

CFO

Coordinated Financial Overview™

Sample CFO Guidebook

Dr. Frank and Joanna Miller

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Hurlow 
WEALTH MANAGEMENT GROUP, INC.

Action Summary Page

Action items from last review meeting	Progress
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For Frank and Joanna:

- | | |
|---|--|
| <input type="checkbox"/> Work with Hurlow Wealth Management to establish a Profit Sharing Plan with a 401(k) feature for your business. | |
| <input type="checkbox"/> Increase Joanna’s 403(b) contributions to \$24,500 per year to help minimize currently taxable income. | |
| <input type="checkbox"/> Decide on a funding mechanism for the shortfall of Lucas’s education goal: Either increase monthly investment by an additional \$87 or invest a lump sum of \$5,682. | |
| <input type="checkbox"/> Update all estate planning documents with an attorney; provide documents for our review and file. | |






For Hurlow Team:

- | | |
|--|--|
| <input type="checkbox"/> John: Follow up with Frank and Joanna once we have finalized our investment recommendations for incorporating Dimensional Fund Advisors into the investment portfolio. | |
| <input type="checkbox"/> John: Provide “sell” recommendations of underperforming securities that can offset Frank’s and Joanna’s \$6,458 of realized capital gains. | |
| <input type="checkbox"/> Mike: Lead the meeting with Frank, the Third Party Administrator, and Recordkeeper to establish the Profit Sharing Plan for Frank’s dental practice. | |
| <input type="checkbox"/> Gordon: Solicit property and casualty insurance quotes from one of our insurance partners to determine if some cost-savings can be realized. | |
| <input type="checkbox"/> Zerina: Evaluate Frank’s whole life policy for appropriateness and present any relevant recommendations. | |
| <input type="checkbox"/> Laura: Request updated cash value and in-force illustration on Frank’s whole life policy through Guardian. | |

Financial Plan Assessment

Topic	Frequency	Status	Next Assessment	Notes/Observations
Goals success probability	Every Meeting		April 2018	
Progress of annual savings goal	Every Meeting		April 2018	
Progress of RMD withdrawals	Every Meeting		Age 70	
Progress of debt paydown	Every Meeting		April 2018	
CFO Center connections	Every Meeting		April 2018	
Investment allocation and performance	Every Meeting		April 2018	
Tax return review	Annually		April 2018	
Education planning	Annually			<ul style="list-style-type: none"> • Current funding shortfall
Estate tax planning	Annually		April 2018	
Estate plan	3 years		April 2020	
Proper beneficiary designations	3 years			<ul style="list-style-type: none"> • HSA beneficiary designation needed
Life insurance	3 years			<ul style="list-style-type: none"> • Coverage in place, but shortfall exists
Disability insurance	3 years			<ul style="list-style-type: none"> • Coverage in place, but shortfall exists
Long term care insurance	3 years			<ul style="list-style-type: none"> • Coverage in place, but shortfall exists
Property and casualty insurance	3 years		April 2020	
Health insurance	3 years		April 2020	

Financial Plan Assessment

Topic	Frequency	Status	Next Assessment	Notes/Observations
Social Security strategy	Annually		Age 60	
Identity theft protection	Annually			<ul style="list-style-type: none">• No protections in place
Business exit strategy	3 years			<ul style="list-style-type: none">• Options discussed last meeting
Buy/Sell agreements	3 years		April 2020	
Risk tolerance assessment (Riskalyze)	3 years		April 2020	

Documents/tasks needed to update financial plan:

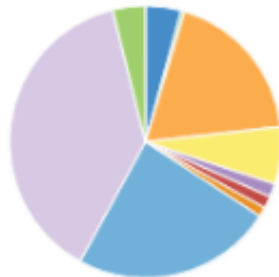
- 2017 Honda loan information (term, rate, payments, etc.)
- Evidence of outstanding beneficiary designations (Joanna's HSA)
- Health insurance information

