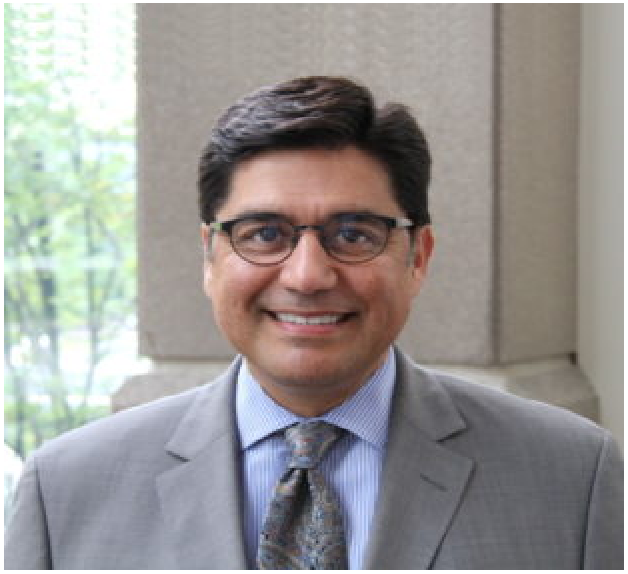
Advising Your Client and Working With Their Financial Advisor: An Advisor's Perspective

Valeo Financial Advisors, LLC
2723 S. State Street, Suite 150
Ann Arbor, MI 48104
P: (317)-573-4699
www.valeofinancial.com

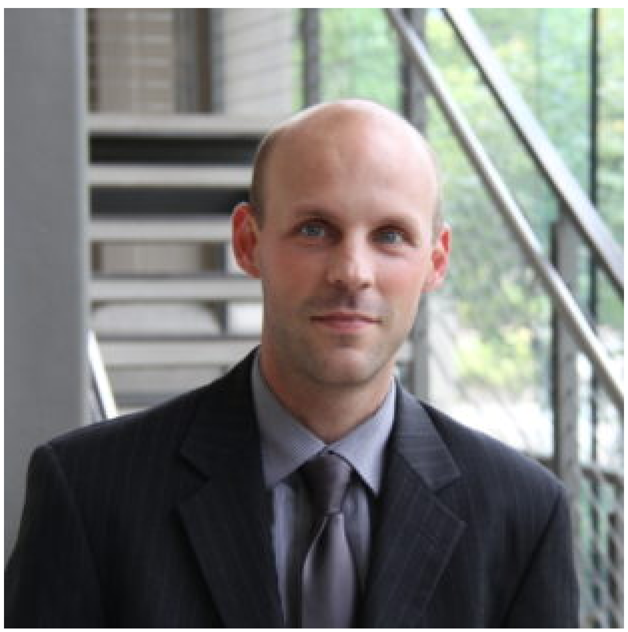
Andrew Brown, CFP®,
acbrown@valeofinancial.com

Fernando L. Ortiz, CFP®
flortiz@valeofinancial.com



Fernando L. Ortiz, CFP®

Education	University of Michigan
Degree	B.S. Science
Certification	Certified Financial Planner™
	Accredited Asset Management Specialist
Industry Experience	Since 1987
Valeo Experience	Since 2015
Hometown	Ann Arbor, Michigan
Resides	Ann Arbor, Michigan
Charitable Interests	Kerrytown Concert House



Andrew Brown, CFP®

Education	Easter Michigan University
Degree	B.S. Finance
Certification	Certified Financial Planner™
Industry Experience	Since 2007
Valeo Experience	Since 2015
Hometown	Milan, Michigan
Resides	Maumee, Ohio
Charitable Interests	Compassion International
	Grace Centers of Hope

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Topics

- Financial Advisor Fees
- Working with your financial advisor
  - Trust funding and beneficiary designation(s)
  - How net worth planning can help bring it all together
    - Protecting against what can gowrong
    - Minimizing taxes
    - Planning for the future &investing
  - Lifetime wealth transfer planning
- Comments from clients regarding legal services

Fee Structures

- Commission-based

- Fee-based

- Fee-only

Commission-based

A commission is a service charge assessed by a broker or investment advisor in return for providing investment advice and/or handling the purchase or sale of a security. Most major, full-service brokerages derive much of their profits from charging commissions on client transactions.

Ex:

John purchases 100 shares of XYZ corp for $10 each. His broker charges a 2.5% commission on the transaction. As a result, John pays $1,000 for the shares, plus another $25. Six months later, his shares have appreciated 10% and John would like to sell them. His broker charges another 2.5% commission on the transaction., or $27.50. John's investment earned him $100, but he paid $52.50 in commissions on the two transactions. So his net gain was $47.50.

