Client: John & Jane Doe

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Financial Action Plan

Presented by:
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Blakely Walters Overview

Our Planning Philosophy

There are many stages of life - and the plans we create must be able to adapt to those stages. The goals and dreams you have today may be very different than what you want to accomplish ten years from now. We take this into consideration when building our client's action plans, and work to build financial solutions that are as dynamic as you are.

Process

1. Develop a clear picture of your current financial situation by reviewing your income, assets and liabilities, and evaluating your insurance coverage, your investment portfolio, your tax exposure, and your estate plan.
2. Establish and prioritize financial goals and time frames for achieving these goals.
3. Implement strategies that address your current financial weaknesses and build on your financial strengths.
4. Identify specific account types and services that are tailored to meet your financial objectives.
5. Monitor your plan, making adjustments as your goals, time frames, or circumstances change.

**Neither NEXT Financial Group, Inc. nor its representatives offer tax or legal advice. Please consult your tax or legal professional

Action Plan

Overview

Recommendation #1. Emergency Reserve:

You should have at least six months of monthly outflow, or $14k, in a separate savings account titled “Emergency Reserve”.

In addition to your emergency reserve, you should be saving for any large cash outflows you expect in the next 36 months in a similar account that is not subject to market volatility.

I would recommend that you utilize Capital One 360, ALLY, Discover, or American Express for these funds. These accounts pay significantly more than your CD’s and Money Market account. Total potential interest you are missing out on is greater than $1,500 annually.

Recommendation #2. Debt Structuring:

I affirm the refinancing of your mortgage to a 15 year loan. The interest rate, and accelerated pay down make this strategy a very straight forward decision. I would not apply any additional capital towards this goal.

Recommendation #3. Term Life Insurance:

I recommend that you explore life insurance for the purpose of debt elimination and income replacement in the event that either one of you were to pass away prematurely.

I recommend that you utilize a 20 year term life insurance policy at no less than $500,000, and no more than $1,000,000. Your goals for how long you would want your income replaced are the primary drivers for this decision.

Recommendation #4. Supplemental Long Term Disability Policy:

Your ability to earn an income for the next 20+ years is your greatest asset. In case you are disabled due to illness or injury, both of your employers provides 60% of your salary after 180 days of disability. Consider increasing your coverage with a private policy to supplement this shortfall in the event of disability.

Recommendation #5. Estate Planning:

Finish your estate plan to clarify how you want your assets allocated when you pass away and how you want medical care given to you. Consult with an attorney to get their advice on the appropriate documents for your situation (will, trust, medical power of attorney, etc.).

Recommendation #6. Non-Retirement Investment Account:

I would highly recommend the funding of a non-qualified investment account on a monthly basis to build additional liquid assets that have the potential to stay on top of inflation.

I recommend that you utilize a low cost exchange traded fund portfolio that is growth oriented for this goal. You have ample amounts of cash available. Future savings should be directed towards vehicles that provide more opportunity for growth.

Recommendation #7. Retirement Savings:

In the absence of an ongoing financial advisor relationship I affirm the target date fund strategies you are currently using in your existing 401k accounts. These funds are diversified, and will help to insure that your risk profile decreases as you near retirement.

However, these funds can't be customized to meet your objectives and are very inefficient for retirement distribution purposes. I encourage clients to utilize diversified ETF portfolios that allow us to build customized models in lieu of target date funds.