

An aerial photograph of a wide, sandy beach meeting the ocean. The water is a deep teal color with white foam from the waves washing onto the shore. The beach is a light tan color, and several small figures of people can be seen scattered across it. A lifeguard stand is visible on the right side of the beach. The sky is not visible, as the top of the image is covered by the header.

Let's see what is possible.

It's Your Money Week 2 Financial Planning I

Presented by Susan Niedwick, CFP®



Ask First

"Ask First!"

This form is to be filled out by any person who is offering legal, financial, retirement, insurance, accounting, estate, long-term care or similar planning services. Respond to ALL categories completely; sign and date at the bottom of the page.

① **MY EDUCATION-** I have achieved the following level of education (check HIGHEST level achieved):

<input type="checkbox"/> Some High School	<input type="checkbox"/> High School Diploma	<input checked="" type="checkbox"/> Bachelors Degree
<input type="checkbox"/> GED	<input type="checkbox"/> Some College	<input type="checkbox"/> Masters or other Advanced Degree

② **MY CREDENTIAL(S)-** I have the following specialized credential(s) and training (examples: CFP, ChFC, CLU, CPA, JD, MBA, years of relevant experience):

CFP® - Certified Financial Planner since 2003.
25+ years of experience in investments, financial planning and wealth planning since 1997.

③ **MY RELEVANT LICENSE(S)-** I have the following license(s) giving me the legal authority to provide the services I am offering to you (examples: bar license (attorney); securities license; insurance license):

License Type	Covers What Activities	Issued By	License No.
Series 66	Investment Advice	FINRA	2916012

④ **LEGAL SERVICES-** (Check ONE):

- ☒ I DO NOT practice law, and the services I am offering to you do not involve practicing law.
☐ I DO practice law, and have an active license to practice law in California.
☐ I DO practice law, but DO NOT have an active license to practice law in California. I am, however, under the supervision of the following attorney who has an active license to practice law in California:

Name of attorney:	Telephone:
Address:	

⑤ **OUR BUSINESS RELATIONSHIP-** Check TRUE or FALSE:

- ☒ True / ☐ False: In our business relationship, I will at all times serve as a fiduciary and put your interests before my interests and those of my employer.

⑥ **MY COMPENSATION-** I will be paid in the following way (commission, fee, salary, etc.), by the named person or company, in connection with the services I am offering to you:

Way(s) I'll Be Paid	Payment Will Be Made By (name each person or company)
Fee only	Client

⑦ **FINANCIAL PRODUCTS / AFFILIATED ORGANIZATIONS-** Check TRUE or FALSE:

- ☐ True / ☒ False: I offer or sell annuities, insurance, mutual funds or other financial products; or I am, or my employer is, affiliated with a person or organization that offers or sells annuities, insurance, mutual funds or other financial products.

⑧ **I certify under penalty of perjury that the responses herein are true to the best of my knowledge.**

Date: August 17, 2023	Business Name: Cutler Investment Group
Signature: <i>Susan Niedwick</i>	Address: 220 Newport Center Drive, Suite 20, Newport Beach CA
Print Name: Susan Niedwick	Telephone: 949-403-7075

About Susan

- ✦ Orange County Based Fee-Only Wealth Manager
- ✦ Wealth Manager since 1999 and CFP® since 2003
- ✦ B.A. Finance and French from University of Utah
- ✦ Adore my daughters who are 16 and 17 years old

Susan Niedwick is a seasoned CERTIFIED FINANCIAL PLANNER™ professional with over 25 years of experience. She works with a variety of clients- women and men, individuals and married couples, but her profound dedication is to helping women facing divorce or losing their spouse. Her personal experience, coupled with her extensive expertise, allows her to empathize with her clients and provide them with the support and guidance they need. Through patient education and comprehensive financial planning, Susan aims to alleviate the overwhelming fear that can arise during divorce or after the death of a loved one, enabling her clients to embrace a brighter future with confidence and peace of mind.





Today's Discussion

- Who is a financial planner?
- Why have a financial plan?
- What is financial planning?
- What is the process of financial planning?
- Summary
- Example



Who is a financial planner?

These terms can represent a financial planner:

- Financial Planner
- Financial Advisor
- Financial Consultant
- Wealth Manager/Advisor
- Investment Advisor
- Investment Consultant
- Financial Analyst



Who is a financial planner?

