.20%	21.00%	0.8	.50%
Rocket Fund	Small Cap	14.00%	22.00%	0.75	0.00%
Consumer Fund	Small Cap	8.75%	11.00%	0.99	2.50%
Acquisitions Fund	Mid Cap	7.50%	5.20%	0.2	4.00%
International Fund	International (EAFE Index)	10.00%	11.20%	0.5	2.00%
Haley G&I Fund	Large Cap	8.00%	10.00%	0.9	3.20%
Graham Fund	Real Estate and Precious Metals	4.10%	12.00%	0.1	2.00%

Fund	Investment Style	Before-tax Rate of Return	Standard Deviation	Correlation with Bond Market	Yield
Ruth Fund	Government bond	4.80%	4.90%	0.85	4.0%
Cardinal Fund	Corporate bond	5.20%	5.10%	0.9	4.8%
Clock Fund	Corporate bond	6.00%	6.20%	0.98	5.4%
Ely Fund	Government bond	6.10%	6.05%	0.92	6.0%
Companion Fund	High yield	7.00%	13.00%	0.8	6.1%
States Fund	Government bond	5.70%	6.00%	0.75	4.0%
Barrister Fund	Money Market	3.00%	0.00%	0	3.0%

After careful picking Life aspirations has found that all these investments will be viable for you and your family. In coming passages, we will be recommending the some of the listed funds to help you reach your families goals. Currently you have the following amount invested and saved:

Monetary Assets	Amount
Savings account	$ 10,000.00
Checking account 1	$ 3,500.00
Checking account 2	$ 5,000.00
Money Market Account	$ 10,000.00
Investments Assets	
Miscellaneous EE bonds	$ 25,000.00
Haley G&I fund	$ 69,000.00
Konza Fund	$ 43,000.00

Ruth Fund	$	13,000.00
Sagebrush Fund	$	8,000.00
Total	**$**	**186,500.00**

Plan for Non-Retirement Goals

Some assumptions that we have the non-retirement goals we have for you are listed below:

Universal Assumptions:

- Universal inflation rate is 3%
- Prime interest rate is 3.25% and is expected to increase
- Life expectancy is 95 for both Tyler and Mia
- 30% combined state and federal tax bracket until retirement
- 25% combined state and federal tax bracket after retirement

Education:

- In-state tuition at good private university for four years will cost $10,000 per semester, including room and board
- Tuition increases at 5% per year
- Moderate aggressive portfolio for Becky's college fund
- Plan will be completed before Becky enters college
- Tax-advantage investment plan will be used for college savings

Becky's Education

Your family wants to be able to pay for all of Becky's education. To do this you will need to able to provide $20,000 per year in today's dollars for four years. For this we will need to calculate the future value of her education.

College Savings Needed		Amount Needed
Year 1	$	37,713.00
Year 2	$	39,599.00
Year 3	$	41,579.00
Year 4	$	43,657.00
Total Amount Needed	**$**	**162,548.00**

The total amount needed for four years of Becky's education is $162,548. This is the amount that you will need to save in a college savings account. There are many different options to save for Becky's college. The best option that we have found is to create a 529 account that will be able used for anything Becky would need for college, such as school supplies, laptops, tuition, etc. This account would also be tax efficient since you would be able to take money out tax free when using it for a qualifying educational expense.

To reach the amount that you need to pay for all of Becky's college fund you will need to start saving in a moderately aggressive portfolio. The amount needed to be saved each month would be $552.37 with a rate of return of 10% per year to reach the total amount of $162,548 by the time Becky is getting ready to enter college. We have recognized that this may be hard task as we are already wanting you to save for other goals of your so we would like you sell some of your funds and bonds to contribute to the 529 account.

We would like you sell $30,000 of your investment assets to be reinvested in Becky's 529 account. We would be selling the miscellaneous EE bonds for the $25,000 and would also be selling $5,000 of the Haley G&I Fund. This would allow to invest $30,000 to start Becky's 529 account. These funds will give you a great start on your savings for Becky's college fund, but you will also need to contribute an amount of $170 per month to this overall fund for you to reach the goal of $162,548 in 13 years.