Net Worth Review

As of April 9, 2018

Total Net Worth	\$2,660,357
Frank	\$1,229,434
Joanna	\$452,663
Joint - ROS	\$978,260

ASSETS BY TYPE



● Cash Equivalents	4.27%
● Taxable Investments	0.39%
● Qualified Retirement	18.58%
● Roth IRAs	6.78%
● HSAs	1.59%
● Deferred Compensation	1.43%
● Life Insurance	1.13%
● Business Interests	23.83%
● Real Estate	38.13%
● Personal Property	3.88%

NEED

Minimum equity position required to achieve goals.

(70% equity pre-retirement.)
 (60% equity post-retirement.)

70%

WILLINGNESS

Desired equity position based on Riskalyze score of 67.

80%

ABILITY

Maximum equity position to sustain a 7-year bear market cycle.

100%

Account	Model	Observations/ Notes
Frank's Roth IRA	• 80% Equity Portfolio – Target Portfolio	
Joanna's Roth IRA		
Joint Taxable Account		
Frank's SIMPLE IRA		
Frank's Health Savings Account	• 95% Equity Portfolio – Qualified Asset Model	• Sustain this aggressive portfolio
Lucas's 529 Account	• Age-Based Option: Moderate Growth Portfolio	

Goal Review

Goal	Progress
Retirement Frank and Joanna would like to have the ability to stop working at age 63 and spend \$120,000 per year in today's terms, after tax.	<ul style="list-style-type: none">• According to your financial plan in the CFO Center, your probability of success in reaching this goal is 93%.
College Education Frank and Joanna would like to fund 100% of public college costs for Lucas. Costs are projected at 24,417 per year in today's dollars and are needed from 2020-2023.	<ul style="list-style-type: none">• According to your financial plan in the CFO Center, your savings strategy will result in funding of 87%. To make up the difference, you must save more or invade other assets.• Let's discuss your options in more detail.
Home Addition Frank and Joanna would like to add an addition to their home at an out-of-pocket cost of \$100,000.	<ul style="list-style-type: none">• Sufficient cash exists in checking, savings, and investment accounts to support this goal.
Leave to Heirs Ideally, Frank and Joanna would like to have at least \$1,000,000 that transfers to their heirs upon their passing.	<ul style="list-style-type: none">• According to your financial plan in the CFO Center, your probability of success in reaching this goal is 93%.
Emergency Fund Frank and Joanna would like to sustain an emergency fund of \$60,000.	<ul style="list-style-type: none">• Sufficient cash exists in checking, savings, and investment accounts to support this goal.

