

# Your Personal Financial Organizer



*Helping You Manage Your Critical Financial Events*

John & Jane Smith

April, 2017

## **The PFO is the foundation of our wealth management process.**

Your Personal Financial Organizer (PFO) is an important written document that clearly defines your financial goals and objectives over a relevant, explicitly stated time horizon. As your financial advisor, creating and maintaining this document is one of my key responsibilities.

## **It establishes a long-term plan to guide your financial decisions.**

The PFO helps to balance your goals and objectives with other essentials. It addresses concerns including: your safety net, debt management, tax planning, educational planning, retirement planning, estate planning, and investment strategy. The PFO is designed to encompass every aspect of the personal wealth management process – it helps you plan and prepare for critical financial events.

## **PFO creates a path to achieving your financial and lifestyle goals.**

By using a well-constructed PFO, you will follow a carefully considered and disciplined approach to wealth management. Many people - and their financial advisors - are tempted to make ad hoc decisions about their financial situation - decisions that are often based on panic or overconfidence. The PFO will make sure that you consider the long-term and evolutionary nature of the wealth management process. It will clearly and concisely identify the constraints and opportunities of your current financial situation, while also focusing on your goals and objectives. The Result: Your financial plan will attend to your short-term needs without losing sight of your long-term goals.

Using the PFO, we can work together to establish guidelines that we both feel appropriate to your situation, given the strategies available and the realities of the marketplace.

## **It's a Collaborative Effort – Our Partnership**

You are responsible for participating in the successful implementation of your PFO. I will, however, guide you through this process. Once you have established your priorities and disclosed all related information, I will provide you with advice and solutions to help you achieve them. We will, of course, regularly reevaluate and update the PFO. This plan evolves in response to personal and family changes, and the PFO must adapt to these changes.

In addition, the PFO will coordinate the efforts of other professionals (accountants, lawyers, etc.) that we choose to consult as part of the wealth management process.

A professionally prepared PFO will track your progress and it will provide continuity from one year to the next. The PFO will also help to prevent misunderstandings, because it clearly explains the nature of our relationship and the strategies we have agreed to implement.

# What's Important to You?

## Long-term Goals (10 years and longer)

**Goal:** Retirement at age 65 for John  
**Strategy:** Capital growth and regular contribution

**Goal:** Retirement at age 63 for Jane  
**Strategy:** Roth IRA

**Goal:**  
**Strategy:**

## Medium-term Goals (5 to 10 years)

**Goal:** Buy a recreational property in 5 years  
**Strategy:** Continue a regular savings plan for the next 5 years (Cottage Fund)

**Goal:**  
**Strategy:**

**Goal:**  
**Strategy:**

## Short-term Goals (1 to 5 years)

**Goal:** Payout balance of mortgage in 18 months  
**Strategy:** Commit to Accelerated Payout Schedule

**Goal:** Help pay for Suzie's wedding in 2 years  
**Strategy:** Commit to regular savings plan until wedding date (Wedding Fund)

**Goal:**  
**Strategy:**

## Immediate Goals (Less than 1 year)

**Goal:** Get my financial planning in order.  
**Strategy:** Stay committed to financial plan!

# Who's Important to You?

## Strategy:

<b>Parents</b>	
John & June Smith	Bob and Mary Cratchit
<b>Children</b>	
Jim Smith, Becka Wilson,	Lana Unger (daughter from previous marriage)
<b>Grandchildren &amp; Great Grandchildren</b>	
<b>Other Important People</b>	
	Kyle Wabisi (Foster Child), Marsha Cratchit (sister)
<b>Siblings</b>	
<b>Important Organizations &amp; Causes</b>	
Amnesty International	

# Your Wealth Management Team

Professional	Contact Information
<b>Financial Advisor</b>	Name: Brad Adams Phone: 555-555-5555 Email: brad.adams@bedrockfinancia.coml
<b>Accountant/CPA</b>	Name: Michael Jones Phone: 555-554-5554 Email: mike.jones@lynchpinaccounting.com
<b>Lawyer/Attorney</b>	Name: Paul Smith Phone: 552-552-5552 Email: paul.smith@scalesofjustice.com
<b>Insurance Agent</b>	Name: John Harper Phone: 551-551-5551 Email: john.harper@bookkeeping.com
<b>Personal Banking Advisor</b>	Name: Phone: Email:
<b>Commercial Banking Advisor</b>	Name: Phone: Email:
<b>Mortgage &amp; Lending</b>	Name: Phone: Email:
<b>Other</b>	Name: Phone: Email:
<b>Other</b>	Name: Phone: Email:

# Your Wealth Management Checklist

<b>Comprehensive Wealth Management:</b>	<b>Areas Important to You</b>
<b>1 Cash Flow Planning</b>	<input checked="" type="checkbox"/>
<b>2 Tax Planning</b>	<input checked="" type="checkbox"/>
<b>3 Retirement Planning</b>	<input checked="" type="checkbox"/>
<b>4 Investment Strategy</b>	<input checked="" type="checkbox"/>
<b>5 Family Security</b>	<input checked="" type="checkbox"/>
<b>6 Caring for Others</b>	<input checked="" type="checkbox"/>
<b>7 Your Legacy</b>	<input checked="" type="checkbox"/>
<b>8 Business Planning &amp; Succession</b>	<input type="checkbox"/>
<b>9 Special Situations</b>	<input type="checkbox"/>

# Your Cash Flow Planning

## **Net Worth Statement**

Strategy: Review & assess personal net worth annually.