While we need to sell these funds to start Becky's college fund, there are tax consequences that you need to be aware of. For the sale of your EE bonds, you will be able to have a tax-free transfer based on certain requirements. It is important that you check with your CPA before you sell these bonds to make sure you meet the requirements. The sale of your Haley G & I Fund will also have tax consequences as well. We will be in contact with your CPA to further process these consequences.

The funds that we would like you to invest this $30,000 in are:

- Growth fund (Large Cap)- $10,000
- Konza Fund (Mid Cap)- $10,000
- Sagebrush Fund (Small Cap)- $10,000

Becky's Education	Amount
PV: Amount added to 529 Plan	$ 30,000.00
I/Y: Average Before Tax Rate of Return	10
FV: Amount needed for 4 years of college	$ 162,548.00
PMT: Savings per month needed	$ 170.00
N: Number of Months	156

There is also FAFSA available to go toward Becky's college expenses, which may be able to help her save money in her 529 account. Many people forget to apply for FAFSA since there are requirements and not everyone will receive aid. We will make sure that when Becky decides to head off to college that we will remind you to help her apply.

Home Addition and Art Gallery

We are aware that once Mia retires, she would like to create and art gallery and add a small addition to their home and fill it with art. To do this we would need to start investing for those two specific goals right now. Right now, the home addition and art gallery would cost $100,000 together. After some calculations we have figured out the cost of the home addition and gallery in the future. It will cost $180,611 to be able to carry out these goals. This goal is reachable, and we will be able to help you prepare to reach this goal as we have with Becky's education.

Again, we will have to sell some your non-retirement investments to help save for these two specific goals. We will also need you to save money in this account. We will be selling $38,000 to invest into a Sagebrush fund that offers an after-tax rate of return of 7.84%. You will also need to put $200 per month into this account to make sure you reach your desired goal of $180,611.12 by the age of 62.

There will be tax consequences as there was for the selling of the Haley G & I Fund for Becky's education fund.

Home Addition and Art Gallery (Goal $180,611)	Amount	After Tax Return
Sagebrush Fund	$ 38,000.00	7.84%

Investment Analysis

Investments are a very big part of financial planning. The investments that are chosen for you family will help improve your lives in future. You will eventually have to live off these investments combined with other sources of income once you retire so it is important that we plan.

We are very happy that you have been able to investment a decent sum of money into different Funds and Bonds. While this is positive, we still see room for improvement in some areas. Some goals that we would like you to reach for is an after-tax return percentage between 5.4%-7%. This percentage would be between moderately conservative and moderate aggressive. To do this we will even out the distribution of the money in your funds to help gets rid of the risk in your portfolio. If the market were to go down, you would not lose as much money in certain funds because of this action.

As you know we moved $30,000 into the 529 account for Becky's education and moved $38,000 into a separate Sagebrush fund for your home addition and art gallery post retirement. The current distribution is shown below:

Monetary Assets	Amount	
Savings account	$	10,000.00
Checking account 1	$	3,500.00
Checking account 2	$	5,000.00
Money Market Account	$	10,000.00
Investments Assets		
Miscellaneous EE bonds	$	-
Haley G&I fund	$	32,000.00
Konza Fund	$	37,000.00
Ruth Fund	$	13,000.00
Sagebrush Fund	$	8,000.00
Total	**$**	**118,500.00**

The new portfolio that we have created for you would be:

Investment Funds	Amount		Weight	After-tax return
Haley G&I Fund	$	22,500.00	25%	5.60%
Konza Fund	$	22,500.00	25%	6.44%
Ruth Fund	$	22,500.00	25%	3.36%
Sagebrush Fund	$	22,500.00	25%	7.84%
	$	**90,000.00**		**6.02%**

The after-tax return would be up to **6.02%** which falls between the goals set out for a portfolio that is moderately conservative (5.4%) and moderately aggressive (7%).

Retirement Planning

For this section of our plan for you we will be looking at your retirement goals and will be planning to help you achieve them. This section is very important, since it will be setting you up for your life in retirement. You must do certain things now to be able to live a happy and healthy life in retirement. We are aware of many of your goals for retirement and have listed them below.

