



**SIMPLIFY WEALTH**  
PLANNING

# FINANCIAL PLAN

**Sample Hypothetical  
Client Plan (Public Tech)**

# About This Example & Methodology (Read First)

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- Hypothetical nature. This plan is a fictional, educational illustration. It combines details from multiple scenarios solely to demonstrate our planning process. It does not represent advice for your circumstances and does not reflect a particular client's results.
- Capital-market & planning assumptions. Projections are based on JPMorgan's long-term capital market assumptions, general inflation of 2.5%, and current marginal tax rates of September 2025.
- Monte Carlo simulations. Where stated (e.g., "98% simulated success"), results come from trials across the planning horizon, using the above inputs. "Success" is defined as meeting modeled spending and goal outlays without portfolio depletion in each simulation. Monte Carlo results are not predictions; they show a range of possible outcomes, based on assumptions that will change over time. There is no guarantee that those results will be achieved.
- Important limitations. Hypothetical, back-tested, or simulated results do not:
  - reflect cash flows, taxes, or fees exactly as an investor would experience in real time;
  - incorporate all market frictions, fund changes, or behavioral responses;
  - account for future changes in laws, tax rules, employer plans, or capital-market conditions.
- Actual results will vary and may be materially different.
- Security and strategy references. Any references to specific securities (e.g., Apple Inc.) or strategies (e.g., §351 exchange, backdoor Roth, tax-loss harvesting) are illustrative examples only. They are not recommendations to buy, sell, or implement and may not be appropriate for you. Consult your tax and legal professionals before implementing any tax strategy.
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# Executive Summary

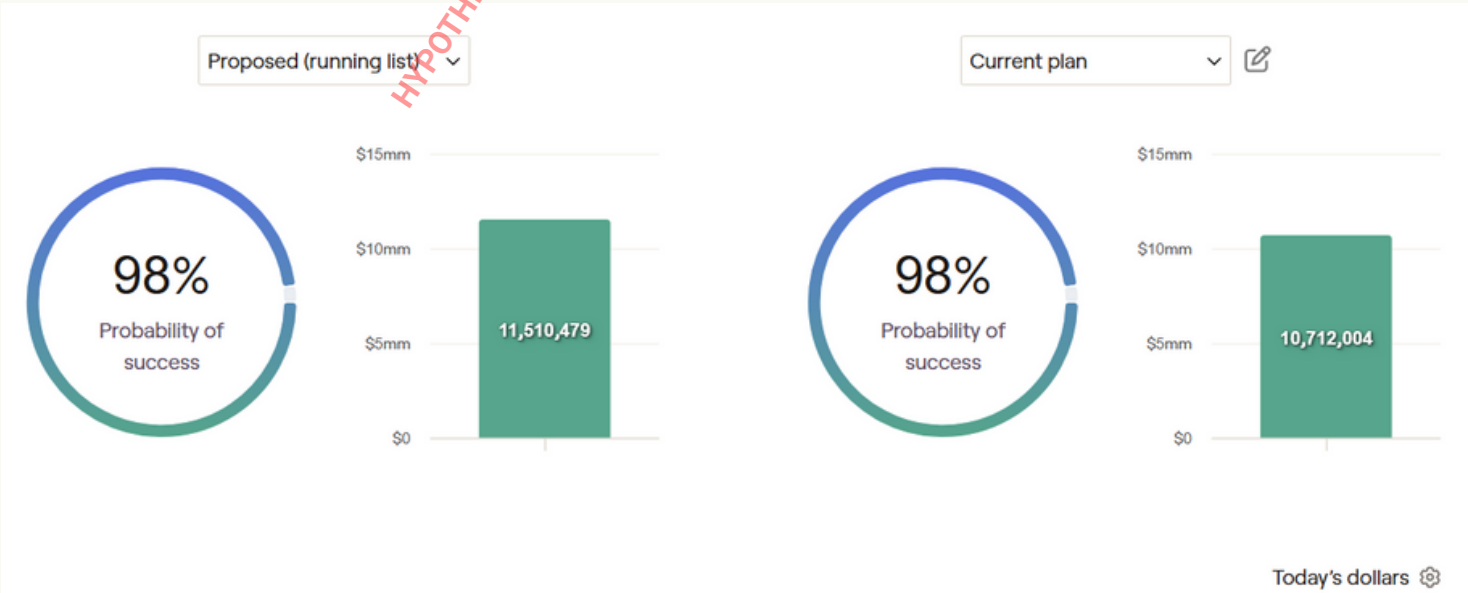
## Summary

- Your financial foundation is incredibly strong, and you're on an excellent trajectory. The following recommendations are designed to optimize your existing success by systematically reducing risk and maximizing tax efficiency, which can significantly accelerate your wealth-building potential.

## Key Points

- We recommend a multi-faceted strategy to manage your concentrated Apple stock. By immediately diversifying a portion through a tax-deferred 351 exchange and systematically selling the remainder using a capital gains budget, you can protect your existing wealth, reduce risk, and manage the long-term tax impact in a controlled manner.
- By maximizing your annual contributions to your Health Savings Account (HSA) and consistently utilizing the Backdoor Roth IRA strategy, you can add approximately \$933,000 to your long-term net worth.
- Further optimizing your investment portfolio through strategic asset location and a disciplined tax-loss harvesting program will enhance your after-tax returns, adding an estimated \$280,000 in value over the next ten years.

Through our strategies, we project your plan’s probability of success at 98% and increase your plan’s ending assets by \$966k in today’s dollar equivalent (From \$10.7M to \$11.5M)



# Implementation

## Implementation Plan

### Phase 1: September - October 2025

- #1. Implement investment portfolio transition trades (+ reposition 401k)
- #2. Lay out and begin executing strategy for concentrated stock
- #3. Consider primary goal for life insurance and adjust coverage as per shown on details page
- #4. Use our insurance broker to get updated insurance quotes
- #5. 401k rollovers (old company 401k into new company 401k)

### Phase 2: November 2025 - January 2026

- #1. Consider maxing out HSA and begin backdoor Roth strategy
- #2. Decide college funding plans and begin funding
- #3. Connect you with CPA
- #4. Establish estate planning documents
- #5. Confirm beneficiaries are properly flagged on accounts
- #6. Consider pursuing automated tax-loss harvesting approach in taxable account
- #7. Set up same-day sale reminder on future RSU vests

# Goals



## 2025 Goals

Address insurance gaps and establish estate planning documents



Diversify concentrated equity position in a tax-efficient manner



Implement investment strategy



## Long-Term Goals

Explore various retirement scenarios



Fund college for children



Implement long-term wealth building tactics (HSA max, backdoor Roth)



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# DETAILS

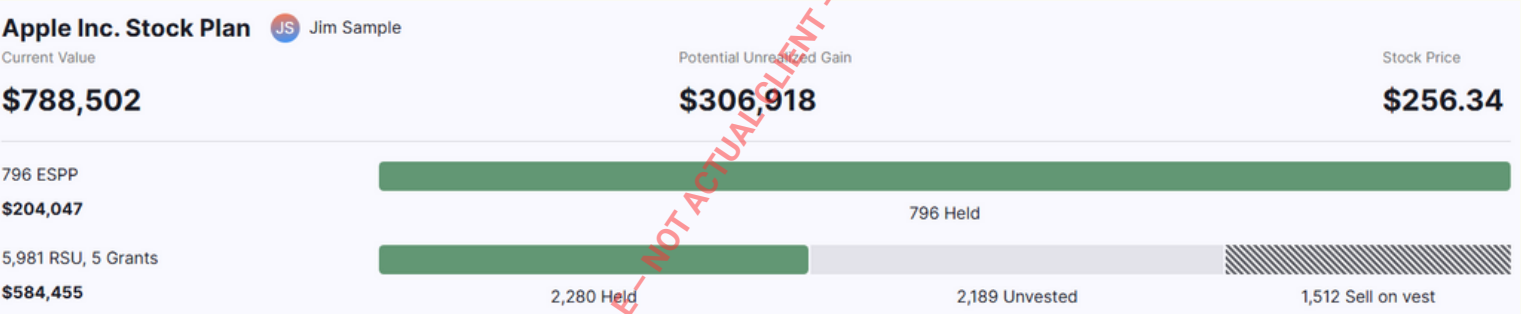
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# Equity Compensation Holdings Overview