Problem: A commission based advisor could be churning accounts, or trading excessively, to generate a higher commission at the expense of the client. They only have to adhere to the suitability standard meaning they only have to provide advice that is suitable for a client whereas fee-only advisors have to adhere to the fiduciary standard and have to make decisions based only on how a decision benefits the client, not themselves.

Fee-based:

Income Source:
Similar to fee-only, fee based advisors generate income by charging a percentage of its client’s net-worth or assets under management

In addition to the fee, fee-based planners also receive commission from financial products that a client may purchase through a third party (insurance, mutual funds, etc.)

Fee-based planners adhere to a lower legal standard as they are only required to sell products that are “suitable” for their clients

Example of potential conflict of interest:
A fee-based planner advises you to invest in a mutual fund. In addition to the fee the planner charges, they also receive 5% of what you invest as commission

The problem: The planner could suggest investing in a fund that pays them a higher commission, which may not be in your best interest, but it could still be “suitable”

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Fee-only:

Assets under management:
Financial advisors who operate as fee-only planners charge a percentage – usually one to two percent – of a client's net assets.

Advisors typically charge on assets under management – usually 1% to 2% on a million dollar portfolio. However, the more assets a client has, the lower the percentage(s) he generally pays for advisory services.

Net worth based:
Your net worth is your personal balance sheet. Add up all of the assets you own and subtract any outstanding loan and debt balances you have, and that is your net worth.

When an advisor charges you based on the amount of money you are investing with him or her, a potential conflict of interest arises. For example, if you have $1,000,000 invested with your advisor, then the advisor will be making approximately $10,000 per year for the service provided (based on a 1% fee-only structure). However, what if you want to use some of that investment to start a business, or buy a vacation home? This will end up reducing the amount of money managed by the advisor and in turn reduce their compensation.

How net worth planning can help bring it all together

John & Jane Client
Net Worth Comparison

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				12/31/2017	+ / -	3/31/2018
Cash Equivalents				**55,000**	**-**	**55,000**
Personal				55,000	-	55,000
Joint WROS	Checking	JPMorgan Chase Bank		25,000	-	25,000
Joint WROS	Savings	JPMorgan Chase Bank		30,000	-	30,000
Insurance				**-**	**-**	**-**
Disability				-	-	-
John	Disability Insurance	Guardian		-	-	-
Life Insurance				-	-	-
John	20 Year Level Term	AIG	$750K DB | $4000 AP	-	-	-
Jane	20 Year Level Term	AIG	$550K DB | $3200 AP	-	-	-
Investments				**3,841,984**	**33,543**	**3,875,527**
Business				287,500	-	287,500
Jane	Alternative Investment		@ Cost	100,000	-	100,000
John	Family Limited Partnership			187,500	-	187,500
Personal				1,377,484	33,543	1,411,027
Jane	Brokerage Account	Fidelity		1,377,484	33,543	1,411,027
Retirement				2,177,000	-	2,177,000
Jane	Company 401(k)	American Funds		800,000	-	800,000
John	IRA	Fidelity		55,000	-	55,000
Jane	IRA	Fidelity		72,000	-	72,000
John	Self-Employed 401(k)	Fidelity		1,250,000	-	1,250,000
Personal Use				**600,000**	**-**	**600,000**
Property				50,000	-	50,000
Joint WROS	Personal Property	Indianapolis, IN		50,000	-	50,000
Real Estate				550,000	-	550,000
Joint WROS	House 1	Indianapolis, IN		500,000	-	500,000
Joint WROS	House 1 Mortgage	National Bank of Indy		(200,000)	-	(200,000)
Joint WROS	House 2	Naples, FL	Vacation Home	250,000	-	250,000
Net Worth				**4,496,984**	**33,543**	**4,530,527**

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Related Holdings			**481,000**	**-**	**481,000**
Charitable			222,000	-	222,000
John	Charitable Gift Fund	Fidelity Charitable	222,000	-	222,000
Children			94,000	-	94,000
John	Daughter - Indiana 529	College Choice Direct 529	28,000	-	28,000
John	Son - Indiana 529	College Choice Direct 529	66,000	-	66,000
Trust			165,000	-	165,000
John	John Client Irrevocable Trust	Northwestern Mutual	165,000	-	165,000
Net Worth Plus Related Holdings			**4,977,984**	**33,543**	**5,011,527**

Trust funding and beneficiary designation(s)

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Mr. John & Mrs. Jane Client
January 2018

Document	Execution date	Location
Last Will & Testament	10/5/1999	
John Client Irevocable Trust	10/5/1999	
Durable Power of Attorney	10/5/1999	
Appointment of Healthcare Representative	10/5/1999	