Many firms employ financial planners:

- Independent Registered Investment Advisor (RIA)
- Independent broker/dealer
- Regional broker/dealer(s)
- Wire house broker/dealer
- Bank
- Insurance company
- Trust company



Who is a financial planner?

There are various methods of compensation for financial planners:

- Commission
- Fee-based
- Fee-only based on Assets under Management
- Fee-only retainer model
- Fee-only hourly



Who is a financial planner?

How do you choose a financial planner?

- Experience
- Rapport/Recommended
- Designations:
 - Certified Financial Planner (CFP®)
 - Chartered Financial Consultant (ChFC)
 - Chartered Financial Analyst (CFA)
 - CPA/Personal Financial Specialist (CPA and PFS)
- Best Interest Standard – Fiduciary
- Search for local CFP®: [Letsmakeaplan.org](https://letsmakeaplan.org)



WHAT MAKES CFP® PROFESSIONALS DIFFERENT

When you choose a CFP® professional, you can be assured that you're working with a financial advisor who has demonstrated competency and made a commitment to ethics. CFP® professionals must successfully complete a multi-year, multi-step process to obtain the skills and real-life experience they need to serve your best interests, no matter what your financial goals are.

EDUCATION

CFP® professionals have the knowledge required to deliver holistic financial planning services, and they must fulfill continuing education requirements.

EXAM

CFP® professionals must pass the CFP® exam, which tests their ability to apply financial planning knowledge to real-life situations and ensures that they are highly qualified to help you plan for your financial future.

EXPERIENCE

CFP® professionals have at least 2 years of real-life experience providing financial planning services.

ETHICS

CFP® professionals commit to follow a code of ethics and standards set and enforced by Certified Financial Planner Board of Standards, Inc. (CFP Board). They can receive sanctions for not abiding by them, and even risk losing their certification.



WHY HAVE A FINANCIAL PLAN



What is financial planning?

A **process** balancing today's needs with goals for the future utilizing comprehensive information. The process includes the analysis, integration, implementation and ongoing monitoring of:

- Goals & Assumptions
- Cash flow and Budgeting
- Insurance Planning
- College Savings
- Social Security/Medicare
- Stock Options
- Tax Planning
- Investment Planning
- Retirement Planning
- Estate Planning
- Special Needs?
- Other?



Financial Planning Topics



Current Situation:

- What's Most Important Today
- Material Changes in Clients Life
- Net Worth and its ramifications
- Emergency Funds

Insurance:

- Life
- Disability
- Long-Term Care
- Home Owners
- Home Earthquake
- Home Flood
- Auto
- Umbrella
- Watercraft/Golf Carts/Misl P&C

Employer / Government Benefits:

- Group health coverage plans
- Group Life
- Group Disability
- Social Security
- Medicare

Estate Planning:

- Wills/Living Trusts
- Estate Beneficiaries
- Powers of Attorney
- Health Care Directive
- Account Beneficiaries
- Child Health Care and Financial POAs
- Anticipated Inheritance

College Planning:

- Expectations
- College Planning Strategies
- Financial Aid and Scholarships
- 529 Accounts

Liabilities:

- Home Mortgage
- Investment Property Mortgages HELOC
- Car Loan
- Personal Loans
- Credit Card/Consumer Credit Balances

Income:

- Employer/Self Employment Income
- Social Security
- Investment Income
- Pension Income
- Recipient of Gifting
- Expectations of future Income

Savings:

- 401k / 403b /457, etc.
- Traditional and Roth IRAs
- Backdoor Roth IRA Pensions
- HSAs
- ESPP
- Taxable Savings
- High-yield savings accounts

Investments:

- IPS Review
- Investment philosophy/academic research
- Current market & portfolio review
- Location strategies
- Investment vehicle optimization/strategy
- Rental homes
- The home you live in is not an investment
- Employer RSU
- Stock Options
- ESOPs

Taxes:

- Tax report review (Holistiplan)
- Charitable Donations
- Taxable activities / optimization
- Deferred Comp Deaccumulation
- Strategies
- Roth Conversions
- Other State and Local Tax Planning

Financial Projections:

- Desired Spending Goals
- Probability of success and interpretation
- Acceptable alternative scenarios
- Impact of Inheritance
- Projection Risks

Other:

- Anything else the client wants to discuss

Note: Certain Topics may call for additional research, which could involve consulting a resource within or outside the firm with specialized certification or expertise



The Financial Planning Process

The CFP Board is the licensing organization for all Certified Financial Planning professionals. The CFP Board outlines Practice Standards we use in the financial planning process.