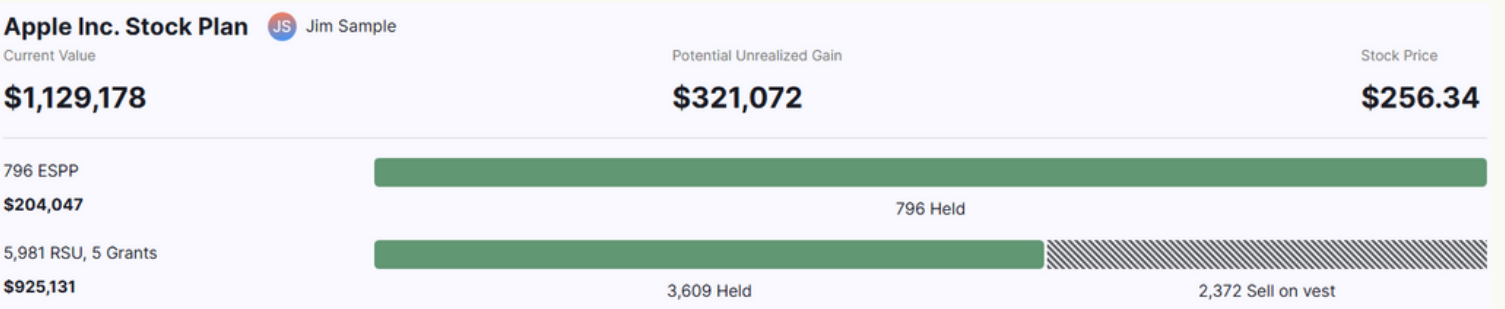
## Key Points

- All figures based on share price as of 9/23/25
- You currently hold ~**\$788,502 in vested Apple** stock with \$306,918 of unrealized gains (see next page for more details)
- Your fully vested total is **\$1,129,178 based on the 9/23/25 stock price.**
- All shares on track to vest by 2029, with the vast majority vested by early 2028

## Equity Compensation Holdings Summary (As of 9/23/25)



## Equity Compensation Holdings Summary (Fully Vested - 2029)

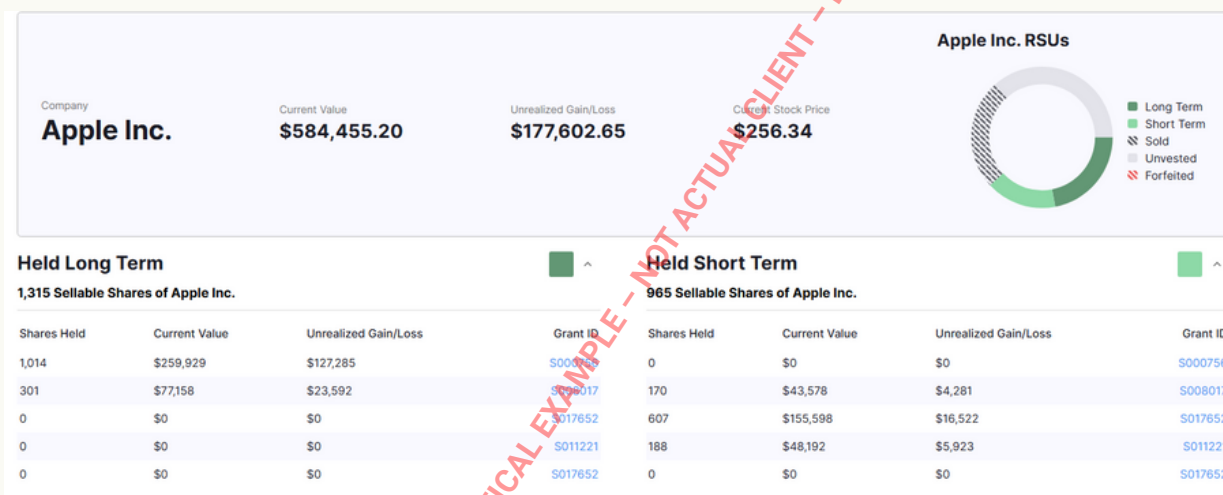


# Unrealized Capital Gains Overview

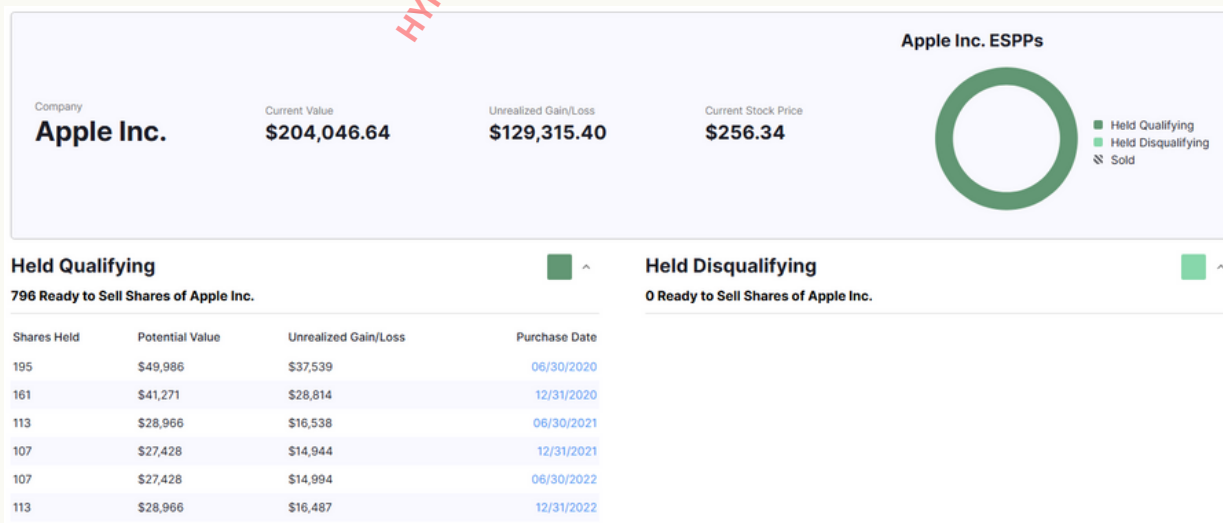
## Key Points

- Your Apple stock has \$306,918 of unrealized gains
  - **RSU:** \$177,602 gains
    - Long-term gains: \$150,877
    - Short-term gains: \$26,726
  - **ESPP shares:** \$129,315 gains
    - Qualifying gains: \$129,315
    - Disqualifying gains: \$0
    - **ESPP gains are taxed differently than RSU gains, with a portion even on qualifying gains taxed as ordinary income**

## RSUs Unrealized Capital Gains (As of 9/23/25)



## ESPP Unrealized Capital Gains (As of 9/23/25)



# Equity Compensation - Strategies Overview

## Key Points

- **Concentrated stock exposure can be managed in many ways**
  - **The two end of the barbells:**
  - Doing nothing - holding the shares without any hedges, etc
  - Reducing the risk of a sudden drop can be done with a variety of tools and products
- **It's important to understand that the decision is not all or nothing.**
  - You can utilize these tools in whichever proportions are best suited to your goal

