



It's Your Money:

Smart Financial Planning I

Amber Shrosbree , CFP[®]

About Me

- Westmont College - Econ/Business Major, Women's Soccer
- Aerospace until fall '18
- Trading position at EA - UCI for CFP designation
- Advisor January 2022
- EA for seven and a half years
- Married 6 years
 - Brea/ Brea Rotary / RCC in Anaheim Hills
 - 3 kids, 2 dogs, 1 husband



Presentations are to educate only. I am not giving you advice on what is best for your finances.

What is Financial Planning

“Financial Planning is a collaborative process that helps maximize a Client’s potential for meeting life goals through Financial Advice that integrates relevant elements of the Client’s personal and financial circumstances.”

– CFP Board Standards of Conduct



Financial
Planning



Retirement
Planning



Investment
Management



Cash Flow
Planning



Insurance
Evaluation



Tax Strategies



Company
Retirement Plans



Debt
Management



Social Security
Optimization



Education
Funding



Health Insurance
Guidelines



Medicare
Evaluation



Estate Planning



Charitable Giving

What Financial Planning is NOT

- What's the hottest stock tip right now?
- I don't want to pay any taxes at all. Ever.
- I'm not going to worry about retirement – the government will take care of me.
- Everything's going to collapse anyway, so I'm buying silver coins and keeping the rest under my mattress.

Six Steps of Financial Planning

1. Establish goals
2. Gather data
3. Analyze and evaluate
4. Develop plan
5. Implement plan
6. Monitor plan

Build your Balance Sheet and Budget

- Put together a picture of your assets and liabilities
- Put together a budget
- Launching point for what needs attention today

Retirement Projection

- Conservative assumptions
- Inflation – the silent killer
- Rate of Return
- Life expectancy

Retirement Projection

Average Annual Inflation Rate:					3.0%
Average Annual Investment Rate of Return:					6.0%
Beginning Year of Projection:					2026
Beginning Year of Portfolio Withdrawals:					2028
Current Value of Assets Included in Projection:					\$ 2,500,000
Additional Annual Savings to Portfolio Prior to Retirement:					\$ 30,000

Gross Income in Today's Dollars	Monthly	\$ 14,998	Annually	\$ 179,982
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Year	Age	Annual Gross Income	SS Benefits, Pensions, Rentals...	Portfolio Beginning Value	Portfolio Deposits & Withdrawals	Portfolio Growth & Income	Portfolio Ending Value
2026	65	179,982	-	2,500,000	30,000	150,900	2,680,900
2027	66	185,381	-	2,680,900	30,900	161,781	2,873,581
2028	67	190,942	48,000	2,873,581	(142,942)	168,127	2,898,765
2029	68	196,671	48,960	2,898,765	(147,711)	169,495	2,920,549
2030	69	202,571	49,939	2,920,549	(152,632)	170,654	2,938,571
2031	70	208,648	50,938	2,938,571	(157,710)	171,583	2,952,444
2032	71	214,907	51,957	2,952,444	(162,951)	172,258	2,961,752
2033	72	221,355	52,996	2,961,752	(168,359)	172,654	2,966,047
2034	73	227,995	54,056	2,966,047	(173,939)	172,745	2,964,853
2035	74	234,835	55,137	2,964,853	(179,698)	172,500	2,957,655
2036	75	241,880	56,240	2,957,655	(185,641)	171,890	2,943,904
2037	76	249,137	57,364	2,943,904	(191,772)	170,881	2,923,013
2038	77	256,611	58,512	2,923,013	(198,099)	169,438	2,894,352
2039	78	264,309	59,682	2,894,352	(204,627)	167,522	2,857,247



Tax Analysis

- Current tax rates versus future rates
- Where to take withdrawals in retirement?
- Any changes you can make? Gifting, taking losses, Roth conversion, IRA distributions, QCD, etc .

Insurance (Risk Management)

- Paying a smaller known amount to cover a large potential liability
- Life insurance vs. self insure
- LTC versus self insure
- Umbrella policies

Estate Planning

- What would have happened if you had passed away yesterday?
- Will, Trust, Health care directives, attorney etc.



Develop Plan

- What are your goals?
- What is your comfort level with risk?
- What are you trying to achieve both short term and long term with your investments?
- This all drives how your funds should be allocated/ investment mix
- Investment strategy should aim to balance risk and reward by spreading assets among major categories

Assess Risk Tolerance cont.

How have you handled risk in the past?

What did you do during 2008? Or March 2020?

Constantly think about losses, or lost opportunities?

- If you will not be able to stay invested during the downturns, you are invested too aggressively

Investment Categories

- Cash
- Equities (stock)
- Fixed Income (bond)
- Other/alternatives (REIT, commodity, etc.)

Implement Plan

Consolidate accounts

Verify basis before trades

Spend less/get out of debt

Or, start spending more!

Set up an emergency fund

Buy insurance

Visit estate planning attorney

Monitor Plan

Update your retirement projection

Update your budget as your life changes

Rebalance, rebalance, rebalance

Keep estate plan and beneficiaries current

Ongoing tax analysis

What is a Financial Advisor?


- A professional, not a salesperson.
- Leads clients through the financial planning process bringing experience, expertise, objectivity, and accountability.

Compensation Structure

- **Fee only**
- Commission
- Fee Plus Commission
- Fee-Based
- Retainer
- Hourly/ Project

Designations

Financial Advisor, Financial Planner, Financial Consultant, Wealth Manager, Financial Analyst, Wealth Advisor, Investment Consultant, Money Coach

AAMS, ABA, ABR, ABRM, AEP, AFM, AFC, ALC, AMO, ARM, ARP, ASA, ATA, ATP, AWMA, ACAS, ACA, ASA RCF RCI BCMF, BCS, CAA, CAC, CAS, CAPP, CBR, CCPS, CCPS, CC  DP, CEBS, CEA, CEP, CFEBs, **CFP**, CFSSP, CFS, CFM, CLTC, CIPS, **CIMA**, CIMC, CIS, CISP, CMA, CMCA, CPC, CPhD, CPM, CPA, CREA, CRB, CRCM, CRA, CRC, CRFA, CRSP, CSA, CSC, CSS, CTS, CTFA, CWPP, CASL, CAIA, CAM, CEPP, ChFEBS, **CFA**, **ChFC**, CIC, CLU, CMFC, CPM, CPCU, **CPWA**, CRPC, CRPS, CTEP, CWM, CIRMS, ECS, EA, EPLS, FSPA, FCAS, FCA, FSA, FAD, GBA, LSM, LUTCF, MBA, MFP, MGA, MAAA, MSPA, MCCA, PFS, PCAM, PPC, QFP, REBC, RFA, RFC, RFP, RFS, RHU, RPA, WMS, etc.

Fiduciary Standard

- Registered investment advisor (RIA?)
- Held to the fiduciary or suitability standard?
- Referrals from friends, family, tax preparer, attorney are all good places to start, but do your own vetting too.

Regulatory Organizations

- National Association of Personal Financial Advisors (NAPFA) www.napfa.org
- Financial Planning Association (FPA) www.fpanet.org
- CFP Board of Standards www.cfp.net
- FINRA Broker Check www.brokercheck.finra.org

Thank you!

Questions?

Amber Shrosbree, CFP®
Financial Advisor

Eclectic Associates

1440 North Harbor Blvd,
Suite 220

Fullerton, CA 92835

714-738-0220

amber@eclecticassociates.com

