

### Client Profile

John and Julie were 43 years old when we were introduced to them by a current client. They were raising eight and six-year old children but had not established a college savings plan. Aside from a \$200K mortgage and a small auto loan they were debt free.

They had accumulated retirement 401K savings (\$350K) held in various employee accounts. They each had a Roth IRA worth a total of \$150K and brought home a steady yearly income of \$225K (considered affluent). Although John held the bulk of the 401K savings from his last employer, he had recently taken a promotion with a new organization and had questions about his old 401K funds, how to manage his increased salary and how to fund his new plan.

Overall, John and Julie felt they had done a good job saving money but realized it was time to re-evaluate their portfolio and make sure their financial decisions were aligned with their goals. They had a few concerns, and wanted to have an open discussion with an advisor they could trust—one that wouldn't pressure them to purchase another financial investment product.



We met with the couple and had an straightforward discussion about their family, current lifestyle, short and long term goals, potential life changes (health, dependents etc.) and any other special needs. Here is a summary of their concerns:

- Overall, how were they doing? Do they have “enough” money? And what is “enough?”
- John has questions about his new job; how should he manage his increased salary and new 401K plan?
- How do they start funding their children's education? Did they wait too long?
- They are young; how are they doing compared to others in a similar situation?
- When can they reasonably retire? It's been a dream to retire at 60.

### Matching Family Goals to Financial Decisions Resulted in a Balanced Portfolio

After the initial meeting, John and Julie decided to hire us to roll over and manage John's 401k and the Roth IRA's. We recommended developing a comprehensive financial plan for the couple to ensure their investment recommendations would match their long term goals. Here's what we did as part of the planning and investment services:

- Determined their risk tolerance using [Steward Riskalyze®](#) tool
- Implemented a value clarification exercise to ensure financial decisions matched family values
- Reviewed current financial situation including all funds, assets and liabilities associated with the 401K savings, Roth IRAs, mortgage interest rates, tax return, monthly expenses and current savings rate
- Created a household balance sheet and cash flow projection to assess their financial resources and spending needs, including retirement
- Developed an education funding strategy with options based on selection of public or private schooling
- Used a computerized mathematical technique (a Monte Carlo simulation) to help project and quantify the probability of a financially successful retirement
- Recommended benefit plan choices (ie. LTD, Life Insurance, Medical with HSA)
- Recommended purchasing 3<sup>rd</sup> party term life policy that extends through college years
- Recommended implementing an estate plan to protect their children

### Outcomes

- Have a solid financial plan and use Monte Carlo analysis to stay on track with retirement goals
- Couple moved from a commission based investment model to yearly retainer model to help handle the growing portfolio
- Investment recommendations are coordinated for the whole portfolio; including John's 401K
- Portion of salary increase going to fund 529 education accounts; target of 75% of college to be funded
- Implemented estate plan with an attorney recommended by Steward

If you are in a similar situation and would like see if we are a good fit for you, we'd be happy to talk.

Just call us at 847-637-0111 or email: [Tim Obendorf](#) or [Mike Kwon](#).

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