## Concentrated Stock – Matching Goals to Tactics

### Tools to Leverage

**Solving**  
**For**  
▼

⚠ Risk of Sudden Drop

🚗 Low Friction Exit

💰 Minimize Taxes



Put options + collars



Exchange fund/351 exchange



Direct indexing + Tax loss harvesting



Capital gains budget



Charitable remainder trusts / Donor advised funds



Gifting / estate tactics



# Equity Compensation - Recommended Strategy

## Key Points

- Based on the fact most of your gains are long-term in nature, we should proceed with selling a sizable chunk immediately and lock in the large gains you were able to capture
- From there, as discussed, we will approach the portfolio transition in a tax-efficient manner by pursuing both a capital gains budgeting strategy, as well as contributing your lowest basis shares via a 351 exchange

## Aligning concentrated stock strategy with life goals

| Goals & Concentrated Position |           | Plan of Action                     |       |        |                                                                               |                          |
|-------------------------------|-----------|------------------------------------|-------|--------|-------------------------------------------------------------------------------|--------------------------|
| Goal                          | \$ Amount | 351 Exchange                       | ASAP  | \$200k | <div>- Immediately diversify risk<br/>- Allows for deferral of tax gain</div> | - Fund mandate will vary |
| College                       | \$100k+   |                                    |       |        |                                                                               |                          |
| New car every 5 yrs           | \$60k     |                                    |       |        |                                                                               |                          |
| Annual vacations              | \$25k     |                                    |       |        |                                                                               |                          |
| Long-term investing           | \$1M+     |                                    |       |        |                                                                               |                          |
| Concentrated Stock            | \$ Amount | Gains Budget + Tax Loss Harvesting | 2025+ | \$588k | - Maximum flexibility with funds                                              | - Slowly reduces risk    |
| Apple Vested                  | \$788k    |                                    |       |        |                                                                               |                          |
| Total                         | \$788k    |                                    |       |        |                                                                               |                          |
|                               |           | Total                              |       | \$788k |                                                                               |                          |

# Equity Compensation - Capital Gains Budget

## Key Points

- We set a limit on the gains realized when rebalancing in a given calendar year.
- **When the gains budget for the period is exhausted, rebalancing will only take place if it may result in a net realized loss (with the exception of setting aside cash).**
- We set specific limitations on short term and long term gain thresholds
- **Tax Loss Harvesting can stretch the gains budget by creating additional realized losses with which to offset realized gains.**

Annual net gains budget ⓘ Budget distribution ⓘ

\$ 0.00 Select ▼

**Advanced settings** ^

Set annual short and long term capital gains budgets ⓘ

☐ Short term \$ 0.00

☐ Long term \$ 0.00

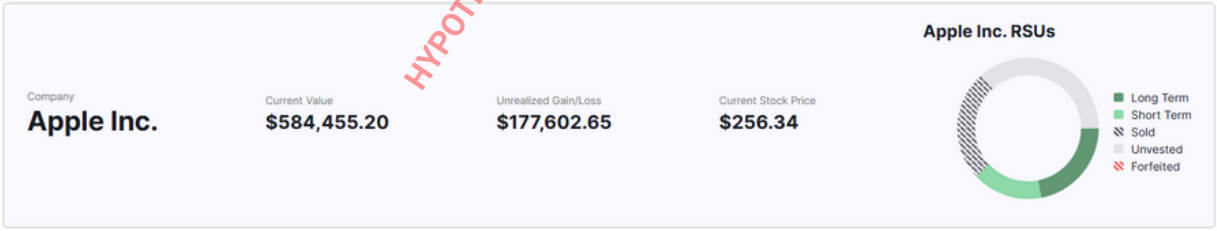
# Equity Compensation - Capital Gains Budget

## Strategy Overview

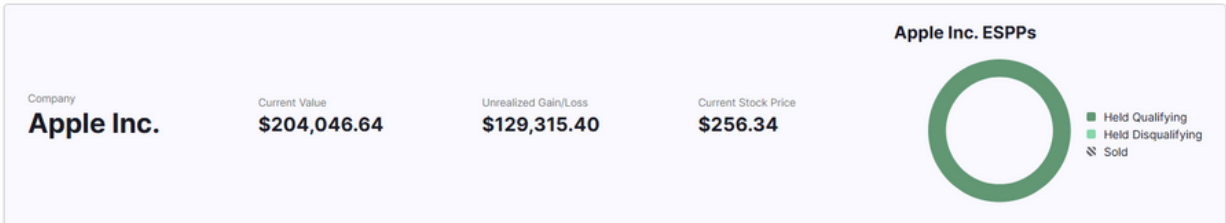
- **#1.** We'll want to focus on first selling your Apple shares with the highest cost basis
  - Selling all of these shares immediately would not result in a sizable tax impact (see tax analysis page) and will help meaningfully reduce your concentration to Apple
- **#2.** We'll also want to implement a tax-loss harvesting strategy to help further offset tax impact when selling shares
  - Since your income firmly puts you in the 23.8% capital gains tax bracket, implementing a multi-year strategy is appropriate
- **#3.** By selling your lowest cost basis shares last, we delay a tax bill into the future, which ultimately adds value to your portfolio
  - We'll want to balance this with ensuring your Apple exposure is not excessive

HYPOTHETICAL EXAMPLE - NOT ACTUAL CLIENT - NOT INDIVIDUALIZED ADVICE.

## RSUs Unrealized Capital Gains (As of 9/23/25)



## ESPP Unrealized Capital Gains (As of 9/23/25)

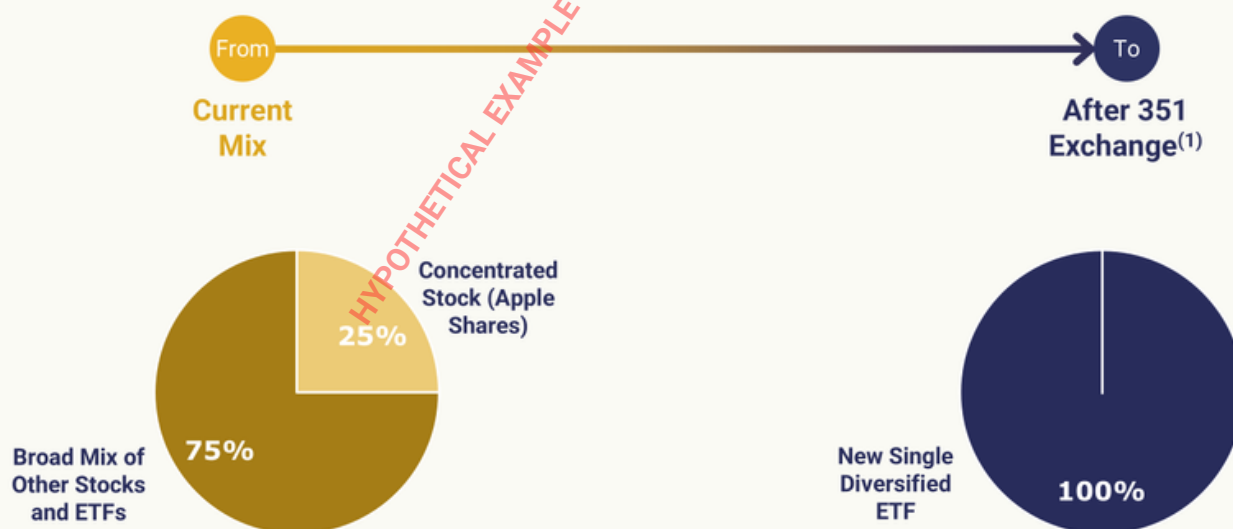


# Equity Compensation - 351 Exchange

## Key Points

- An investor can use a Section 351 exchange to reduce the tax 'friction' of reallocation to zero.
  - **Deferring capital gains taxes allows for the continued growth of the dollars that would have otherwise gone toward paying capital gains tax when the portfolio was reallocated.**
- To qualify for a 351 exchange, you must adhere to the following:
  - No more than 25% of the portfolio's assets are made up of the stock or securities of a single company
  - No more than 50% of the portfolio's assets are made up of the stock or securities of any five or fewer companies.
  - If an ETF is transferred into another ETF via a Section 351 exchange, the IRS will view the transferred ETF on a 'look-through' basis

