



FINANCIAL PLAN SUMMARY

David & Heather Smith

Statement of Financial Purpose

To foster the life we want now and in the future including travel, freedom from stress, and time as a family

Net Worth Snapshot

\$188,802

Goals

- Organize and structure their respective self-employment income
- Create a retirement investment strategy
- Organize prior retirement and investment accounts
- Create a "benefits plan" (health insurance, life insurance, disability insurance, etc)
- Plan for the purchase of dream home on the water
- Become "Work-Optional" by 55

Swot Analysis

STRENGTHS

- Cash on hand (more than enough for emergencies)
- Income is healthy for a family of 2 (\$2-3k surplus per month)
- Both are self-employed which creates tax, cash, and investment opportunities
- Positive Net Worth

WEAKNESSES

- No taxable investments that they can access for things like a home purchase
- No self-employment cash flow system
- Inefficient taxes (owing the IRS at year end)
- Few above-the-line deductions
- Investment allocation is both expensive & lacks diversity
- No life insurance

OPPORTUNITIES

- Using Premium Tax Credit Health Insurance
- Setting up a Sep IRA for Heather and a SIMPLE Plan for David to efficiently plan for retirement and lower taxes
- Setting up a three-bucket system (Emergency Fund of \$40k in high interest savings account, \$46k in taxable investment account, SEP IRA and IRA)
- Roll Heather's 401k to a new IRA and consolidate with other retirement account for lower cost and diversification
- Roll David's prior retirement plan into SIMPLE IRA
- 1.25 million on a 30 year term life policy on David
- \$750k on a 30 year term life policy on Heather
- Estate plan including will, AMD, POA

THREATS

- Self-employment tax eating up income
- Bus breaking down creating high expenses in a depreciating asset
- Premature death or disability
- Money risks (inflation risk, sector risk, market risk)

Action Items

IMMEDIATE

1. Create \$2,000 per month automated savings and investments and live off of the rest based on cash flow
2. Set up IRA at Schwab for Heather and consolidate prior IRA and 401k into low-cost ETF portfolio
3. Set up SIMPLE Plan for David to do salary deferral and match
4. Set up high interest savings account and joint taxable investment account and allocate \$86k savings between them. \$40k for savings and \$46k for investments.
5. Acquire term life policies. 1.25 million on David and \$750k on Heather (\$100-\$150/month for D and \$60-75/month for H)
6. Acquire health insurance through the Federal Health Insurance Marketplace (consider HDHP w/HSA Plan)

LATER

1. Set up an estate plan with living will, last will and testament, power of attorney, and medical directives
2. Annual Tax Planning