



FINANCIAL **Planning Done Right**

Optimizing Retirement Outcomes

FINANCIAL PLANNING SUMMARY

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Objectives

Joe/Josie – I have prepared the following financial planning summary for you. You asked me to review the following issues:

- 1) Investment analysis and recommendations for your retirement portfolios.
- 2) Social Security Timing Recommendation.
- 3) Retirement Feasibility Assessment.
- 4) Risks Assessment Guidance.

Financial Planning Done Right, LLC (“FPDR”) has not been retained to review any other issues.

However, we have made comments in other general financial planning areas you may want to consider.



Observations

You are 42, married, and have no dependent family members.

Your retirement assets to date total \$35,000 spread across 3 accounts accordingly:

Account	Amount	Type
JMD Financial Partners	\$9,627.00	401(k)
WA State PERS	\$8,604.00	PERS – Individual Saving Account
WA State PSERS	\$15,617.00	PSERS – Individual Saving Account

Based on your input, you are a moderately conservative risk tolerance investor. Your target allocation broadly speaking is 70% stocks and 30% bonds.

NOTE: Due to fact the WA State PSERS is not a self-directed account, investment recommendations will be limited to the JMD and WA State PERS accounts.



Recommendations

Given current level of retirement savings, investment risk tolerance, and current age, your recommended retirement account allocations are as follows:

JMD Financial Partners

1) Actual Portfolio – 100% Stock Allocation (All stocks and no bond exposure!)

Current	Actual Fund	Ticker	Asset Class	\$9,627	Rebalance Instructions
26%	Vanguard Growth EFT	VUG	Stock – Domestic Large Cap Growth	\$2,459	Exchange \$2,459 for VOO
25%	Vanguard Value ETF	VTV	Stock – Domestic Large Cap Value	\$2,402	Exchange \$2,402 for VOO
24%	iShares Core S&P Small Cap ETF	IJR	Stock – Domestic Small Cap Blend	\$2,344	Exchange \$2,344 for BND
13%	Vanguard FTSE Developed Markets ETF	VEA	Stock – International Blend	\$1,231	Exchange \$544 for BND;
12%	Schwab US Mid-Cap ETF	SCHM	Stock – Domestic Mid Cap Blend	\$1,190	Exchange \$275.00 for VEA and \$915 for VOO

2) Recommended Portfolio After Trades – *70% Stock/30% Bond Allocation

Target	Recommended Fund	Ticker	Asset Class	\$9,627
60%	Vanguard S&P 500 EFT	VOO	Stock – Domestic Large Cap	\$5,776
10%	Vanguard FTSE Developed Markets ETF	VEA	Stock – International Blend	\$963
30%	Vanguard Total Bond Market ETF	BND	Bond – Domestic	\$2,888

Wrap Up: The goal was to create a simplified, low-cost, globally diversified, growth-oriented portfolio aligned with client investment risk tolerance that best positioned the portfolio for sustained and stable returns to support retirement savings needs.

**Could increase this to 80/20 to increase portfolio returns albeit with increased risk.*



WA State PERS

1) Actual Portfolio – Stocks/Bonds (*I didn't have visibility into each fund so I couldn't assess allocation. But target funds trend to conservative as they approach their target date*)

Current	Actual Fund	Ticker	Asset Class	\$8,604	Rebalance Instructions
14%	2020 Retirement Strategy Fund		Target Date Fund	\$1,200	Exchange \$1,200 for US Large Cap Equity Index Fund
28%	2030 Retirement Strategy Fund		Target Date Fund	\$2,414	Exchange \$695 for US Large Cap Equity Index Fund; Exchange \$860 for Global Equity Index Fund; Exchange \$860 for Washington State Bond Fund;
28%	2040 Retirement Strategy Fund		Target Date Fund	\$2,375	Exchange \$2,375 for US Large Cap Equity Index Fund
30%	Socially Responsible Balanced Fund		Target Date Fund	\$2,613	Exchange \$2,613 for US Large Cap Equity Index Fund



