
“IT’S YOUR MONEY”

A FINANCIAL PLANNING WORKSHOP

SPRING 2024

Financial Planning, Part 2

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Step 1: Find an Advisor

- Fee-only, fiduciary
- CFP®
- FINRA/SEC check / Form ADV / Ask First (adviserinfo.sec.gov)
- Interview two or three potential advisors

Step 2: Clarify Goals

- Get help investing retirement funds
- Make sure money will last
- Minimize taxes
- Decide on best Social Security claiming strategy
- Buy a vacation home
- Help out family members
- Evaluate insurance needs
- Get estate in order
- Gift to favorite charities

Step 3: Gather Information

- Create a balance sheet
 - Assets / Liabilities
 - Cost Basis
 - Titling
- Review cash flow: income and spending
 - Wages / Social Security / pension / investment and rental income
 - Expenses and taxes
- Review insurance policies
- Review tax return

Step 4: Insurance Review

Work with your advisor to evaluate:

- Medical/Medicare/supplement insurance
- Disability insurance
- Long-term care insurance
- Homeowner's, auto, and personal "umbrella" liability insurance*
- Earthquake insurance?
- Life insurance

*Bundle policies for coordination of claims and discounts

*Consider higher deductibles to lower premiums

Step 5: Tax Planning

- Tax bracket planning
- Tax-loss harvesting of investment portfolio
- Batch itemized deductions: property taxes, state taxes, charitable contributions, medical expenses
- Batch charitable contributions → DAF
- QCD (Qualified Charitable Distribution)?
- Roth IRA conversion? (tax rates are scheduled to increase in 2026)

Step 6: Investments

Just say “NO” to annuities!

(High expenses, tax- *inefficient*, illiquid, no step-up in cost basis at death, guarantees are not what they look like, etc.)

Step 6: Investments

Other investments most people should avoid:

- Cryptocurrencies
- Insurance products masquerading as investments
- Non-traded REITs
- Structured products
- Gold and other precious metals
- Private limited partnerships
- Individual stocks

Step 6: Investment Portfolio Design *Asset Allocation Process*

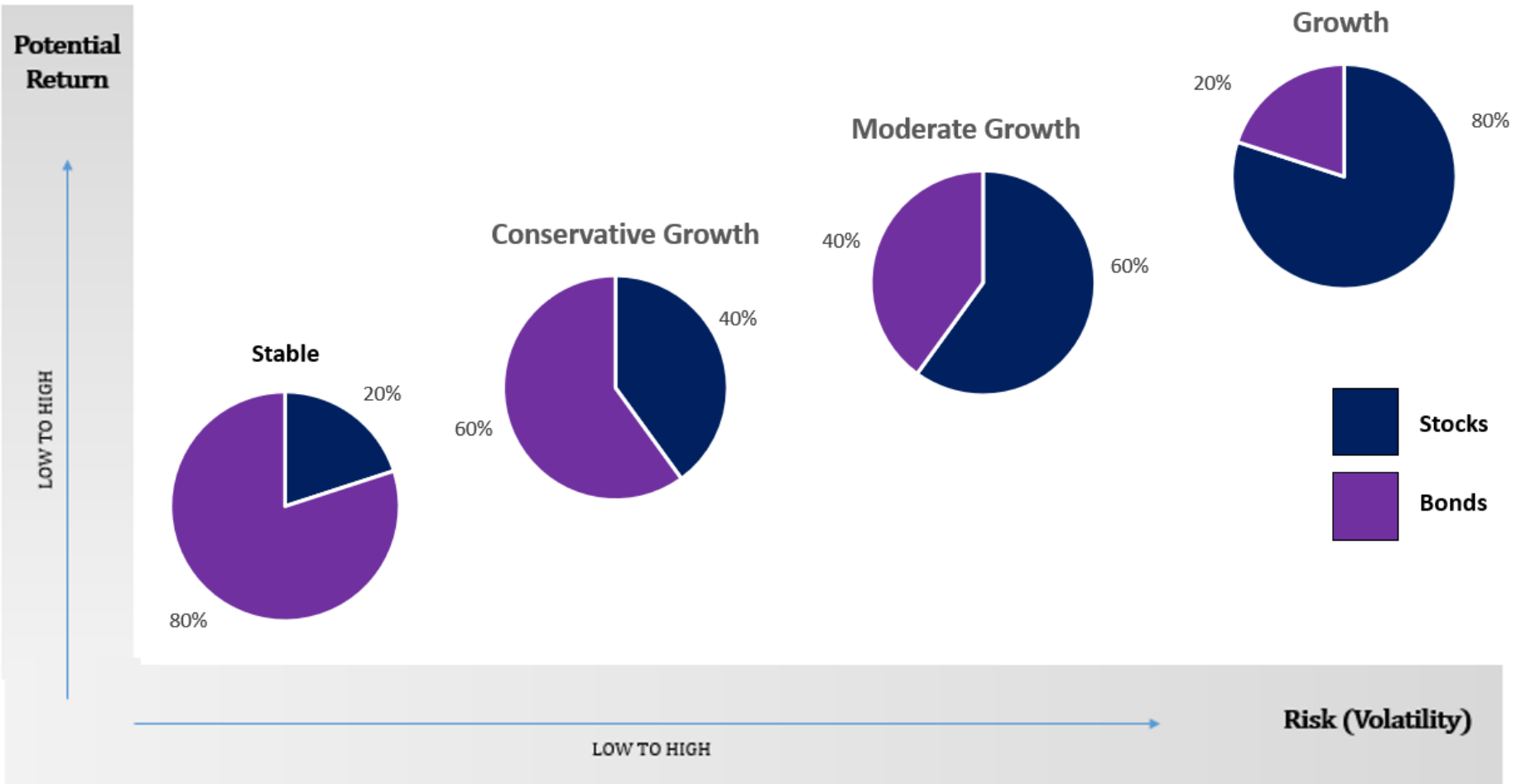
1st Step: *Determine asset classes to be used*