1. Understanding the Client's Personal and Financial Circumstances
2. Identifying and Selecting Goals
3. Analyzing and Evaluating the Financial Information
4. Developing and Presenting the Financial Planning Recommendations
5. Implementing the Financial Planning Recommendations
6. Monitoring Progress and Updating





Establishing & Defining the Client & Planner Relationship

- This step is about building trust and setting the foundation for the financial planning process. The financial planner and the client establish their **roles, responsibilities, and expectations. Ask questions.**
- Key activities include discussing the planner's services, **compensation structure, and any potential conflicts of interest.**
- The client and planner formalize the relationship with a written agreement, outlining the scope of work and terms.

Step 1: Understanding the Client's Personal and Financial Circumstances

Your planner may ask questions about your:

- Life – Hopes, Fears, & Dreams
- Money history and legacy
- Family
- Goals – short-term and long-term
- Interests and Hobbies
- Health – family health legacy
- Income , Expenses, Assets and liabilities
- Risk Tolerances and time horizon
- Insurance Coverages
- Estate: Wills, Trust, Health Directives



Step 2: Identifying and Selecting Goals

- This step focuses on assessing the client's financial situation in-depth to identify strengths, weaknesses, opportunities and threats.
- The planner will note the effect that a particular goal may have on other goals.
- The planner will discuss and apply reasonable assumptions and estimates, such as life expectancy, inflation rates, tax rates, investment returns and other assumptions and estimates.



Step 2: Identifying and Selecting Goals



- 1 To be better off than my peers
- 2 To pay for personal self-improvement (e.g., go back to school, learn a skill)
- 3 To experience the excitement of investing
- 4 To start a new business
- 5 To buy a house
- 6 To help pay for my kids' college education
- 7 To stop working and do something I love
- 8 To go on a dream vacation
- 9 To relocate in retirement
- 10 To care for my aging parents
- 11 To give to charity or other causes I care about
- 12 To feel secure about my finances in retirement
- 13 To feel secure about my finances now
- 14 To leave an inheritance to my loved ones
- 15 To retire early
- 16 To pay for future medical expenses
- 17 To not be a financial burden to my family as I grow older

Source: Morningstar.



Step 3: Analyzing and Evaluating the Financial Information

- The planner conducts a detailed financial analysis, which may involve **cash flow projections, net worth calculations and investment portfolio evaluations.**
- **Potential gaps** or areas requiring improvement are identified, such as inadequate insurance coverage or inefficient investment strategies.
- **Risk management strategies** are considered, including insurance needs and estate planning



Step 3: Analyzing and Evaluating the Financial Information

Assets		Liabilities	
CASH AND INVESTMENTS		PRIMARY DEBTS	
Savings Balance	\$10,000	Mortgage	\$200,000
Total	\$10,000	Credit Card Debt	\$10,000
		Total	\$210,000
RETIREMENT SAVINGS		OTHER DEBTS	
Traditional IRA Balance	\$10,000	Total	\$0
Total	\$10,000		
OTHER ASSETS			
Home Value	\$500,000		
Total	\$500,000		
\$520,000		-\$210,000	
TOTAL ASSETS		TOTAL LIABILITIES	
		=	
		\$310,000	
		YOUR NET WORTH	



Step 4: Developing and Presenting the Financial Planning Recommendations

Based on the information gathered and analyzed, the planner formulates a customized financial plan:

- The plan **outlines specific recommendations** in areas like investment strategies, tax planning, debt management, retirement savings and estate planning.
- The planner **presents the plan to the client**, explaining each recommendation, the rationale and assumptions behind it, and the expected outcomes.



Step 4: Developing and Presenting the Financial Planning Recommendations

ACTION ITEMS (NOW)

- Establish new Roth IRAs and complete backdoor contributions (\$6,000 x 2)
- Establish new UTMA accounts for kids
- Reallocate Wife's 403b for increased equity exposure and simplification of funds (see separate page with details)
- Reallocate and combine Husband's IRA funds to increased equity exposure (see add'l page)
- Consider decreasing withholding to 5 allowances through W-4 form on payroll
- Determine how much cash will be needed to complete home projects and save accordingly

ACTION ITEMS (FUTURE)

- After house projects are done, rechannel cash-flow towards kids' investment goals
- Explore Roth IRA conversions in year(s) following retirement