Cash Flow Review

Savings/Transfers

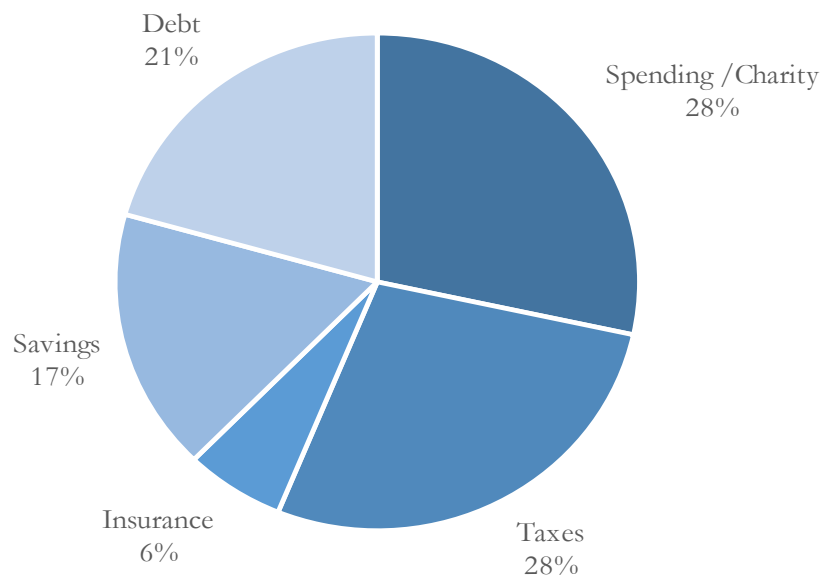
Account	Annual Amount	Automatic?	Frequency (amount)	Transfer from:	Notes
Frank's SIMPLE IRA	\$15,500 (Max)	Yes	Monthly (\$1,291.66)	Payroll	• ER Contribution: 100% match up to 3% of salary
Frank's Deferred Compensation Plan	\$2,200	Yes	Monthly (\$183.33)	Payroll	
Joanna's 403(b) Plan	\$5,000 (10% of salary)	Yes	Monthly (\$416.66)	Payroll	• ER Contribution: 50% match up to 5% of salary
Frank's "Back Door" Roth IRA (Schwab)	\$6,500	Yes	Monthly (\$541.67)	Checking Account	• Transfers into Traditional IRA. After year-end, the money is converted to Roth IRA.
Joanna's "Back Door" Roth IRA (Schwab)	\$6,500	Yes	Monthly (\$541.67)	Checking Account	• Transfers into Traditional IRA. After year-end, the money is converted to Roth IRA.
Frank's Health Savings Account	\$5,900	Yes	Monthly (\$491.67)	Payroll	• ER Contribution: \$1,000
Lucas's 529 Plan	\$8,000	Yes	Monthly (\$666.66)	Checking Account	

Withdrawals/Transfers

Account	Annual Amount	Auto?	Frequency Amount	Taxes withheld Net amount	Transfer to:	Notes
Joanna's Inherited IRA	\$6,448	No	Annual \$6,448	25% fed, 2% state \$4,707	Journal to Joint Account	2018 RMD: \$6,448 YTD taken: \$0 Amount left: \$6,448 *Verbal Authorization on file

Estimated Cash Flow Review

Category	Expense \$	% of Income	Benchmark	Notes / Observations
Spending /Charity	\$82,391	28%		
Taxes	\$80,520	28%	19% - 44%	
Insurance	\$17,843	6%	2% - 10%	
Savings	\$49,450	17%	10% - 20%	
Debt	\$59,796	21%	< 36%	
Gross Income	\$290,000	100%		Salaries: \$200,000 Business Distribution: \$90,000



Debt Review

Loan	Payoff strategy	Observations/ Notes
Primary Residence Mortgage	<ul style="list-style-type: none">• Term and Rate: 20 years; 4.000%• Payment strategy: Monthly Payments• Lender: Chase• Balance: \$426,385• Payoff expected: 2034	<ul style="list-style-type: none">• Continue making monthly payments
Joanna's Student Loan	<ul style="list-style-type: none">• Term and Rate: 10 years; 2.500%• Payment strategy: Monthly Payments• Lender: Navient• Balance: \$31,733• Payoff expected: 2020	<ul style="list-style-type: none">• Continue making monthly payments
2017 Honda Loan	<ul style="list-style-type: none">• Term and Rate: 4 years; 4.750%• Payment strategy: Monthly Payments• Lender: Honda Financial• Balance: \$28,898• Payoff expected: 2021	<ul style="list-style-type: none">• Loan information needed; CFO Center needs to be updated accordingly