Children	Date of Birth	Age
Daughter	5/1/1997	20
Son	1/15/2001	17

Personal Financial Advisor

Valeo Advisor, CFP®
Valeo Financial Advisors, LLC
P.O. Box 40249
Indianapolis, IN 46240
888-488-2536 Main
866-488-2536 Fax

Estate Planning Attorney

Estate Attorney Name
Contact Info

VALEO FINANCIAL ADVISORS, LLC
9450 North Meridian Street, Suite 300, Indianapolis, IN 46260
www.valeofinancial.com

Phone: 317.218.6000
Fax: 317.218.6010
Toll Free: 888.48.VALEO

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Owner	**Custodian**	**Type**	**Acct / Policy #**	**Primary Beneficiary**	**Contingent Beneficiary**
Investments					
John	Fidelity	IRA		Jane Client	
John	Fidelity	401(k)		Jane Client	
Jane	Fidelity	IRA		John Client	
Jane	Fidelity	401(k)		John Client	
Life Insurance					
John	AIG	20 Yr. Level Term		Jane Client	
Jane	AIG	20 Yr. Level Term		John Client	

John & Jane Client

Life Insurance Summary

John's Life Insurance													
Owner	Insured	Primary Beneficiary	Contingent Beneficiary	Insurer	Plan	Purpose	Policy Number	Policy Date	Expiration Date	Face Amount	Annual Premium	Dividends	Proposed Action steps
John	John	Jane	Confirm	AIG	20 Year Level Term	Survivor Security	xxxx123	1/2/2007	1/2/2027	$750,000	$4,000	$0	Confirm beneficiary designation & premium
Total										**$750,000**	**$4,000**	**$0**	

Jane's Life Insurance													
Owner	Insured	Beneficiary	Contingent Beneficiary	Insurer	Plan	Purpose	Policy Number	Policy Date	Expiration Date	Face Amount	Annual Premium	Dividends	Proposed Action steps
Jane	Jane	John	Confirm	AIG	20 Year Level Term	Survivor Security	xxxx124	1/2/2007	1/2/2027	$550,000	$3,200	$0	Confirm beneficiary & death benefit
Total										**$550,000**	**$3,200**	**$0**	

Protecting Against What Can Go Wrong

- Identity Theft
- Disability Insurance
- Life Insurance
- Property & Casualty Insurance

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Identity Theft

Key Points:

- Equifax 2017 Breach
  - 143,000,000 U.S. Consumers impacted
  - Visit www.equifaxsecurity2017.com
- Freezing Your Credit = Best Protection
- Update email and financial accounts with strong passwords
- More tips and links at www.vfa.cc/cos

Action Items:

Review your Credit Report

Freeze your credit

Update your email and banking passwords

Disability Insurance

Key Points:

- Group disability forms base
  - Inexpensive
  - No portability (can't take it with you)
  - Social Security integration

- Individual disability supplements
  - Portable
  - Expensive

- Definition is key (own occupation)

- After-tax premiums = tax-free benefits

Action Item:

Email your Human Resources contact to request group disability coverage summary + ask if you have the option to pay premiums with after-tax dollars.

Life Insurance

Key Points:

- Obtain appropriate amount of coverage
- Keep in mind your:
  - Group life insurance coverage
  - Social Security survivor benefits
- Term insurance most appropriate
- It pays to shop around
- Whole life insurance for permanent insurance needs (estate tax planning), not for investment

Action Items:

If whole life, why?

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Property & Casualty Insurance

Key Points:

- Gaps in home owners coverage by captive carriers (State Farm, AllState, etc.):
  - No "Guaranteed Replacement Cost"
  - No "Mysterious Disappearance"
  - Limited Water/Sewer backup ($10,000)
- Gaps in Umbrella Liability Insurance:
  - No coverage / less than net worth
  - No uninsured/underinsured policy rider
  - Fail to report pool, golf cart, trampolines

Action Item:

If you live in a $1,000,000 +/- home and your insurance company sponsors your favorite sporting event, you have a high likelihood of a gap in coverage!

Find an independent insurance agent.

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Minimizing Taxes & Interest Payments

- Cash Management

- Debt

- Taxes

Cash Management

Key Points:

- Average bank savings account pays 0.09% APY
- Top online banks pay 2.13%+ APY
- $250,000 balance for 1 year earns:
  - $225 at 0.09% APY
  - $5,325 at 2.13% APY
- Consider:
  - Barclays (2.20%)
  - Goldman Sachs (2.25%)
  - HSBC Direct Savings (2.22%)
- Electronic link to primary checking with easy 1 day push/pull for deposits/withdrawals (idle cash)

Action Item:

Check the interest rate on your savings account.

