

Wealth Enhancement and Preservation

Case Study: Executive planning a tax efficient retirement and estate plan for heirs.

The Wealth Enhancement and Preservation process is a powerful financial planning tool that was specifically developed to analyze our clients' finances, assess their current and future needs, and identify weaknesses and opportunities. Here we outline one of our many success stories of helping our clients live well for today and plan rich legacies for tomorrow.

THE CLIENTS

Ryan and June were referred to the Hill Financial team by a Hill Financial client. **Ryan is a manager** of a local refinery and June is busy working at home. They would describe the values that shape their life decisions as:

Strong work ethic

Analytical Conservative

High standards

Their **personal goals** included retirement in the next six months with a plan for **tax efficient income** for their future. Ryan and June both enjoy being parents and want an estate plan for the amount that may be left for their children.

THE PROCESS

Discovery Meeting

- Ryan and June met with HFA Advisor, filled out necessary forms for securing appropriate information and discussed their assets that included pension plan distribution options: lump sum or annuity; 401(k) values, and allocation.
- Ryan and June showed their investments to be \$1.8 million at retirement.
- Together with Advisor, they looked at stock values of employer and cost basis.
- They also reviewed the current estate documents and the past two years of tax returns.
- Ryan and June complete risk assessment with the help of their Advisor and determine net of income tax cash flow needs through retirement.

Explore Options & Recommendations Meeting

- The HFA Advisor created cash flow models and identified tax saving opportunities imbedded in corporate stock purchased in 401(k).
- Ryan and June saw cash flow models that reflected tax options and available income and asset appreciation trend lines.
- They discussed consideration of Social Security distribution at age 62 or waiting until age 66.
- The Advisor back tested cash flow model for historical performance of recommended allocation.

Implementation of Plan

- Ryan, June and Advisor met with accountant and established plan to minimize income tax through capture of capital gains in 401(k) corporate stock using net unrealized appreciation.
- Ryan, June and Advisor met with a property & casualty insurance agent and confirmed adequacy of liability coverage on recreation vehicles and home.
- Ryan, June and Advisor interviewed attorney and drafted and updated wills. This included living wills, durable power of attorney for health care and financial needs.
- Ryan, June & Advisor review Life & Disability insurance needs and acquire the appropriate coverage.
- Together they created a final, customized cash flow model that reflected their personal goals. This included a back tested portfolio that achieves optimal income with acceptable risk tolerance that works for Ryan and June.
- Together, Ryan, June and Advisor created a tax efficient income.

Reporting of Plan

- Ryan and June talk with Advisor at regular meetings to review investment plan performance.
- Ryan and June call Advisor with any questions and concerns.
- Ryan and June have subsequent meetings to discuss recommended modifications.
- Together with Advisor they make some changes to rebalance the plan and reduce volatility.
- At the next meeting they monitor the plan's performance to the cash flow benchmark.