Retirement Goals:

- Retire at the age of 62 (normal retirement age 67)
- Take occasional trips to visit Becky (need 85% of their current earned before-tax income)

There are also assumptions that our analysis will be built on:

- Life expectancy is age 95
- You will need 85% of your final income once you start your retirement.
- Retirement contribution will increase at 3%
- Your earning will increase at 3% per year
- Once in retirement your investment portfolio will be switched to a conservative portfolio with a before tax rate of return of 5.25%
- Social security benefits will grow

Retirement Assets

Retirement Assets	Owner	Market Value	Rate of Return
Tyler's 401k-Consumer Fund	Tyler	$ 69,000.00	8.75%
Graham Fund	Tyler	$ 134,000.00	4.10%
Tyler's traditional IRA- certificate of deposit	Tyler	$ 52,000.00	3.50%
Mia's 401k - Rocket Fund	Mia	$ 15,250.00	14.00%
Mia's Rollover IRA Ruth Fund	Mia	$ 32,500.00	4.83%
Mia's traditional IRA - certificate of deposit	Mia	$ 52,000.00	3.50%
Conservative annuity - Potsdam Fixed Annuity	Mia	$ 125,000.00	5.00%

	$ 479,750.00	**6.24%**

Social Security

Right now, we are planning for both of you to start benefitting from social security at the age you retire (62). You will receive full benefits from social security at the age of 67, so taking social early at the age of 62 will cause you to receive a lessor amount per month. We will show a break down what the difference it would make if you were to choose to retire at a later age. We know both of you would like to retire at the age of 62 so showing you these amounts is just an option we want you to know about. The amount Tyler would be receiving at the age of 67 for social security would be $2,200 and the amount Mia would receive would be $1,300.

Social Security Benefit (Age) (Future value benefit)	62	67
Tyler	$ 1,540	$ 2,200
Mia	$ 910	$ 1,300

Above are the amounts that you would be receiving per month at different retirement ages. As you can see you would be receiving more money if you were to choose to retire later in your life. This is an option that we would like you to consider. Retiring 5 years yearly would make you lose 30% of your social security benefit. We will still be planning for your retirement age but would like you know about your options.

Future value benefit	62	67
Tyler	$ 2,781.41	$ 3,973.44
Mia	$ 1,643.56	$ 2,347.94

The amounts above would be how much you receive in the future value per month.

As we know your family has estimated that you will need 85% of your current earned before tax income during your retirement. Since Mia's art gallery will not be creating any revenue, we will need to be able to save as much money now until your retirement. First, we will find 85% of your current income to figure out the sum of money you must need at the age of your retirement (62). Your total combined income right now is $135,313.72, 85% of this amount is $115,016.66. This is the amount you have estimated that you will need per year in retirement.

Social security will help reduce this number. Choosing to retire at the age of 62 you will receive $53,099.64 per year.

Retirement Investments

Future Value of Retirement Needs	Amount
PV: Retirement Present value needs	$ 115,016.66
PMT: Payment	0
N: Number of years till retirement	20
I/Y: Inflation Rate	3%
FV: Amount needed for 1st year of retirement (SS taken out)	$ 154,633.24

Amount Needed for all of Retirement	Amount
PMT: Amount needed per year	$ 154,633.24
FV:	0
I/Y: Rate (conservative rate)	5%
N: Life Expectancy 95	33
PV: Total amount needed at 62	$ 2,474,526.03

Right now, you have a total amount of $479,750 in your retirement savings accounts. This money must be able to grow to an amount of $2,474,526.03 for you to be able to take out 85% of your current combined income each month until you are 95 years old. If this money were to grow at a rate of 7% for the next 20 years you would fall short of your goal. To reach this goal, you must save an amount of $15,100 per year. This would be the amount needed to retire at the age of 62.