WA State PERS

2) Portfolio After Trades – 100% Stock Allocation

Target	Recommended Fund	Ticker	Asset Class	\$8,604
90%	US Large Cap Equity Index Fund		Stock – Domestic Large Cap	\$7,743
10%	Global Equity Index Fund		Stock – International Blend	\$860
10%	Washington State Bond Fund		Bond – Domestic State Bond	\$860

Wrap Up: The goal was to create a simplified, low-cost, globally diversified, growth-oriented portfolio aligned with client investment risk tolerance that best positioned the portfolio for sustained and stable returns to support retirement savings needs.

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1) Future Portfolio Allocations - *70% Stock/30% Bond

Target	Recommended Fund	Ticker	Asset Class
60%	Vanguard Total Stock Market Index Fund Investor Shares	VTSMX	Stock – Domestic Large/Mid/Small Cap
10%	Vanguard Total International Stock Index Fund Investor Shares	VGTSX	Stock – International Developed & Emerging
30%	Vanguard Total Bond Market Index Fund Investor Shares	VBMFX	Bond – Domestic Total Bond Market



Wrap Up: Configure future plan contribution allocations to target allocations in the most cost efficient and diversified manner to maximize retirement savings opportunities relative to what's available.

**Could increase this to 80/20 to increase return albeit with increased risk.*



Action Items

- 1) Account Consolidation
 - I. Establish Vanguard Roth IRA
 - II. Establish Vanguard Brokerage (Done)
- 2) Julie's Investment Account
 - I. Sell out of current account positions
 - II. Put proceeds into Vanguard Brokerage
 - III. Reallocate per table 1
- 3) Wells Fargo Brokerage (\$610K)
 - I. Discuss with Vanguard on preferred fund transfer
 - II. Sell out of current account positions.
 - III. Put proceeds into Vanguard Brokerage
 - IV. Reallocate per table 1
- 4) Wells Fargo Brokerage (\$105K)
 - I. Sell out of current account positions.
 - II. Put proceeds into Vanguard Brokerage
 - III. Reallocate per table 1
- 5) Wells Fargo Roth IRA
 - I. Sell out of current account positions.
 - II. Put proceeds into Vanguard Roth
 - III. Reallocate per table 1
- 6) Wells Fargo (Secondary Savings - \$155,000)
 - I. Put proceeds into Vanguard Brokerage
 - II. Reallocate per table 1
- 7) MS (vested stock)
 - I. Sell down to 5%
 - II. Put proceeds into Vanguard Brokerage
- 8) MS (vesting stock)
 - I. Sell down to 5%
 - II. Put proceeds into Vanguard Brokerage
- 9) Google Stock
 - I. Hold no more than 5-10% of total portfolio value.



Reflections

- Best practice is to monitor investment allocations and rebalance at least annually to recalibrate back to target allocations.
- Time-to-retirement-asset-allocation:
 - Stock allocation > 60% if time to retire > 10 years
 - Stock allocation < 60% if time to retire < 10 years
- Aim to save > 10% to retirement savings plans and increase this amount to coincide with annual pay increases.
- Plan providers occasionally add or replace available plan investment options, so periodically check for new and potentially better selections.
- The Wilhelm & Associates 401(k) has a Roth feature that allows after-tax contributions (these go in taxed and come out tax free). This feature is beneficial if you think you will be in higher tax bracket later than now and provided you roll the after-tax contributions to Roth IRA after separating from employment, you won't be forced to take mandatory plan withdrawals beginning at the age of 70 ½ as you would for any pre-tax contributions.
- Check to see if group term life insurance is available through your employer. It's less expensive and easier to obtain than an individual policy and can often be converted to an individual policy should you separate from employment.
- Check to see if group disability insurance is available through your employer. It's less expensive and easier to obtain than an individual policy and can often be converted to an individual policy should you separate from employment.
- Aim to maintain at least 10% of annual savings in cash in a high-interest checking or savings account for an emergency fund.