## Using 351 Exchange to Diversify a Concentrated Position



# Equity Compensation - Stock Price Analysis

## Key Points

- For additional context, it's helpful to understand what the broader investment research community thinks about Apple stock
  - As you can see below, the vast majority of professional analysts covering the Apple stock suggest a strong buy, buy or hold based on the current trading price
  - Although we have seen some recent downgrades
- **Important: There are not my views and we don't do individual stock research or provide recommendations on how individual stocks will trade**

## Data Shown As Of 9/24/25

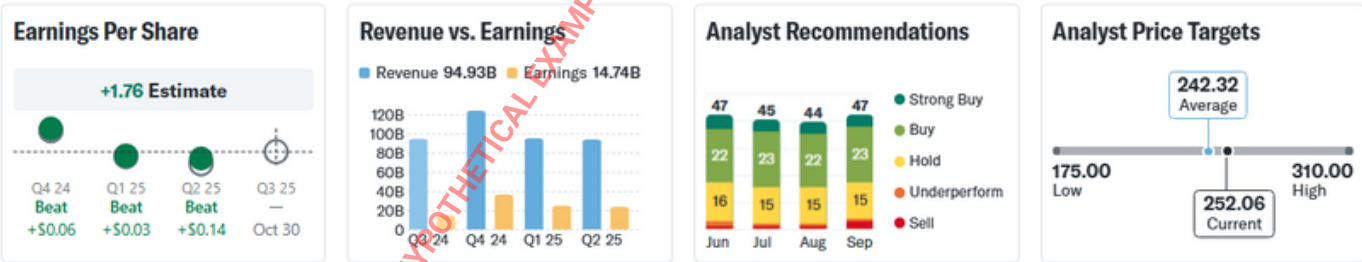
### Performance Overview: AAPL

Trailing total returns as of 9/24/2025, which may include dividends or other distributions. Benchmark is [S&P 500 \(^GSPC\)](#).

| YTD Return |                 | 1-Year Return |                 | 3-Year Return |                 | 5-Year Return |                 |
|------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|-----------------|
| AAPL       | S&P 500 (^GSPC) | AAPL          | S&P 500 (^GSPC) | AAPL          | S&P 500 (^GSPC) | AAPL          | S&P 500 (^GSPC) |
| + 1.01%    | + 13.03%        | + 11.37%      | + 15.96%        | + 70.20%      | + 80.01%        | + 139.45%     | + 104.77%       |

### Research Analysis: AAPL

[View More →](#)



### Upgrades & Downgrades

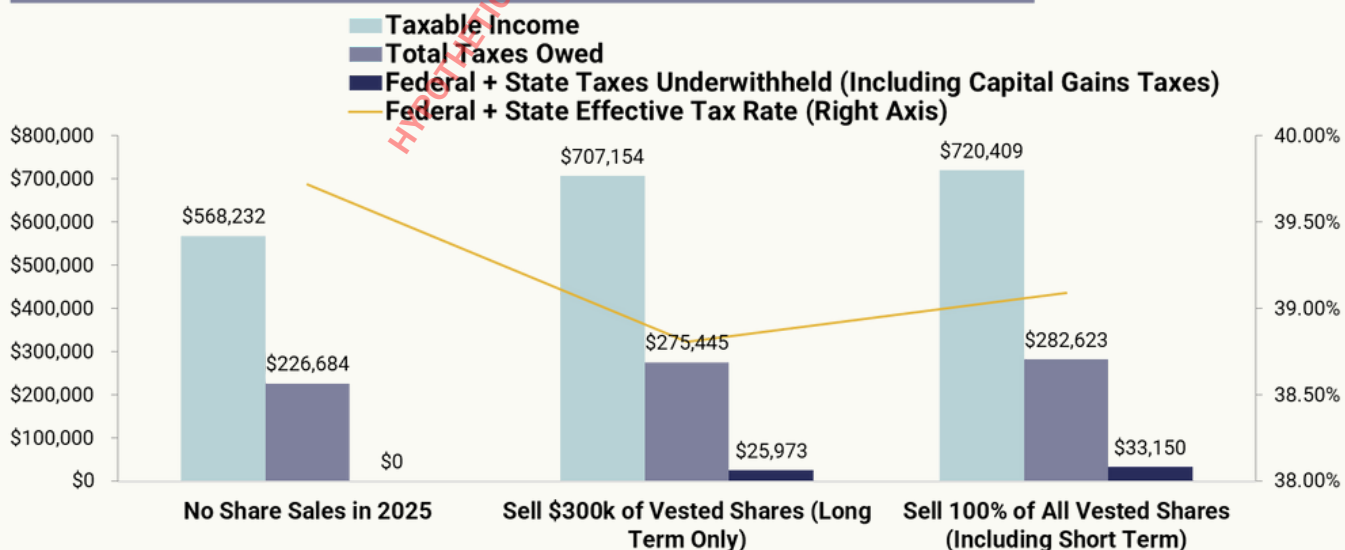
|           |                                             |           |
|-----------|---------------------------------------------|-----------|
| Maintains | Wedbush: Outperform to Outperform           | 9/22/2025 |
| Maintains | Tigress Financial: Strong Buy to Strong Buy | 9/17/2025 |
| Initiated | Bernstein: Outperform                       | 9/16/2025 |
| Downgrade | DA Davidson: Buy to Neutral                 | 9/11/2025 |
| Downgrade | Phillip Securities: Neutral to Reduce       | 9/11/2025 |
| Maintains | Melius Research: Buy to Buy                 | 9/10/2025 |

# Equity Compensation - Tax Analysis

## Key Points

- Analysis below based on \$245 per share stock price
- **Without any shares sales in 2025**, we project you're fully caught up on taxes YTD
  - This assumes a taxable income for 2025 of \$568k and federal+state tax owed of \$227k
- Scenario 1 - Selling \$300k of vested shares (long-term only) results in the following:
  - **Taxable income:** \$707k
  - **Federal+state tax owed:** \$275k
  - **Tax under-withholding:** \$26k
  - **Effective tax rate:** 38.8%
- Scenario 2 - Selling all of your shares (RSU + ESPP) results in the following:
  - **Taxable income:** \$720k
  - **Federal tax owed:** \$283k
  - **Tax under-withholding:** \$33k
  - **Effective tax rate:** 39.1%
- What can be observed here is that selling all shares does not result in a dramatically higher tax bill, since most of the gains are long-term in nature

### Taxes due will vary based on # of shares sold



# Tax Planning Fundamentals

## An over looked concept

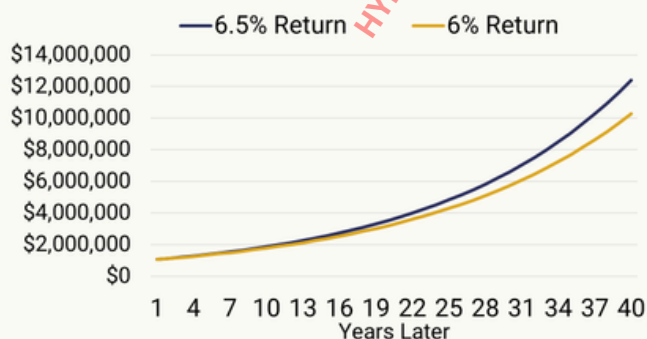
- When the government offers you a tax shelter, it's generally a good idea to take advantage of it
- **Why?**
  - Because the tax shelter offered by things like 401k, IRA, Roth, Backdoor Roth, Mega Backdoor Roth can easily amount to **+0.5% in return** per year (conservative estimate for high earners)
    - The rationale is, if you hold these investments in a taxable account and equities pay 2% dividends per year at an all-in tax rate of 30%, that equates to a roughly 0.5% annual tax drag
  - It may sound small, but it is enormous
    - And the more your account earns, the more valuable it is
    - This is precisely why the advice is to keep your high-earning equities in your Roth (i.e., asset location)
- This is a foundational concept and applies directly to the following tax planning recommendations