Step 5: Implementing the Financial Planning Recommendations

- Once the client approves the financial plan, the next step is to **put it into action**.
- The planner and client work together to execute the recommendations, which may involve opening new accounts, reallocating investments, adjusting insurance policies, adjusting budget and saving habits, creating or amending an estate plan.
- **The implementation phase may span weeks, months or years, depending on the complexity of the plan.**



Step 6: Monitoring and Updating the Financial Plan

Financial Planning is not a one-time event; it's an ongoing **process**

- The planner and the client **establish a schedule together** for regular review and monitoring of the plan's progress.
- Changes in the client's life circumstances, financial goals or external factors (i.e., tax laws) may necessitate **plan adjustments**.
- Monitoring involves **tracking** investment performance, **revisiting** insurance needs, **updating** insurance plans, and making necessary revisions to keep the plan aligned with the client's objectives.



Summary

Throughout each of these steps, the CFP® professional adheres to the CFP Board's Code of Ethics and Standards of Conduct, ensuring the client's best interests are always the top priority.

The financial planner also provides education and guidance to empower the client to make informed decisions through their lifetime.





Example

- Snapshot
- Graphs and charts
- Cash Flow

Probability of Success 87%

Total Portfolio Assets Left \$5,654,581

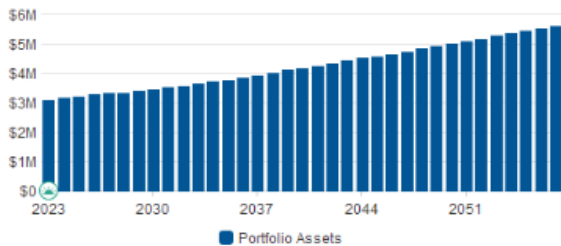
Age Assets Last Until 95

Goal Summary - Probability of Success

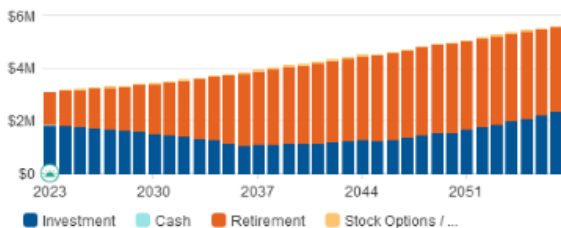


Retirement
87%

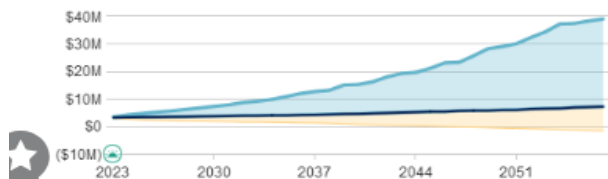
Lifetime Portfolio Value



Assets



Asset Spread - Total Portfolio Assets

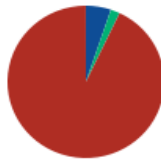


Net Worth Summary

Total Assets	\$3,089,790
Total Liabilities	—
Total Net Worth	\$3,089,790
Out of Estate	—