Roth IRA recommendation

Creating a Roth IRA is going to help your reach your retirement goals. As of right now you have a couple different retirement accounts, such as a 401(k), traditional IRA and some other funds listed. A Roth IRA is different than these accounts as it is more tax advantaged. The main advantage that this account has over other accounts is that money inside of it grows tax free. For example, if you were investing a sum of money into this account and it were to grow you would still be able to take out the money you put in without any penalties. This account would be a great addition to your retirement investment accounts.

Estate Planning

This will be the last section that we will be preparing for your family. Estate planning is very important as it will set up the rest of your family once you pass. When people think of estate planning, they usually think of something large that may need to be passed down to their children. The estate plan we will be creating for you is to make sure all your family's assets are in the right place when someone in your family dies. This may be hard subject to process much like purchasing life insurance is, but it is something that every family needs to do.

The first and one of the most important parts of an estate plan is creating a will. The will you currently hold is from a kit that you purchased that covers the basics. This type of will would not be recommended by Life Aspirations. There are a few other parts of estate planning that we must go over you and your family. These parts are a living will, power of attorney and advanced medical directive. A living will be instructions that your doctor will follow if you were to need life prolonging medical treatment. This is part of the advanced medical directive. Part of the living will be choosing something to make those tough decisions for you if you are not able to make them for yourself. The last part that needs to be taken care of it choosing a power of attorney that will help make financial decision. This person must have the best of intentions for your family and its well-being.

Other assumptions:

- Funeral and administration costs $18,000
    - Expenses will grow at 4%
- Executor fees are $13,500

If Tyler were to die, social security benefits would be:

- $23,448 yearly to Mia after 67
- $17,580 additionally yearly to Mia until Becky turns 18
- $17,580 yearly to Becky until age 18
- $16,765 yearly to Mia from age 60 to 67

If Mia were to die, social security benefits would be:

- $26,400 to Tyler after age 67
- $9,552 additional yearly to Tyler until Becky turns age 18
- $9,552 yearly to Becky until age 18
- 0$ to Tyler from age 60 t0 70

Concerns about Probate Process

After someone dies your will needs to be authenticated and this is what happens in probate court. All your assets will be accounted for and the executor will have control over all of them. After this the executor will manage your assets in the way you wanted them to be managed. I hope explaining this process has given you peace of mind of how your affairs will be handled if you were to pass.

Estate Taxes

Estate taxes are something we want you to be aware of but not worry about. This type of tax is sometimes called a death tax. This tax only applies to certain estates that reach a certain threshold. The exemption for estate taxes is $11.40 million, which is far above the amount of money you will be able to compile. This tax will only come into play if your income drastically changes.

Summary of Recommendations

- Refinance home for lower interest rate
  - New payment would cost you $869.04 saving you $2,622.72 per year ($218.56 per month)
- Save more money to get rid of month deficit
  - Things such as entertainment and dining out and travel could be reduced as we are in a pandemic and you are not eating out as much or using money for entertainment and travel
- Emergency Fund Expansion ($36,000)
  - Extend to 8 months
    - Save $210 a month to add to savings accounts
- Add savings from taxes to emergency fund
  - $5,000 add to your emergency will allow you only have to save the amount listed above
- Pay for loan refinancing with tax refund
  - The money left from your refund would be able to cover any fees associated with the refinancing of your home
- Purchase new life insurance policies
  - New policy for Tyler would cost $590 per month
  - New policy for Mia would cost $291 per month
- Contribute to a Flexible Saving Account
  - You would only need to save $25-50 per month as you are already adequately covered in other areas
- Create Long Term Care insurance plan at age 55
- Contact insurance agent about new homeowner's insurance
- Purchase new auto insurance that would save money
  - The new auto insurance would cost $1,668 a year and $139 a month saving you an amount of $332 per year
- Think about purchasing boat insurance
  - This policy would cost $100 per month
- Create 529 plan for Becky's education
  - A contribution of $170 per month to this plan will be need to make sure Becky's future education is funded
- Home addition and Art Gallery
  - Save and amount of $200 per month to make sure funds are available for new home addition and art gallery in retirement
- Create Roth IRA to help contribute to your Retirements
- Create new will
  - Create living will, choose a power of attorney and advanced medical directive

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