***- Confidential Report -***

### Interview Notes, Assumptions, Concerns, and Goals

***- John & Mary Sample -***

**Financial Planning Interview Notes**

In 2017, John is 45 and Mary is 40 years of age.

Your answers to our investment questionnaire scored 190 out of a possible 340 points (a score of 340 would indicate maximum tolerance for investment risk). This determines that you have a Moderate risk tolerance (the five risk categories are Conservative, Moderately Conservative, Moderate, Moderately Aggressive, and Aggressive). This gauges your ability to assume risk. Your willingness to assume risk has also been determined to be about the same as your ability to assume risk.

There are two time frames for your investment portfolios. Both are considered to be long-term. Because your health is excellent for your ages, your combined life expectancy is over 25 years. The second time frame occurs when the remains of the portfolio will pass to your heirs.

The primary purpose of your investment accounts are to provide retirement income for John and Mary Sample.

Other than providing for your children’s education, you indicated that you foresee several future needs for significant withdrawals from the portfolio, so your liquidity needs are high. These long-term financial goals begin after retirement, and include purchasing a high-end RV, boat, expensive trips and vacations annually, a cabin in Montana, and new vehicles every seven years.

Your current income needs from the portfolio are minimal, calling for a total-return approach that focuses more on long-term capital gains than on the generation of current income.

There are no particular preferences, constraints, legal, regulatory, or unique needs noted for either your personal or qualified portfolios.

Your liquid assets are currently sufficient to provide the cash reserves needed for emergencies.

**Financial Planning Goals**

John wishes to retire in 15 years and Mary wishes to continue working part time while John is retired.

Your main financial goal is to maintain a balanced portfolio to provide adequate retirement income, starting at age 60 for both of you. Your stated initial annual retirement income goal is $75,000 of net, after-tax, spendable dollars. This income stream will be constructed to attempt to increase at an average annual inflation rate of around 3% over your life expectancy. This income stream will also be constructed to attempt to continue through John’s age of 100.

You should maintain adequate disability and survivor income (via level term life insurance) to maintain current living standards without depleting capital if one or both parents were to pass away. Currently, both of you are underinsured, so there are recommendations for buying more life insurance and disability insurance for both of you.

Buy new nursing care insurance policies to create a safety net for long-term care.

John indicated that he's willing to quit smoking and refinance the mortgage in 2018.

Restructure income and assets to achieve current tax liabilities.

Completely fund college educations for all three children, but only while living at home at local public colleges.

Increase the average rate of return on investments using asset allocation techniques.

**Financial Planning Concerns**

Being insured for major property, casualty, or investment losses is a concern.

Assure proper estate distribution according to your wishes and maintain sufficient liquidity to cover estate settlement expenses.

Managing your cash flow to eliminate unneeded expenditures is a concern.

Have the mortgage paid off in twenty years, vehicles in two, and rental property in ten years.

Obstacles you feel will impede your goals are poor health, taxes, possible changes in employment, disability, inflation, premature death, and long-term nursing home needs.

John is concerned about the performance and stability of his life insurance company.

Jane expressed concern about how their rental real estate was performing and didn’t understand if they were making money on it or not.

**Financial Plan Assumptions**

Your current marginal tax bracket: 28% Investment risk tolerance: Moderate

Your average tax bracket: 20% Personal residence growth rate: 2%

Average annual inflation rate: 3% Personal property growth rate: -5%

Bonds: 4% Rental real estate growth rate: 6%

Bond mutual funds: 5% Inflation rate of college expenses: 8.0%

Equities: 6% - 8% Children to fund college for: 3

Annuities: 2%

Cash / Money markets: 0.5%

# Social Security tax inclusion rate: 50%

Social Security COLA rate: 1%

John’s age to collect Social Security: 62

Mary’s age to collect Social Security: 62

John's calculated life expectancy: 84

John's inputted life expectancy: 100

Mary's calculated life expectancy: 84

John's retirement age: 60

Mary's retirement age: 60