Date Last Reviewed: January 1, 2017

Next Action: Monitor and Review again next year.

## **Cash Flow Analysis**

Strategy: Ensure your living expenses and savings plans can be funded in full.

Date Last Reviewed: February 1, 2017

Next Action: Monitor and review this again next year.

## **Emergency Funds**

Strategy: Have \$30,000 in your Emergency Fund in cash account.

Date Last Reviewed: February 1, 2017

Next Action: Emergency Fund now fully funded – monitor future use and replenishment accordingly

## **Mortgage Considerations**

Strategy: Have your Mortgage paid off January 1, 2016

Date Last Reviewed: February 2, 2017

Next Action: Continue bi-weekly payment schedule with payments set at 15%

## **Debt Analysis**

Strategy: Continue to carry no consumer debt

Date Last Reviewed: January 1, 2015

Next Action: Plan and save for future purchases

## **Other Cash Flow Strategies**

Strategy: Help pay for Suzie's wedding on Aug.17, 2016

Date Last Reviewed: February 3, 2017

Next Action: Set up \$1000/month to money market for 20 months wedding fund fully funded).

# Your Tax Planning



## Roth IRA Conversion

Strategy: Effective conversion without tax implication for Jane.  
Date Last Reviewed: January 13, 2017  
Next Action: Develop strategy when Jane is closer to retirement (2021)



## Interest Income

Strategy: Maintain income-producing investments in accounts that will minimize taxes.  
Date Last Reviewed: February 13, 2017  
Next Action: Monitor and review this again next year



## Dividend Income

Strategy: Maintain dividend-producing investments in accounts that will minimize taxes.  
Date Last Reviewed: February 12, 2017  
Next Action: Monitor and review this again next year



## Capital Gains

Strategy: Tax-loss selling to offset capital gains  
Date Last Reviewed: January 8, 2017  
Next Action: Review capital gains in early December to identify realized capital gains for the year and develop appropriate strategy for tax-loss strategies



## Other Tax Planning Strategies

Strategy: Meet with CPA every year to prepare taxes and receive advice  
Date Last Reviewed: February 2, 2017  
Next Action: Meet with Mike Jones next month (May 2017)



# Your Retirement Planning

## **How Much Is Enough?**

Strategy: Generate \$2,500 per month at age 65 for John.  
Date Last Reviewed: February 3, 2017  
Next Action: Increase current monthly retirement contributions from \$1,000 to \$2,500 effective immediately

## **IRA**

Strategy: Generate \$2,000 per month at age 63 for Jane.  
Date Last Reviewed: January 13, 2017  
Next Action: Maintain current contribution and reassess next year.

## **401K/403B/457 Plan**

Strategy:  
Date Last Reviewed:  
Next Action:

## **72T Distributions**

Strategy:  
Date Last Reviewed:  
Next Action:

## **Required Minimum Distributions**

Strategy:  
Date Last Reviewed:  
Next Action:

## **Other Retirement Strategies**

Strategy: Purchase a cottage in 2019 by saving \$500/month and adding it to the Money Market fund in John's Roth IRA. Also use \$100,000 currently saved in the joint investment account.  
Date Last Reviewed: February 3, 2017  
Next Action: Review Annually  
  
Next Action: In August 2015 increase this to \$1500/month (once Suzie's pension kicks in)

# Your Investment Strategies



## Determining Your Risk Tolerance

Strategy: Investment recommendations must be suitable for your risk tolerance: Balanced Portfolio

Date Last Reviewed: January 4, 2017

Next Action: Update Risk Assessment next Review Meeting (2017) and rebalance accordingly. Review again in one year or sooner if there are significant life changes.



## Investment Policy Statement

Strategy: Develop your personalized Investment Policy Statement (IPS).

Date Last Reviewed: January 4, 2017

Next Action: Review the IPS annually and update accordingly.



## Asset Allocation & Rebalancing

Strategy: Ensure the investment allocation remains suitable for your risk tolerance.

Date Last Reviewed: February 3, 2017

Next Action: Advisor to regularly review and update asset allocation.



## Investment Structure & Ongoing Management

Strategy: Ensure effective and appropriate investment strategies implemented on your behalf by utilizing a combination of Money Manager and Core Portfolio Platforms.

Date Last Reviewed: February 4, 2017

Next Action: Advisor to regularly review and update investment solutions.