## Qualified account tax shelters offer a 0.5%+ return advantage

The larger your investment return, the more valuable it is

### 6.5% Return vs 6%

\$1M Starting Point

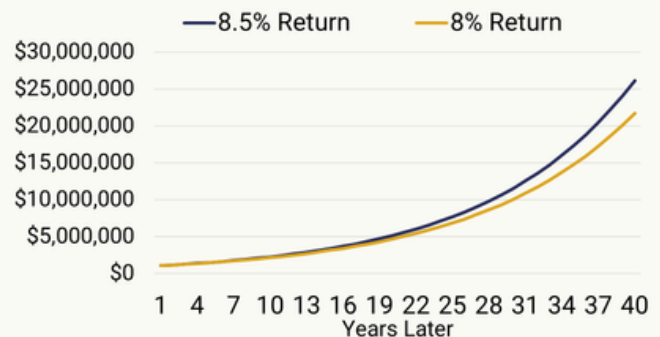


40 Years Later

\$2,130,357 difference in value from tax shelter

### 8.5% Return vs 8%

\$1M Starting Point



40 Years Later

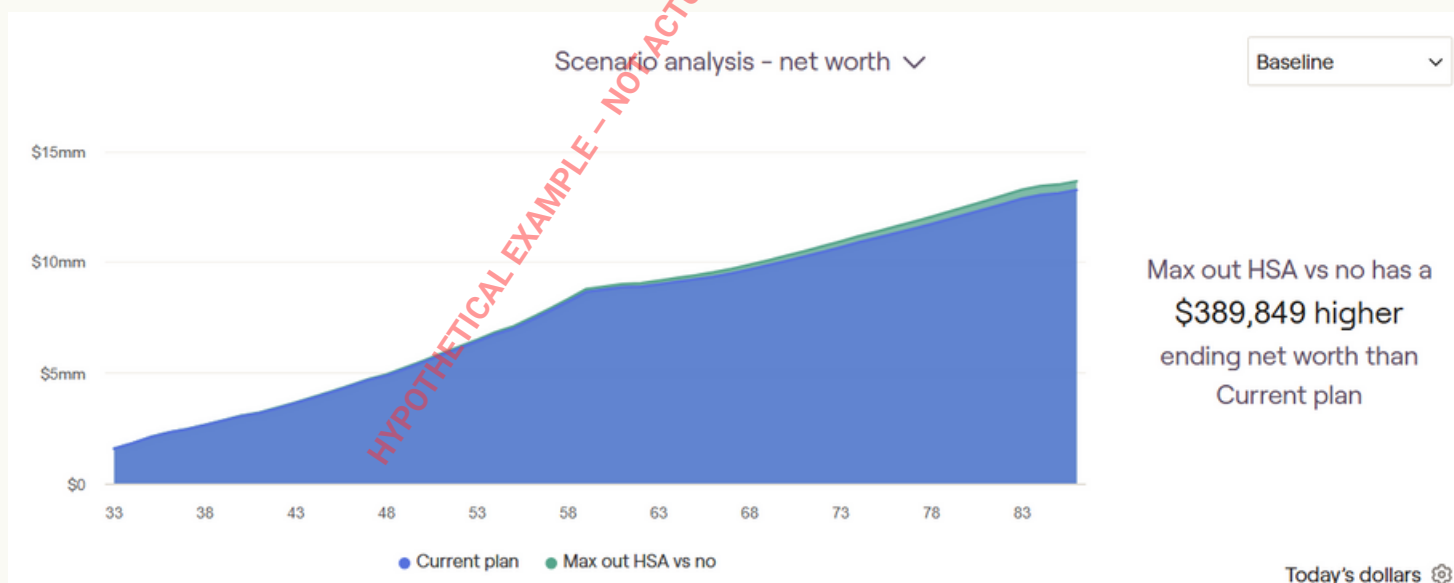
\$4,408,494 difference in value from tax shelter

# Optimizing Usage of HSA Accounts

## Notes

- Being able to max out an HSA is one of the most valuable wealth-building strategies
  - This is one of the most valuable accounts, in being the only account type with triple tax-advantages (tax-free on the way in, tax-free growth, and tax-free on the way out if used for healthcare expenses)
  - By maxing this account contribution each year, you increase your financial plan's wealth by \$389,849 (today's dollar equivalent)

## Maximize HSA vs Partial Funding Today - Ending Assets (\$)



**+\$389,849 benefit from maximizing HSA contributions**

# Capitalizing on Backdoor Roth IRA

## Notes

- When you have excess cash flow but are prevented from contributing to IRA and Roth IRA due to income limits, a workaround is to pursue a Backdoor Roth IRA
- There is a perfectly legal technique, but it requires tax filing expertise to ensure it's done correctly
- By maxing this account contribution each year (\$7,000 each for both Jimmy and Jennifer, you increase your financial plan's wealth by **+\$543,196 (today's dollar equivalent)**
- Conversions into Roth IRA (including backdoor and Mega backdoor) must be in place for 5 years to avoid penalty (even on contribution)
  - After that, you can withdraw **contributions** without any penalty

## Maximize Backdoor Roth (Left) vs Don't Use It (Right) - Ending Assets (\$)



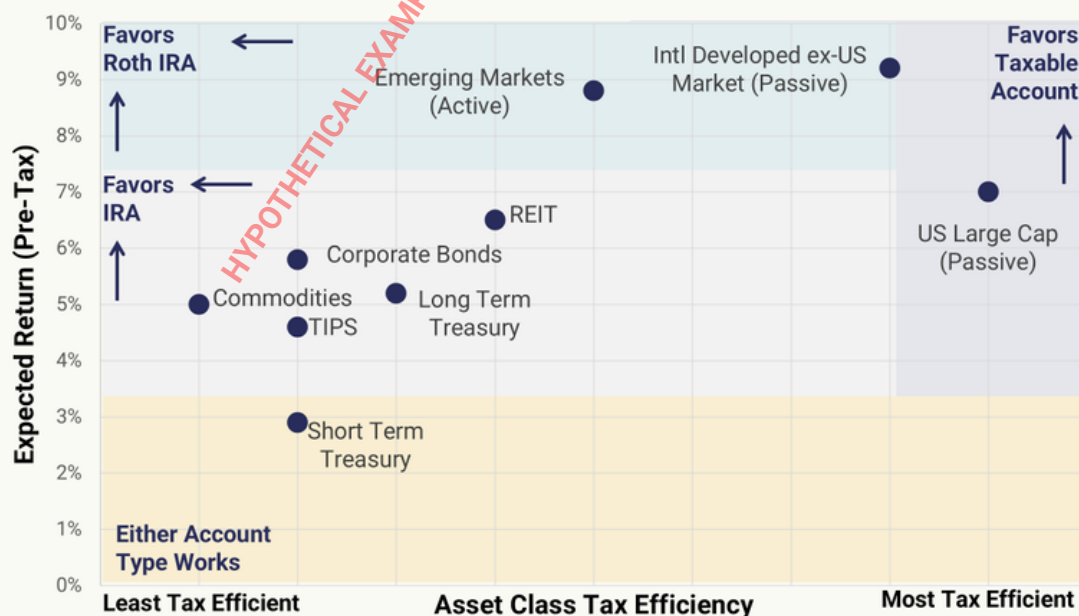
**+\$543,196 benefit from maximizing Backdoor Roth contributions**