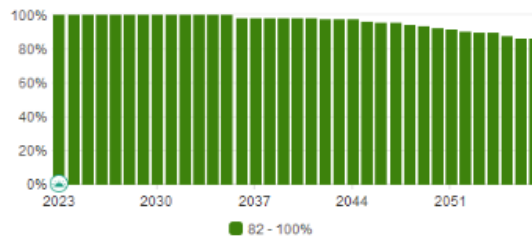
Asset Allocation

Return: 2.72% Risk: 1.54% Value: \$3,089,790



Equities	5.19%
Cash	1.89%
Other	92.92%

Longevity Risk - Probability of Success

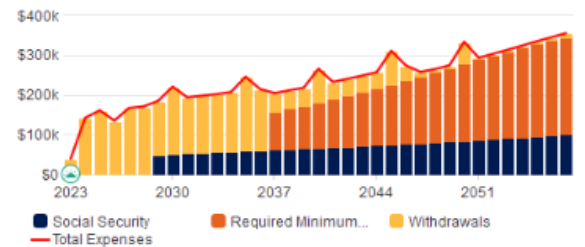


Assets by Tax Type



Taxable	60.66%
Tax-Deferred	34.38%
Tax-Free	4.96%

Cash Flow Overview



Start Presenting

Share Screen



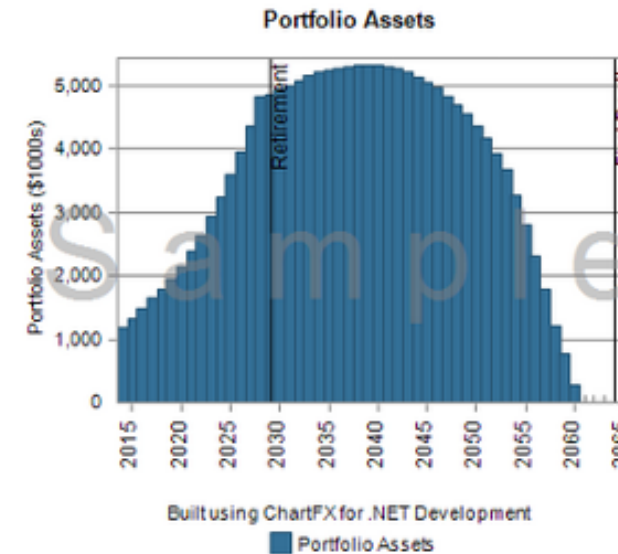
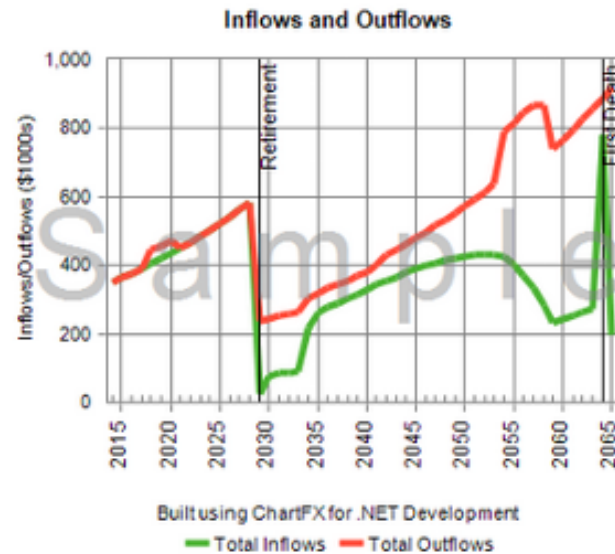
Cash Flow

Base Facts (All Years)

Prepared for Frank and Joanna Miller

The Cash Flow report illustrates your income, savings, expenses, and resulting net cash flow on an annual basis.

Based upon the levels of income and spending in the *Base Facts*, you will deplete your portfolio assets in 2061 (age 97/96).



RELEVANT FACTS

Frank's Retirement:	2029 (65)
Joanna's Retirement:	2030 (65)
First Death (Frank):	2064 (100/99)

LIVING EXPENSES

Current:	\$140,000
Retirement:	\$120,000
Advanced Years:	\$140,000
Indexed at:	3.71%
Inflation Rate:	3.71%