2nd Step: *Make a pie!*

3rd Step: *Implement, rebalance periodically, and evaluate performance*

Step 6: Investment Portfolio Design

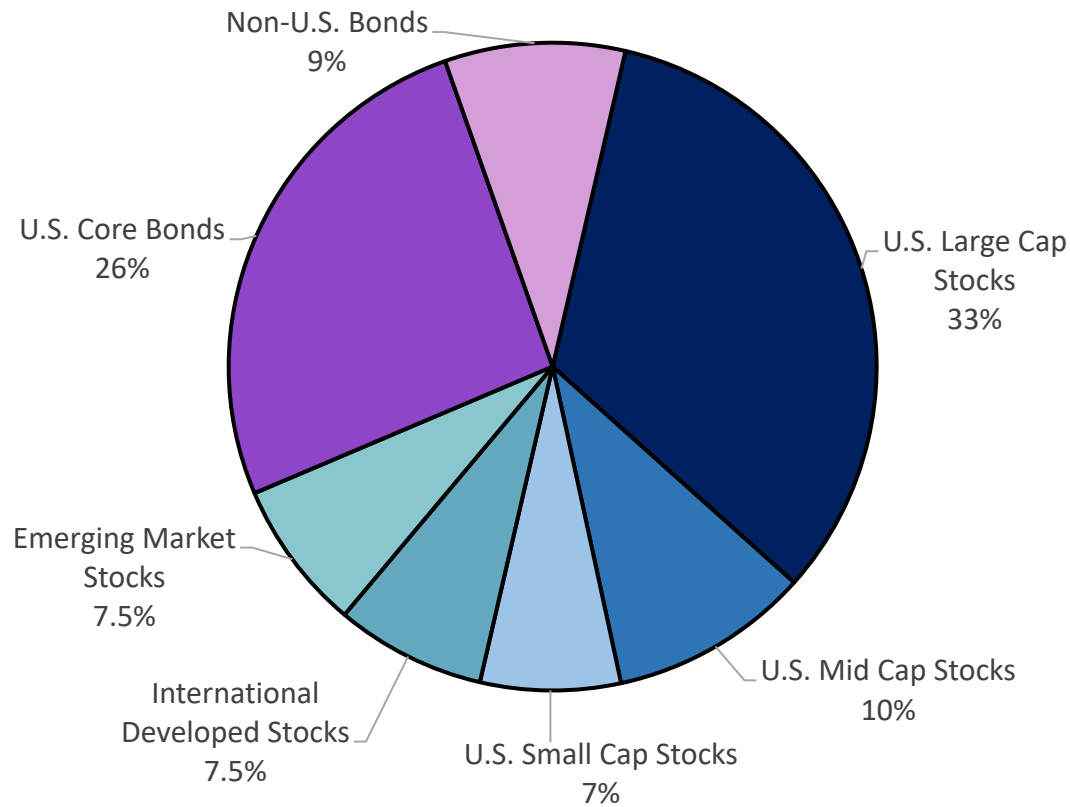
Choose the Appropriate Risk/Reward Profile for Your Needs



Step 6: Investment Portfolio Design

A GOOD BASIC MODERATE GROWTH PORTFOLIO

Asset Allocation



Step 7: Sustainable Spending Analysis

- How much will/do you have?
- How much will/do you need?
- Calculate impact of any additional savings/inheritance
- What is the impact of inflation and taxes?
- How much can you spend?
- How should you invest to meet your goal?
- Factor in Social Security, other income
- Include expected large expenditures and gifting

Step 8: Estate Planning

- Management during your lifetime
- Distributions following your death
- Protect loved ones (during life and at death)
- Preserve property
- Avoid conflicts and delays
- Reduce costs & taxes

Step 8: Estate Planning

- Estate & Gift Tax Exclusion Amount = \$13,610,000 in 2024
(Scheduled to “sunset” and revert to around \$7 million in 2026)
- 2024 top estate tax rate is 40% (kicks in for amounts over \$1 million above the exemption, under that it is a lower tiered rate)
- \$18,000 Annual Gift Exemption in 2024 – can gift to unlimited number of people

Step 9: Charitable Gift Planning

- Annual gifts to charities (give appreciated assets, not cash - except in rare circumstances)
- Donor-Advised Fund (DAF) - establish with as little as \$5,000
- Qualified Charitable Distribution (QCD) from IRA - \$105,000 per year after age 70 ½
- Bequests at death
- Advanced planning strategies

10 Recommendations for Financial Success

1. Work only with fiduciary advisors
2. Focus on asset allocation, not stock picking (index!)
3. Don't time the market
4. Invest tax-efficiently (index, tax "location", munis)
5. Maximize contributions to retirement plans
6. Don't buy annuities
7. Do not borrow to spend
8. Save for college in a 529 plan
9. Have a will or trust and keep it current
10. Don't worry about the "wrong" risks

Thank you for coming!

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Chapman University
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Laguna Canyon Foundation
Mary's Path
Newport Beach Public Library Foundation
Providence Mission Hospital Foundation
Ronald McDonald House Orange County
Segerstrom Center for the Arts
Susan G. Komen
The Blue Bell Foundation for Cats*

ABOUT LAURA TARBOX

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2024 marks Laura's fourth decade in financial planning. A UCLA graduate, Laura received her CFP in 1984 and founded her firm in 1985. Tarbox Family Office, Inc. is located in Newport Beach, CA and employs a team approach in offering comprehensive wealth management services to a small group of families with \$5 million or more of investable assets.

Laura has served on both the Charles Schwab and TD Ameritrade Institutional Advisory Boards, the CFP Board of Examiners, the National Board of the Institute of Certified Financial Planners and is a past President of the Orange County Society of the ICFP. She has been part of the adjunct faculty of the College for Financial Planning, USC and California Lutheran University, and taught financial planning classes in the certificate program at UC Irvine for 20 years, where she was the Program Director. Laura was chosen from over 800 UCI Extension instructors to receive the Distinguished Instructor Award and is the founding Dean of the UCI ICFP Residency Program, a week-long case study program for new CFPs.

Frequently featured in the local and national media as an expert on financial planning and investments, Laura has been retained as an expert witness in insurance and investment cases. She is a California Licensed Professional Fiduciary and a private trustee on several trusts.

Laura has volunteered her leadership and financial skills for organizations including Foundation for Financial Planning, Laguna Beach Community Foundation, Laguna Canyon Foundation, Laguna Beach Schoolpower Endowment, and Child Aid.

Laura Tarbox has been recognized as one of the "Best Financial Advisors" in the country by Worth magazine and was named one of the country's "100 Great Financial Planners" by Mutual Funds magazine.

ABOUT TARBOX FAMILY OFFICE

Tarbox Family Office is a fee-only wealth management firm managing \$1 billion in assets and is registered as an Investment Advisor with the SEC. Fee-only means that we do not take any commissions, trails, referral fees, or "kickbacks" from any sources. Unlike most firms our size, we have not accepted any money from private equity or other outside investors. We work for, and are paid by, only our clients. We have offices in Newport Beach and Scottsdale.

We work with a small number of families and maintain a client-to-staff ratio of ten to one. Our multi-credentialed team works together to provide comprehensive wealth, investment management, tax compliance, and family office services.

Because each of our clients has a unique situation, fees are quoted on an individual basis, after an initial meeting. Generally, comprehensive fees will range from 0.30% to 0.85%, and will be based on investable assets or total net worth, depending upon services required. Tax preparation services are quoted separately.

Typically, we accept clients with a minimum account size of \$5 million. We normally do not offer services on an hourly or project basis to non-wealth management clients.