Tax Review

Type	Observations/Opportunities
Above the line deductions	
Pre-tax contributions to retirement plans	<ul style="list-style-type: none"> • Continue maxing out Frank’s SIMPLE IRA contributions at \$15,500/year. • Consider increasing Joanna’s 403(b) contributions to \$24,500/year.
HSA contributions	<ul style="list-style-type: none"> • Continue to max out HSA contributions. We recommend maxing out HSA contributions and using it for retirement savings, assuming good investment options are available.
Below the line deductions	
Common itemized deductions taken?	<ul style="list-style-type: none"> • State and local income tax: YES • Gifts to charity: YES • Real estate and property tax: YES • Mortgage interest and points: YES
Common opportunities	<ul style="list-style-type: none"> • Consider accelerating state/local income tax payment if expecting to be in a higher bracket next year. • Consider making donations using highly appreciated stock.
Qualified Business Income Deduction?	<ul style="list-style-type: none"> • You were eligible for a QBI deduction of 20%, which resulted in a \$30,000 reduction in taxable income.
Credits (Federal and State)	
529 contribution credit	<ul style="list-style-type: none"> • You are taking full advantage of this credit with the contributions to Lucas’s account, as confirmed by your Indiana state tax return. • 20% state tax credit on first \$5,000 contributed to 529 accounts.
Penalties Paid	
Underpayment, IRA-related, health care	<ul style="list-style-type: none"> • You paid \$0 in penalties for the most recent tax year.
Capital Gains/Losses	
Taxable investment accounts	<ul style="list-style-type: none"> • There have been \$6,458 in realized gains in your taxable account so far this year.
Carry-forward capital losses	<ul style="list-style-type: none"> • You have no carry-forward losses from the previous tax year that may be used to offset future gains.. • It is possible to offset \$3,000 of income each year and/or offset any capital gains.

Tax Summary

	2017	2016	2015
Total Income:	\$290,000	\$275,000	\$270,000
Taxable Income:	\$200,000	\$180,000	\$175,000
Marginal Tax Rate:	28%	28%	28%
Federal Tax:	\$48,285	\$45,201	\$44,900
Federal Effective Tax Rate: <i>(Federal Tax / Total Income)</i>	16.65%	16.44%	16.63%
Social Security/Medicare Tax:	\$11,065	\$10,560	\$10,100
State/Local Tax:	\$12,380	\$10,213	\$9,975
Total Effective Tax Rate: <i>(Federal + FICA + State Tax / Total Income)</i>	24.73%	23.99%	24.06%

2018		
Federal Taxable Income Brackets	Single / MFS	Married Filing Jointly
10%	\$0 to \$9,525	\$0 to \$19,050
12%	\$9,525 to \$38,700	\$19,050 to \$77,400
22%	\$38,700 to \$82,500	\$77,400 to \$165,000
24%	\$82,500 to \$157,500	\$165,000 to \$315,000
32%	\$157,500 to \$200,000	\$315,000 to \$400,000
35%	\$200,000 to \$500,000	\$400,000 to \$600,000
37%	\$500,000+	\$600,000+

2017		
Federal Taxable Income Brackets	Single / MFS	Married Filing Jointly
10%	\$0 to \$9,325	\$0 to \$18,650
15%	\$9,325 to \$37,950	\$18,650 to \$75,900
25%	\$37,950 to \$91,900	\$75,900 to \$153,100
28%	\$91,900 to \$191,650	\$153,100 to \$233,350
33%	\$191,650 to \$416,700	\$233,350 to \$416,700
35%	\$416,700 to \$418,400	\$416,700 to \$470,700
39.6%	\$418,400+	\$470,700+