## Other Investment Strategies

Strategy: Ensure short-term goals are kept liquid by purchasing Money Market or CDs.

Date Last Reviewed: February 4, 2017

Next Action: Advisor to regularly review and update these investment solutions.

# Your Family Security

## Home & Property Insurance

Strategy: Take care of your home and property by having appropriate insurance protection.

Date Last Reviewed: February 4, 2017

Next Action: Annual renewal process in place with John Harper (Insurance).

## Life Insurance

Strategy: Take care of your family by having appropriate Life Insurance coverage.

Date Last Reviewed: February 14, 2017

Next Action: We will begin a comprehensive review of Life Insurance needs this month and meet shortly to discuss.

## Disability Insurance

Strategy: Both John and Jane have limited coverage through their employer and have supplemented this through additional insurance which we facilitated.

Date Last Reviewed: February 14, 2017

Next Action: Review if anything changes in relation to job or coverage here.

## Critical Illness Insurance

Strategy: Proactively plan for impact of Critical Illness by having an insurance protection in place.

Date Last Reviewed: February 14, 2017

Next Action: This is a new priority and will also be reviewed and discussed in further detail with you at our next meeting.

## Asset Protection and Creditor Proofing

Strategy:

Date Last Reviewed:

Next Action:

## Other Family Security Strategies

Strategy: Have a great insurance professional to help you.

Date Last Reviewed: February 14, 2017

Next Action: Meet with John Harper to discuss ongoing and new insurance.

# Caring for Others

**529 Plan**

Strategy:

Date Last Reviewed:

Next Action:

**UGMA (Uniform Gift to Minors)**

Strategy:

Date Last Reviewed:

Next Action:

**UTMA (Uniform Transfer to Minors)**

Strategy:

Date Last Reviewed:

Next Action:

**Caring for Children with Special Needs**

Strategy:

Date Last Reviewed:

Next Action:

**Caring for Elderly Parents**

Strategy:

Date Last Reviewed:

Next Action:

**Other Education & Care Planning Strategies**

Strategy: Assist with the education of your future grandchildren.

Date Last Reviewed: February 14, 2017

Next Action: Will revisit this once there are grandchildren to save for.

# Your Legacy



## Will

Strategy: Have a current Will in place to make things easier for loved ones (avoid dying intestate).

Date Last Reviewed: February 14, 2017

Next Action: Review the Will annually and update it when required based on any life changes.



## Living Will

Strategy: Ensure someone is appointed to act on your behalf if John and/or Jane become incapacitated.

Date Last Reviewed: February 14, 2017

Next Action: John's is in place and Jane will have hers done before our next review meeting.



## Power of Attorney

Strategy: Ensure someone is appointed to represent your interests.

Date Last Reviewed: February 13, 2017

Next Action: John's is in place and Jane will have hers done before our next review meeting.



## Executor Appointed

Strategy: Ensure someone is appointed to represent your interests.

Date Last Reviewed: February 13, 2017

Next Action: This is currently in place.



## Principal Residence

Strategy: Have joint-ownership for ease of transition

Date Last Reviewed: February 13, 2017

Next Action: This is currently in place.



## Additional Properties

Strategy: Minimize taxation of lake front cottage that will pass to children by making them co-owners.

Date Last Reviewed: February 12, 2017

Next Action: Spring 2020 – Complete paperwork at time of cottage purchase to include Jim and Becca (one-quarter ownership each).



## Trusts

Strategy:

Date Last Reviewed:

Next Action:

**Charitable Remainder Trusts**

Strategy:

Date Last Reviewed:

Next Action:

**Inheritances**

Strategy: Principal residence and investment assets of Jane's Mother will transfer over at some point.

Date Last Reviewed: February 12, 2017

Next Action: John and Jane will keep us informed about her Mother's condition.

**Transfer on Death Accounts**

Strategy:

Date Last Reviewed:

Next Action:

**Advanced Health Care Initiative**

Strategy:

Date Last Reviewed:

Next Action:

**Long-Term Care**

Strategy:

Date Last Reviewed:

Next Action:

**Charitable Donations**

Strategy:

Date Last Reviewed:

Next Action:

**Other Estate Planning Strategies**

Strategy: Continue to work with estate planning lawyer.

Date Last Reviewed: February 13, 2017

Next Action: Consult with your lawyer, Paul Smith, as required.

# Business Planning & Succession

**Small Business Capital Gains Exemption**

Strategy:

Date Last Reviewed:

Next Action:

**Stock Options**

Strategy:

Date Last Reviewed:

Next Action:

**Buy-Sell Agreements**

Strategy:

Date Last Reviewed:

Next Action:

**Commercial Insurance**

Strategy:

Date Last Reviewed:

Next Action:

**Key Man & Other Specialty Insurance**

Strategy:

Date Last Reviewed:

Next Action:

**Other Business Planning Strategies**

Strategy:

Date Last Reviewed:

Next Action: