It’s Your Money Financial Planning Part II

PRESENTED BY THOMAS ANDERSON, CFP®

Step 1: Find an Advisor

- Fee only fiduciary
- CFP®
- FINRA/SEC check (adviserinfo.sec.gov)
- Review their Form ADV/Ask First form
- Interview 2-3 potential advisors

Step 1: Ways to Find an Advisor

- **National Association of Personal Financial Advisors (NAPFA)**: This resource is specifically for finding fee-only advisors who are legally bound to act as fiduciaries
- **CFP Board's "Let's Make a Plan"**: This tool allows you to search for CFPs by location and specific areas of expertise, such as retirement or investment planning. All planners listed are certified and committed to a fiduciary duty.
- Financial Planning Association https://www.plannersearch.org
- XY Planning Network https://connect.xyplanningnetwork.com/find-an-advisor

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

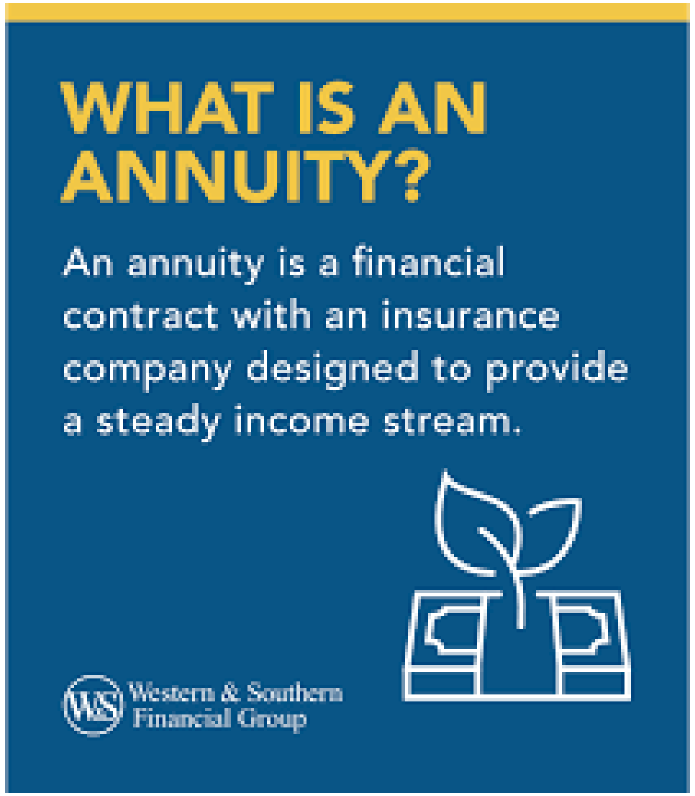
*Bundle policies for coordination of claims and discounts

*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

Step 6: Investments



Just say "NO" to annuities!

High expenses, tax-inefficient, illiquid, no step-up in cost basis at death, guarantees may not be what they appear.