Relevant brackets highlighted

Insurance Review

Type	Coverage	Observations/ Notes
Life Insurance	<ul style="list-style-type: none"> • Current coverage on Frank is \$1,300,000. • Current coverage on Joanna is \$500,000. 	<ul style="list-style-type: none"> • Our analysis indicates that Frank’s level of insurance is sufficient. See Frank’s gap analysis here. • Our analysis indicates that Joanna is underinsured by \$200,000. See Joanna’s gap analysis here.
Long Term Care Insurance	<ul style="list-style-type: none"> • Frank and Joanna each have a LTC policy providing \$48,000 in annual benefits. 	<ul style="list-style-type: none"> • Frank and Joanna have opted to insure only against an “average” long term care event (\$48,000 for three years, starting after Age 65). • Our analysis indicates that Frank is underinsured by \$49,000 (annually). See Frank’s gap analysis here. • Our analysis indicates that Joanna is underinsured by \$71,000 (annually). See Joanna’s gap analysis here.
Disability Insurance	<ul style="list-style-type: none"> • Frank’s disability coverage is \$10,000/month (80% of salary) through his employer sponsored policy. • Joanna does not have disability insurance. 	<ul style="list-style-type: none"> • Our analysis indicates that Frank is underinsured by \$89,000 (annually). See Frank’s gap analysis here. • Our analysis indicates that Joanna is underinsured by \$138,000 (annually). See Joanna’s gap analysis here.
Auto/ Homeowners/ Liability Insurance	<ul style="list-style-type: none"> • Auto – In place through State Farm; split limits of \$250k/\$500k/\$100k; deductibles of \$500 for collision and \$250 for comprehensive. • Homeowners – In place through State Farm; \$925k dwelling; \$463k personal property; \$500k liability. • Umbrella Liability – In place through State Farm; \$2,000,000 coverage. 	<ul style="list-style-type: none"> • Generally, all levels of insurance are appropriate; however, some suggestions were provided in the December 2017 property and casualty insurance assessment, found here. • Consider shopping these policies every 2-3 years to ensure you are receiving competitive rates.
Medical Insurance	<ul style="list-style-type: none"> • Undetermined 	<ul style="list-style-type: none"> • What is your source of health insurance? • Please provide details of coverage and premiums.

Estate Plan Review

Strategy		Observations/ Notes
Type of Plan	Revocable Trust Based Plan	<ul style="list-style-type: none"> Last reviewed with attorney in February 2013. Frank and Joanna would like to update again soon.
General Asset Distribution Pattern	<ul style="list-style-type: none"> All assets owned by trust will stay in trust. All assets owned in joint name will pass to surviving spouse by operation of law. All assets owned in individual name must go through probate and directed by last will and testament. According to your documents, these assets will still pass to the surviving spouse. All retirement account assets will pass directly to the named beneficiaries. All life insurance policy death benefits will pass directly to the named beneficiaries. 	<ul style="list-style-type: none"> What assets are currently owned by each of your Revocable Trusts? Do you need to move additional assets into the trusts?
General Structure of Revocable Trusts	<ul style="list-style-type: none"> During Frank's and Joanna's lives, the trusts are used per their discretion. After the second of Frank and Joanna to die, if the children are less than age 18, they will receive general support from the trust for health, education, maintenance and support (HEMS). Upon the age of 30, each child will receive one-third of the assets of his/her respective share of the trust. Then at age 35, each will receive one-half of the remaining share. Then at age 40, each will receive the remainder. 	
Beneficiary Review	<p><u>Retirement Accounts</u></p> <ul style="list-style-type: none"> Primary beneficiaries are each other (Frank/Joanna) Contingent beneficiaries are Frank's or Joanna's respective Revocable Trusts <p><u>Insurance Policies</u></p> <ul style="list-style-type: none"> Primary beneficiaries are each other (Frank/Joanna) Contingent beneficiaries are Frank's or Joanna's respective Revocable Trusts 	

Estate Plan Review

Important people involved in your estate plan

The people listed below have been selected by you to carry out important duties for your family in the event of your incapacity or death. Review these positions with great care and foresight, recognizing responsibilities placed on each person.