Year	Age	Income Flows	Investment Income	Planned Distributions	Other Inflows	Total Inflows	Total Expenses	Planned Savings	Total Outflows	Net Cash Flow	Total Portfolio Assets
2014	50/49	\$350,000	\$0	\$0	\$0	\$350,000	\$323,500	\$26,500	\$350,000	\$0	\$1,179,963
2015	51/50	362,985	0	0	0	362,985	335,355	27,630	362,985	0	1,319,789
2016	52/51	376,452	0	0	0	376,452	347,687	28,765	376,452	0	1,473,738
2017	53/52	390,418	0	0	0	390,418	360,514	29,904	390,418	0	1,643,109
2018	54/53	404,902	0	0	0	404,902	417,514	31,049	448,563	(43,661)	1,785,668
2019	55/54	419,924	0	0	0	419,924	424,544	32,199	456,743	(36,819)	1,952,522
2020	56/55	435,504	0	0	0	435,504	438,756	33,355	472,111	(36,607)	2,135,836
2021	57/56	451,661	0	0	0	451,661	417,144	34,517	451,661	0	2,373,488
2022	58/57	468,418	0	0	0	468,418	432,734	35,684	468,418	0	2,634,194
2023	59/58	485,797	0	0	0	485,797	448,439	37,358	485,797	0	2,920,570
2024	60/59	503,820	0	0	0	503,820	464,782	39,038	503,820	0	3,234,971
2025	61/60	522,511	0	0	0	522,511	482,286	40,225	522,511	0	3,579,470
2026	62/61	541,896	0	0	0	541,896	499,977	41,919	541,896	0	3,957,330
2027	63/62	562,000	0	0	0	562,000	518,380	43,620	562,000	0	4,371,609
2028	64/63	582,851	0	0	0	582,851	538,022	44,829	582,851	0	4,825,152
2029	65/64	24,179	0	0	0	24,179	236,801	0	236,801	(212,622)	4,852,520
2030	66/65	75,027	0	0	0	75,027	245,073	0	245,073	(170,046)	4,923,801
2031	67/66	84,737	0	0	0	84,737	251,315	0	251,315	(166,578)	5,002,077
2032	68/67	87,881	0	0	0	87,881	258,129	0	258,129	(170,248)	5,080,557
2033	69/68	91,141	0	0	0	91,141	265,389	0	265,389	(174,248)	5,158,921
2034	70/69	94,523	0	126,034	0	220,557	302,226	0	302,226	(81,669)	5,207,706
2035	71/70	98,030	0	167,925	0	265,955	322,100	0	322,100	(56,145)	5,242,524
2036	72/71	101,666	0	175,946	0	277,612	333,266	0	333,266	(55,654)	5,271,513
2037	73/72	105,437	0	184,337	0	289,774	344,922	0	344,922	(55,148)	5,294,026
2038	74/73	109,349	0	193,112	0	302,461	357,028	0	357,028	(54,567)	5,309,430
2039	75/74	113,406	0	202,287	0	315,693	369,634	0	369,634	(53,941)	5,317,012
2040	76/75	117,614	0	211,879	0	329,493	382,741	0	382,741	(53,248)	5,316,032
2041	77/76	121,978	0	221,079	0	343,057	398,917	0	398,917	(55,860)	5,303,147
2042	78/77	126,504	0	230,708	0	357,212	432,028	0	432,028	(74,816)	5,260,990
2043	79/78	131,197	0	236,762	0	367,959	447,426	0	447,426	(79,467)	5,205,978
2044	80/79	136,065	0	242,318	0	378,383	463,431	0	463,431	(85,048)	5,137,035
2045	81/80	141,113	0	247,512	0	388,625	480,033	0	480,033	(91,408)	5,053,047
2046	82/81	146,348	0	252,223	0	398,571	497,311	0	497,311	(98,740)	4,952,773
2047	83/82	151,777	0	256,302	0	408,079	515,267	0	515,267	(107,188)	4,834,915
2048	84/83	157,408	0	259,560	0	416,968	533,927	0	533,927	(116,959)	4,698,090
2049	85/84	163,248	0	260,440	0	423,688	553,393	0	553,393	(129,705)	4,540,753
2050	86/85	169,305	0	259,399	0	428,704	573,623	0	573,623	(144,919)	4,361,332
2051	87/86	175,587	0	256,464	0	432,051	594,719	0	594,719	(162,668)	4,158,081
2052	88/87	182,101	0	251,176	0	433,277	616,707	0	616,707	(183,430)	3,929,149
2053	89/88	188,856	0	242,964	0	431,820	639,620	0	639,620	(207,800)	3,672,569
2054	90/89	195,862	0	229,742	0	425,604	789,646	0	789,646	(364,042)	3,260,095
2055	91/90	203,128	0	199,764	0	402,892	817,399	0	817,399	(414,507)	2,806,479
2056	92/91	210,664	0	162,003	0	372,667	846,365	0	846,365	(473,698)	2,308,722
2057	93/92	218,480	0	114,677	0	333,157	866,924	0	866,924	(533,767)	1,773,307
2058	94/93	226,586	0	58,092	0	284,678	869,532	0	869,532	(584,854)	1,216,592
2059	95/94	234,993	0	0	0	234,993	740,691	0	740,691	(505,698)	769,261
2060	96/95	243,712	0	0	0	243,712	767,822	0	767,822	(524,110)	281,109
2061	97/96	252,754	0	0	0	252,754	795,984	0	795,984	(543,230)	(250,612)
2062	98/97	262,130	0	0	0	262,130	825,166	0	825,166	(563,036)	(806,080)
2063	99/98	271,854	0	0	0	271,854	855,446	0	855,446	(583,592)	(1,381,823)
2064	100/99	281,939	0	0	500,000	781,939	886,846	0	886,846	(104,907)	(1,756,141)
2065	101/100	196,782	0	0	0	196,782	918,963	0	918,963	(722,181)	(2,453,372)

*Sample only – not based on a real client



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Disclaimer

The purpose of this presentation is entirely educational and to provide information on the available resources. This presentation does not represent investment or financial planning advice.



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