# Tax Planning - Asset Location

## Notes

- Optimizing the accounts in which certain assets are held (i.e., asset location) can also enhance your tax-adjusted assets by a significant amount
  - High-tax-bracket households generally benefit the most from asset location strategy
  - It can be complex to manage, but it is often worth the added effort
  - The general idea is you park the “tax-ugly and lower returning” assets like bonds in tax-deferred accounts and “slightly tax-inefficient but high returning” assets in Roth accounts
- Also, Roth accounts offer more value for asset location (i.e., no unknown future tax situation like with other accounts), so as we continue to build up your Roth accounts, asset location will become even more valuable
  - To the extent your employer offers a mega backdoor Roth in the future, it would be even more valuable

**Optimal account type depends on returns and tax efficiency**  
**The future tax treatment for Roth is known vs unknown for others**

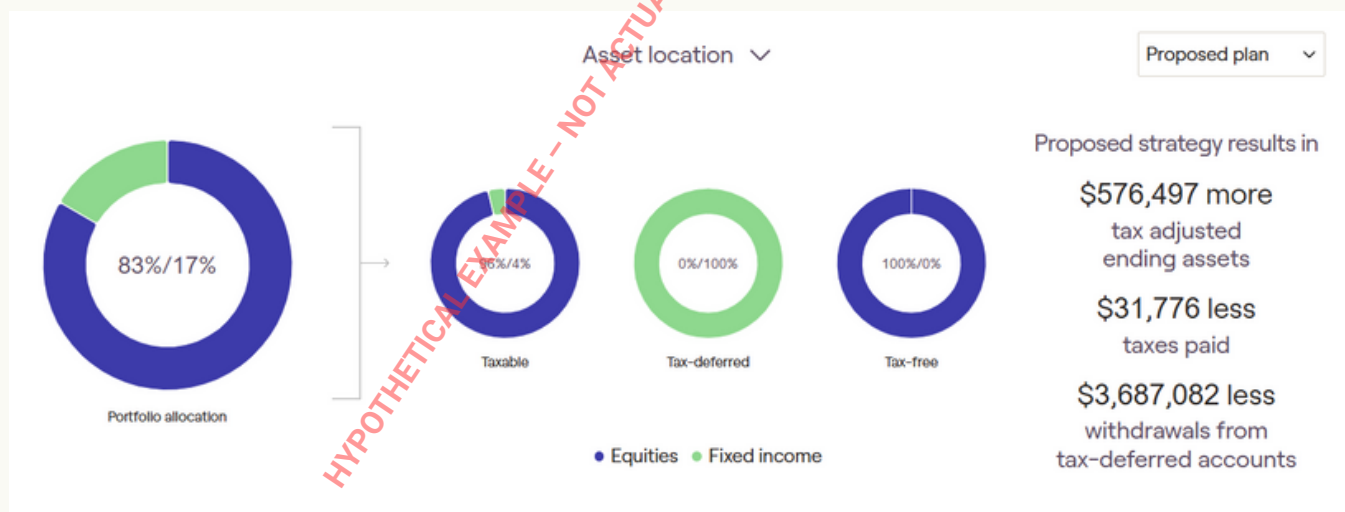


# Tax Planning - Asset Location

## Notes

- The preliminary analysis shows that incorporating an asset location strategy could increase your future tax-adjusted ending assets by +576,497 (+\$176,729 in today's dollars)
  - This assumes the recommendations to max out Roth accounts each year is adhered to

## Current asset location (Left) vs optimized asset location (Right)



**\$576,497 more tax adjusted Future ending assets**  
**=**  
**\$176,729 more tax adjusted Present ending assets**

# Tax Loss Harvesting (TLH) - Crucial For High Earners

## Notes

- This is crucial for people with excess cash flow who continuously add contributions to taxable accounts
- **Why It's So Powerful:**
  - The value of TLH hinges on three foundational components:
    - 1. The ability to generate losses and convert losses into tax savings
    - 2. The benefit received is directly proportional to the market return you can achieve by reinvesting the tax savings
    - 3. The optimal behavior includes harvesting losses daily, making consistent contributions, and harvesting in a direct-indexed portfolio
  - **For a high-income client who realizes ongoing short-term gains (RSU sales, ESPP dispositions, rebalancing trades, etc.), the marginal tax savings on each harvested dollar can be well north of 35%. This is key. That's why booking short-term losses is valuable.**
- **Where it can backfire:**
  - If the investor expects their tax rate to be higher in the future, any harvests may only subtract value.
- In your case, pursuing this while being high-earning, a tax loss harvesting strategy in your taxable account via a direct indexing portfolio could net you approx. +0.41% of additional after-tax benefit per year
  - **When evaluated over the next 10 years, this equates to ~\$103k benefit in today's dollar equivalent**

| Using Direct Indexing + Tax Loss Harvesting To Generate After-Tax Wealth  |  |  |  |           |     |                                    |
|---------------------------------------------------------------------------|--|--|--|-----------|-----|------------------------------------|
| Inputs to Enter (In Yellow) ↓                                             |  |  |  |           |     |                                    |
| Direct Indexing Realized Losses Per Year Rate per \$100K invested         |  |  |  | \$7,000   |     | Total Future Value of Taxes Saved  |
| Portfolio Fees % (Direct Indexing and Standard Portfolio)                 |  |  |  | 0.12%     |     | \$122,500                          |
| Initial Account Size                                                      |  |  |  | \$500,000 | ▶▶▶ | Total Present Value of Taxes Saved |
| Annual Contribution                                                       |  |  |  | \$100,000 |     | \$103,333                          |
| Annual Contribution Growth Rate                                           |  |  |  | 10.00%    |     |                                    |
| Portfolio Expected Annual Return (Direct Indexing and Standard Portfolio) |  |  |  | 8.00%     |     | Avg Annual Tax Benefit             |
| Present Value Discount Rate                                               |  |  |  | 4%        |     |                                    |
| Current Federal Ordinary Income Tax Rate                                  |  |  |  | 35.0%     | ▶   | 0.41%                              |
| Current State Ordinary Income Tax Rate                                    |  |  |  | 0.0%      | ▶   |                                    |
| Current Year                                                              |  |  |  | 2025      |     |                                    |
| Federal + State Expected Capital Gains Tax Rate In Future                 |  |  |  | 15.0%     |     |                                    |

# ESPP Participation

## Key Points

- You have generated a lot of wealth with your ESPP purchases and now that we want to minimize exposure to your company stock, we should adhere to a specific selling strategy
- The two strategies to pursue:
  - **Option 1 (immediate sale):** take the immediate gain during each purchase period and sell as soon as your trading window opens
    - Pro: Lowest risk from a concentrated stock standpoint
    - Con: Not as tax-efficient as holding for long-term gains treatment
  - **Option 2 (qualifying disposition):** Qualifying Disposition is a sale of ESPP shares that occurs at least 2 years from the start of the offering period and 1 year from the purchase date.
    - Pro: Locks in more favorable tax treatment
    - Con: Riskier from a stock concentration standpoint, and potential stock price decline, although the long lookback period can help a lot with reducing risk
- My recommendation is to implement an immediate sale strategy, thus locking in the gain and not further increasing your exposure to Apple stock