Role	Initial Person	Successor (1)	Successor (2)	Successor (3)	Successor (4)
Guardian of Frank's and Joanna's Children	Elaine Grafton (Joanna's mom)	Stephanie Miller (Frank's mother)	Natalie Miller (Frank's sister)	--	--
Personal Representative of Frank's and Joanna's Wills	Each other	Elaine Grafton	Stephanie Miller	Natalie Baxter	--
Trustee for Revocable Trusts	Each other	Elaine Grafton	Stephanie Miller	Regions Bank	--
Frank's Durable Power of Attorney	Joanna Miller	Stephanie Miller	--	--	--
Joanna's Durable Power of Attorney	Frank Miller	Elaine Grafton	--	--	--
Frank's Health Care Power of Attorney	Joanna Miller	Stephanie Miller	--	--	--
Joanna's Health Care Power of Attorney	Frank Miller	Elaine Grafton	--	--	--
HIPPA Authorization for Frank	Joanna and any court appointed guardian, co-trustee, designated attorney in fact, designated health care representative, or any person named in estate planning documents.				
HIPPA Authorization for Joanna	Frank and any court appointed guardian, co-trustee, designated attorney in fact, designated health care representative, or any person named in estate planning documents.				

Beneficiary Review

RETIREMENT ASSETS			
	Primary	Contingent	Current Value
Owner: Frank Miller			
Frank's Deferred Compensation Plan	Joanna Miller	Frank's Revocable Trust	\$45,000
Frank's SIMPLE IRA	Joanna Miller	Frank's Revocable Trust	\$238,934
Health Savings Account	Joanna Miller	Beneficiary Not Confirmed	\$50,000
Frank's Roth IRA	Joanna Miller	Frank's Revocable Trust	\$110,000
Owner: Joanna Miller			
Joanna's 403(b) Plan	Frank Miller	Joanna's Revocable Trust	\$143,509
Joanna's Inherited IRA	Frank Miller	Joanna's Revocable Trust	\$202,456
Joanna's Roth IRA	Frank Miller	Joanna's Revocable Trust	\$103,431

LIFE INSURANCE POLICIES			
	Primary	Contingent	Death Benefit
Insured: Frank Miller			
Group Policy on Frank	Pearly Whites Dental Practice --		\$1,000,000
Whole Life Policy on Frank	Joanna Miller	Frank's Revocable Trust	\$300,000
Insured: Joanna Miller			
Term Policy on Joanna	Frank Miller	Joanna's Revocable Trust	\$500,000

Business Owner's Considerations

Topic	Observations/ Notes
Business Retirement Plan	<ul style="list-style-type: none"> • A SIMPLE IRA plan with a 3% employer match is currently in place. • Let's discuss other options based on your desire to maximize retirement savings: <ul style="list-style-type: none"> - Profit Sharing Plan with 401(k) feature - Cash Balance Plan
Buy/Sell Agreement (75% ownership in dental practice)	<ul style="list-style-type: none"> • A Buy/Sell Agreement is in place to govern the situation if a co-owner dies, chooses to leave the business, or is otherwise forced to resign. Frank is insured for \$1,000,000 under the Buy/Sell Agreement. • In the event of death, life insurance on the deceased owner will fund the purchase by the surviving owners.
Business Exit Strategy	<ul style="list-style-type: none"> • Frank is considering selling 33% of his ownership to his business partner, Ryan McCalister, at age 60, bringing Frank's ownership to 51%. • Frank is considering selling his remaining ownership share to Ryan at age 63 (retirement). • Let's develop an Advanced Plan in the CFO Center to review the impacts of selling the business on your retirement portfolio. Review at next meeting.

Other Financial Planning Matters

Topic	Observations/ Notes
Real Estate Holdings	<ul style="list-style-type: none">• Primary Residence: 512 Hickory Drive, Bloomington, IN (\$850,000)• Vacation Home: 2775 Waterfront Drive, Trafalgar, IN (\$350,000)
Identity Theft Protection	<ul style="list-style-type: none">• Let's discuss the benefits of security freezes/credit freezes, credit monitoring services, and periodic self-monitoring of credit reports.
Unclaimed Money	<ul style="list-style-type: none">• You have \$124.87 of unclaimed money held at the state level. Visit www.indianaunclaimed.gov to claim your property.