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

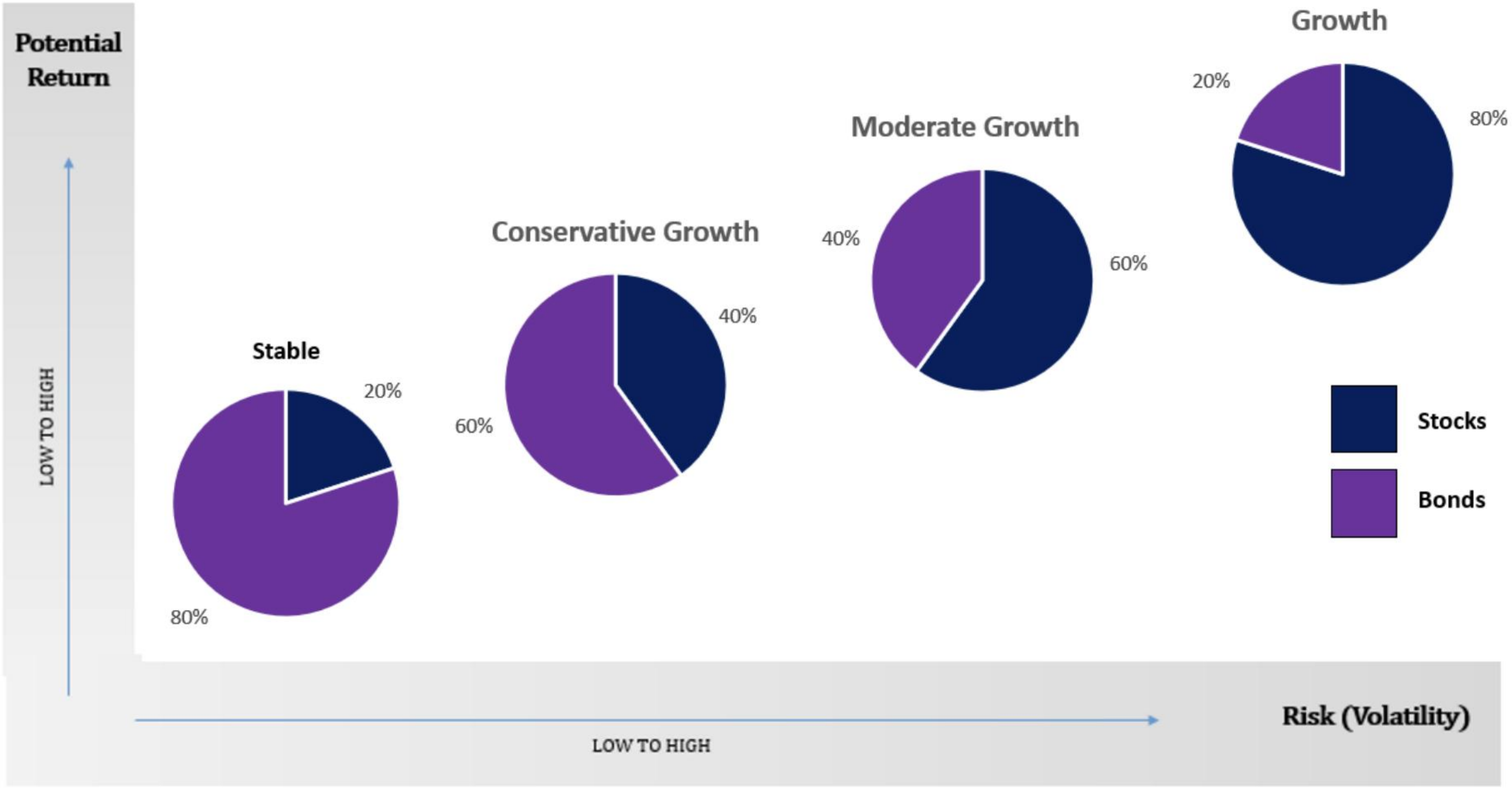
Step 6: Investments

1st Step: Determine asset classes to be used

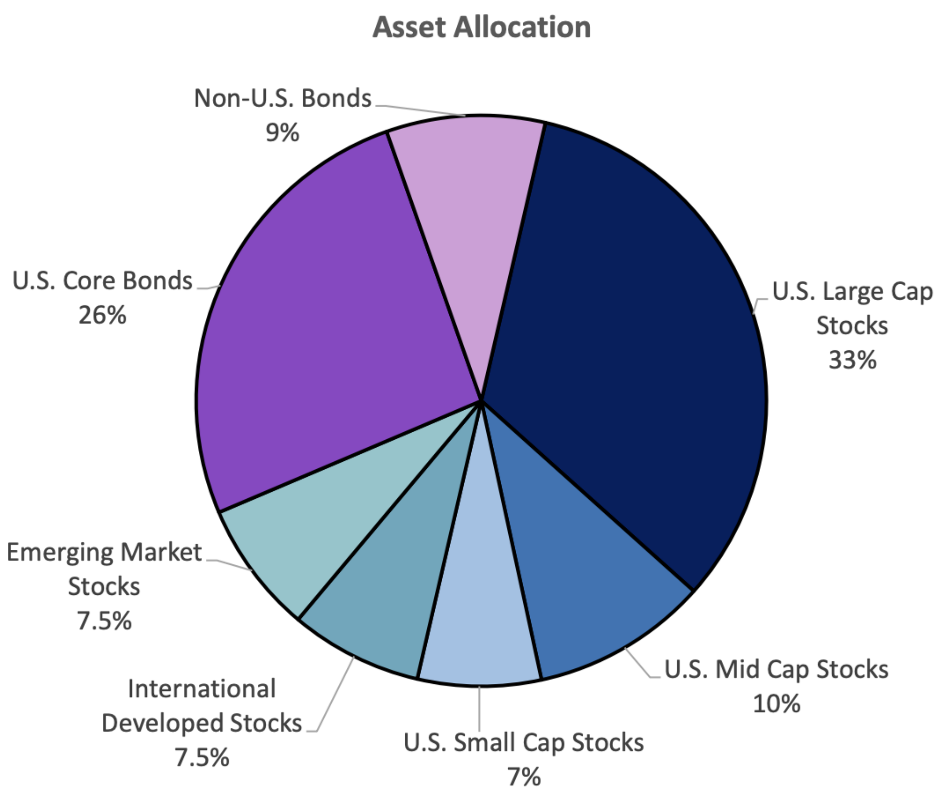
2nd Step: Make a pie!

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



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?
- Include expected large expenditures and gifting
- How should you invest to meet your goal?
- Factor in Social Security and any other income

Step 8: Estate Planning

- Management of your affairs 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

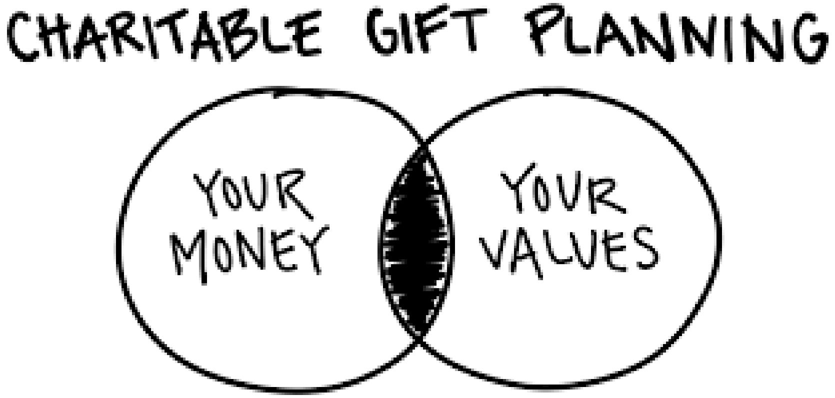
- Estate & Gift Tax Exclusion Amount = $15,0,000 in 2026

- 2026 top estate tax rate is 40% (kicks in for amounts over $1 million above the exemption, under that it is a lower tiered rate)

- $19,000 Annual Gift Exemption in 2026 – can gift to unlimited number of people

Step 9: Charitable Gift Planning

- Annual gifts to charities (give appreciated assets, not cash - except in small amounts or in rare circumstances)
- Donor-Advised Fund (DAF) - establish with as little as $5,000
- Qualified Charitable Distribution (QCD) from IRA - $111,000 per year after age 70 ½ (2026)
- 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
3. Don't try to time the market
4. Invest tax efficiently (index, tax location, use municipals if helpful)
5. Maximize contributions to retirement plans
6. Don't buy annuities
7. Do not borrow to spend (good debt vs bad debt)
8. Save for college in a 529 plan
9. Have a will or trust and keep it current

Thank you for coming!

Thank you to our charitable sponsors.

It is my pleasure to help you learn the benefits of financial planning. As a Certified Financial Planner™ professional, I do all I can do to help educate those in our community who are willing to learn.

Bravo!

Thomas Anderson, CFP®