### Two Year Offering Period With 6 Month Purchases

- \$250 share price at offering period start
- Assumed 10% annual appreciation in stock price for illustrative purposes
- \$25,000 contribution to ESPP per year (assuming \$250k base salary and up to 10% of salary contributed to ESPP)

| 12/31/24 Offering Start Date        | 6/30/25 Share Purchase + Immediate Sale | 12/31/25 Share Purchase + Immediate Sale | 6/30/26 Share Purchase + Immediate Sale | 12/31/26 Share Purchase + Immediate Sale | Total From Immediate Sale Strategy | Difference | Total From Holding All Shares Until Qualifying Disposition <sup>(3)</sup> |
|-------------------------------------|-----------------------------------------|------------------------------------------|-----------------------------------------|------------------------------------------|------------------------------------|------------|---------------------------------------------------------------------------|
| Amount Contributed to ESPP          | \$12,500                                | \$12,500                                 | \$12,500                                | \$12,500                                 | \$50,000                           |            | \$50,000                                                                  |
| Stock Price At Purchase Date        | \$263                                   | \$275                                    | \$289                                   | \$304                                    |                                    |            |                                                                           |
| Purchase Price Per Share            | \$213                                   | \$213                                    | \$213                                   | \$213                                    |                                    |            |                                                                           |
| # of Shares Purchases               | 59                                      | 59                                       | 59                                      | 59                                       |                                    |            |                                                                           |
| Sale Price Per Share <sup>(1)</sup> | \$263                                   | \$275                                    | \$289                                   | \$304                                    |                                    |            |                                                                           |
| Taxable Gain Per Share              | \$50                                    | \$63                                     | \$76                                    | \$90                                     |                                    |            |                                                                           |
| Total Taxable Gain <sup>(2)</sup>   | \$2,922                                 | \$3,676                                  | \$4,464                                 | \$5,294                                  |                                    |            | \$12,353                                                                  |
| Total Net Proceeds                  | \$14,341                                | \$14,816                                 | \$15,312                                | \$15,835                                 | \$60,304                           | +\$4,667   | \$64,972                                                                  |
| After Tax Return                    | 15%                                     | 19%                                      | 22%                                     | 27%                                      | 21%                                |            | 30%                                                                       |

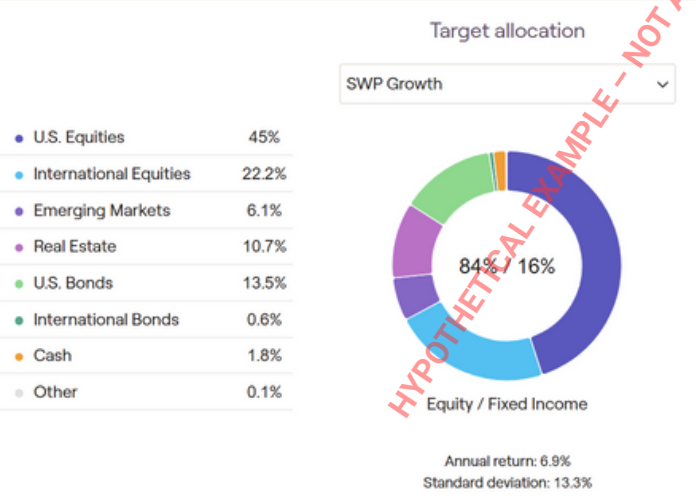
(1) Assumes unchanged stock price after 2 years for purposes of qualifying disposition. (2) Short-term capital gains tax rate used = 37% and long-term capital gains tax used = 23.8%. (3) Qualifying Disposition: A sale of ESPP shares that occurs at least 2 years from the start of the offering period and 1 year from the purchase date.

# Investments Overview

## Notes

- Based on your risk assessment, you’re geared towards an equity-heavy, growth portfolio
- Since you don’t have many large near-term liquidity needs, largely pursuing a growth portfolio (with appropriate diversification and strategic hedges) can be achieved
  - We’ll want to be mindful of any tax implications in your taxable accounts as we transition to a long-term strategy
  - We’ll also want to be strategic with asset location (which type of assets you hold in which account type)
- See investment policy statement for additional recommendations on 529 plan portfolio

## Proposed Asset Allocation and Asset Location



| Asset Class                                    | Fund Ticker | SWP Growth  |
|------------------------------------------------|-------------|-------------|
| US Stock Market                                | VTI         | 40.0%       |
| Intl Developed excluding-US Stock Market       | VEA         | 21.5%       |
| Emerging Markets Stocks                        | AVEM        | 8.5%        |
| Real Estate Stocks                             | VNQ         | 9.0%        |
| Short Term Treasury Bonds                      | TBLL        | 1.0%        |
| Corporate Bonds                                | VCIT        | 4.0%        |
| Long Term Treasury Bonds                       | SPTL        | 4.5%        |
| Treasury Inflation Protected Securities (TIPS) | STIP        | 5.5%        |
| Commodities                                    | CMDY        | 6.0%        |
| <b>Total</b>                                   |             | <b>100%</b> |

| Ticker              | SWP Growth | % Rebased to 100% In Taxable Total | % Rebased to 100% In Traditional IRA Total |
|---------------------|------------|------------------------------------|--------------------------------------------|
| VTI/Direct Indexing | 40.0%      | 51.08%                             | 0.00%                                      |
| VEA/Direct Indexing | 21.5%      | 27.45%                             | 0.00%                                      |
| AVEM                | 8.5%       | 10.85%                             | 0.00%                                      |
| VNQ                 | 9.0%       | 10.60%                             | 3.23%                                      |
| TBLL                | 1.0%       | 0.00%                              | 4.61%                                      |
| VCIT                | 4.0%       | 0.00%                              | 18.45%                                     |
| SPTL                | 4.5%       | 0.00%                              | 20.75%                                     |
| STIP                | 5.5%       | 0.00%                              | 25.36%                                     |
| CMDY                | 6.0%       | 0.00%                              | 27.67%                                     |

# Estate Planning - The Value To You

## Notes

- Through a platform I use, EncoreEstate Plans, you can set up common estate planning documents in a seamless manner (revocable living trust, last will, living will, power of attorney, and appointment of health care proxies) for ~\$600
  - The benefit is that all the docs are then centralized in one place and any making changes is easy
  - EncoreEstate also provides access to live attorney support at competitive rates in case you have more detailed questions
- We partner with EncoreEstate Plans, who is going to draft the documents. My job is to help you more clearly understand what your estate planning goals are. Someone else is going to do the actual legal document drafting.
  - It's important to ensure assets moved into a trust are titled properly and that you don't inadvertently retitle assets such as 401k, IRA, HSA into a revocable trust, as that would be considered a taxable distribution

## Establishing a revocable living trust has never been easier

### Revocable trusts streamline estate planning

|                                                              | Revocable Living Trust | Will | Beneficiary Designations |
|--------------------------------------------------------------|------------------------|------|--------------------------|
| Avoids Probate                                               | ✓                      | ✗    | ✓                        |
| Private                                                      | ✓                      | ✗    | ✓                        |
| Control During Lifetime                                      | ✓                      | ✗    | ✓                        |
| Control After Death                                          | ✓                      | ✗    | ✗                        |
| Allows For Incapacity Planning                               | ✓                      | ✗    | ✗                        |
| Easy to Amend                                                | ✓                      | ✓    | ✓                        |
| Seamless Handling in One Place                               | ✓                      | ✗    | ✗                        |
| Even combining a will + beneficiary designations leaves gaps |                        |      |                          |

I am not an attorney and Simplify Wealth Planning does not provide legal services. Our role is to help you articulate your estate-planning goals and to store completed documents in your financial plan. All legal documents are prepared by you directly through EncoreEstate Plans or outside attorney licensed in your state, where applicable. We encourage you to consult independent counsel before executing or relying on any estate-planning documents.

# Insurance Coverage Optimization - Life

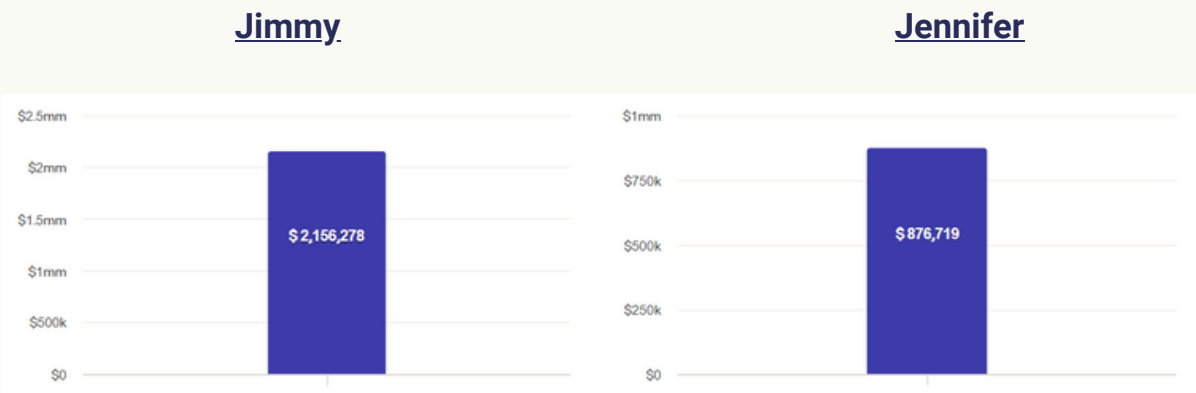
## Key Points

- Based on current projections, and for solving for reaching all of your financial goals, current life insurance coverage is not sufficient
  - The purpose of life insurance is to protect your ability to generate income from a premature death (30 years worth of income potential in your case)
  - Term life insurance is a great solution for this and is generally affordable
- However, life insurance can also be used to preserve a certain lifestyle for your family afforded to them via your paycheck
  - Preserving lifestyle often encompasses the ensuring goal route and typically requires more coverage
- Jimmy has some coverage through his employer, but our analysis indicates he needs to increase coverage from \$250k (employer provided) to around \$2M

## Life Insurance Analysis - Goals Coverage



## Life Insurance Analysis - Lifestyle Preservation Coverage Needed

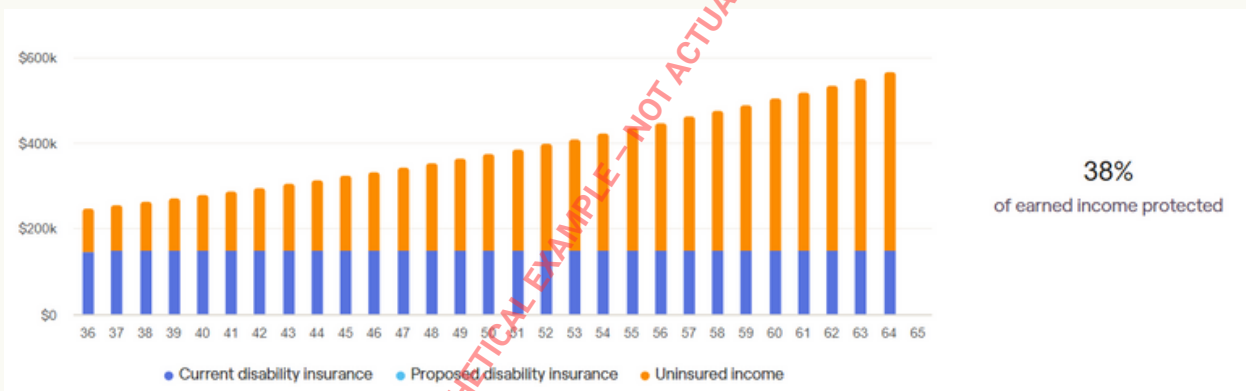


# Insurance Coverage Optimization - Disability

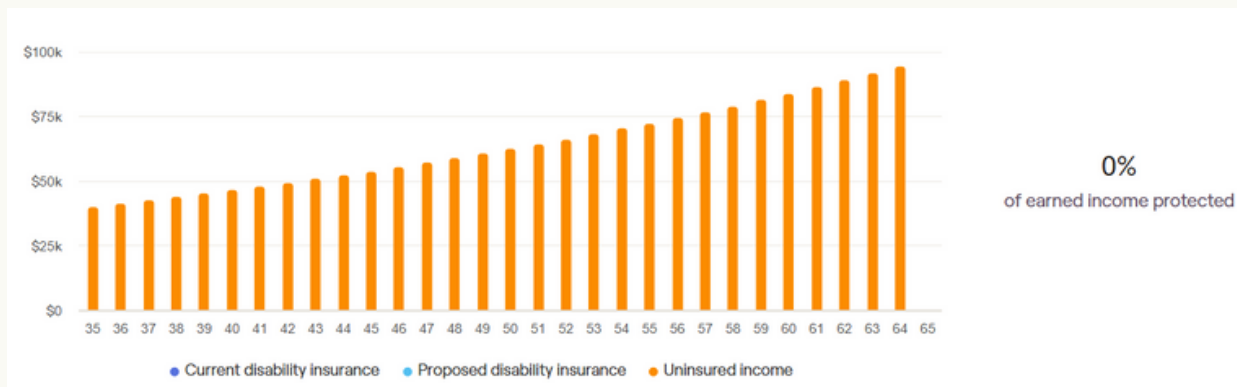
## Key Points

- Jimmy currently has disability insurance through work, with a 38% coverage ratio. Since the employer pays for the insurance, the 60% benefit does not have an inflation adjustment and thus makes it net out to 38%
  - Also, when the employer pays, the benefit is taxable, so that is also a factor to consider
  - We should inquire around whether the employer would allow you to pay the premiums, which would then make the benefit tax free (and any subsequent changes to coverage if they allow it), otherwise, we should explore supplementary coverage
  - We can discuss Jennifer's coverage, but individual plans can be expensive

## Disability Insurance Income Coverage - Jimmy Disabled Tomorrow



## Disability Insurance Income Coverage - Jennifer Disabled Tomorrow



# Stress Testing

## Notes

- It's imperative to stress test your financial plan for potential challenges, such as anemic market returns, higher inflation, higher taxes, or many factors combined.
- Our stress test shows that for any singular factor that were to hit, there is very little chance of your plan not working out
- If many of the factors were to happen simultaneously, the plan's probability of success could fall from 100% to closer to 43%
  - 43% is an acceptable target in a very stressed scenario, which suggests you have a lot of flexibility in your plan.

## Stress Test Results - Probability of Success



# Success Probability Changes With Earlier Retirement and Higher Spending

## Notes

- The changes below assume all recommendations previously outlined are implemented and the only changes are the projected retirement age
- Results are based on straight-line projections and do not include what would happen if the retiree would face prolonged stressed market conditions
- The results show that retiring between ages 50-60 is a realistic proposition
  - It will reduce your margin for error, but based on non-stressed conditions, it should be achievable

|                                      | <b><u>Current</u></b><br><b>Jimmy Retires at<br/>age 60</b><br><b>Jennifer Retires at<br/>age 60</b> | <b><u>Proposed</u></b><br><b>Jimmy Retires at<br/>age 50</b><br><b>Jennifer Retires at<br/>age 50</b> | <b><u>Proposed</u></b><br><b>Jimmy Retires at<br/>age 45</b><br><b>Jennifer Retires at<br/>age 45</b> |
|--------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Probability of Success               | 98%                                                                                                  | 69%                                                                                                   | 38%                                                                                                   |
| Projected Ending Assets (Today's \$) | \$10,981,476                                                                                         | \$3,322,953                                                                                           | \$0                                                                                                   |
| Assuming Spending Per Month          | \$10,000                                                                                             | \$10,000                                                                                              | \$10,000                                                                                              |

|                                      | <b><u>Proposed</u></b><br><b>Jimmy Retires at<br/>age 60</b><br><b>Jennifer Retires at<br/>age 60</b> | <b><u>Proposed</u></b><br><b>Jimmy Retires at<br/>age 60</b><br><b>Jennifer Retires at<br/>age 60</b> | <b><u>Proposed</u></b><br><b>Jimmy Retires at<br/>age 60</b><br><b>Jennifer Retires at<br/>age 60</b> |
|--------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| Probability of Success               | 98%                                                                                                   | 91%                                                                                                   | 78%                                                                                                   |
| Projected Ending Assets (Today's \$) | \$10,981,476                                                                                          | \$8,586,681                                                                                           | \$6,009,887                                                                                           |
| Assuming Spending Per Month          | \$10,000                                                                                              | \$15,000                                                                                              | \$20,000                                                                                              |