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Shopping Your Mortgage

Key Points:

- It pays to shop around
- Loan example:
  - 15 year fixed rate / good credit.
  - Large National Bank = 4%
  - Loan Amount= $250,000
  - Total interest= $82,860
  - Total paid= $332,860

Action Item:

Check your current mortgage rate and terms.

Extending Your Income Tax Return

Key Points:

- Defer filing, but not paying taxes
- Avoids the April rush
- Fresh set of eyes for return preparation and review
- No impact to credit and no higher risk of an audit
- Amending a tax return does increase audit risk

Action Item:

Extend your tax return.

Review final return with your financial advisor and CPA after busy season.

Tax Loss Harvesting

Key Points:

- Process of selling investments at a loss to offset capital gains
- Even if no sales you may have capital gains from mutual fund distributions
- Requires a proactive conversation by your advisor and coordination in situations where multiple advisors
- Not just a year-end activity - February 2016 was a great time to harvest losses

Action Item:

Check with your financial advisor to review year to date capital gains and opportunities for tax loss harvesting.

529 Plan Tax Credit

Key Points:

- Tax-free growth on college savings
- Any 529 savings plan can also be used to pay up to $10,000 per year in elementary and high school tuition
- Many states offer tax incentives

- https://www.savingforcollege.com/529-plans/michigan
- https://www.savingforcollege.com/article/using-a-529-plan-to-pay-for-k-12-these-states-offer-tax-benefits
- https://www.misaves.com/
- Make sure your CPA knows about 529 plan contributions

Action Items:

Visit
savingforcollege.com
misaves.com

Make sure CPA includes your 529 contributions on your tax return.

Planning For The Future & Investing

- Retirement Plans
- Investments
- Social Security
- Medicare
- Planning for Aging Parents

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Roth IRAs

Key Points:

- After-tax contributions, tax-free growth, tax-free distributions, no required minimum distributions
- Direct contributions limited by income
- Indirect contributions at any income - nondeductible IRA contribution + Roth conversion
- $6,000 ($7,000 if age 50+) /person/year
- Available for non-income spouse
- Available for children with earned income

Action Item:

Don't have a Roth IRA.....get one!

2019 Tax Guide

<table>
<tr><th colspan="10">Individual Tax Rates</th></tr>
<tr><th colspan="5">Single</th><th colspan="5">Joint</th></tr>
<tr><th rowspan="2">Taxable Income</th><th rowspan="2">Ordinary Income</th><th rowspan="2">Capital Gains and Dividends</th><th colspan="2">Afforable Health Care Act</th><th rowspan="2">Taxable Income</th><th rowspan="2">Ordinary Income</th><th rowspan="2">Capital Gains and Dividends</th><th colspan="2">Affordable Health Care Act</th></tr>
<tr><th>Earned Income</th><th>Investment Income**</th><th>Earned Income</th><th>Investment Income**</th></tr>
<tr><td>$0 to $9,700</td><td>10%</td><td rowspan="2">0%</td><td rowspan="6">0%</td><td rowspan="6">0%</td><td>$0 to $19,400</td><td>10%</td><td rowspan="2">0%</td><td rowspan="5">0%</td><td rowspan="5">0%</td></tr>
<tr><td>$9,701 to $39,375</td><td rowspan="2">12%</td><td>$19,401 to $78,750</td><td rowspan="2">12%</td></tr>
<tr><td>$39,376 to $39,475</td><td rowspan="6">15%</td><td>$78,751 to $78,950</td><td rowspan="6">15%</td></tr>
<tr><td>$39,476 to $84,200</td><td>22%</td><td>$78,951 to $168,400</td><td>22%</td></tr>
<tr><td>$84,201 to $160,725</td><td>24%</td><td>$168,401 to $250,000</td><td rowspan="2">24%</td></tr>
<tr><td>$160,726 to $200,000</td><td rowspan="2">32%</td><td>$250,001 to $321,450</td><td rowspan="5">0.9%</td><td rowspan="5">3.8%*</td></tr>
<tr><td>$200,001 to $204,100</td><td rowspan="4">0.9%</td><td rowspan="4">3.8%*</td><td>$321,451 to $408,200</td><td>32%</td></tr>
<tr><td>$204,101 to $434,550</td><td rowspan="2">35%</td><td>$408,201 to $488,850</td><td rowspan="2">35%</td></tr>
<tr><td>$434,551 to $510,300</td><td rowspan="2">20%</td><td>$488,851 to $612,350</td><td rowspan="2">20%</td></tr>
<tr><td>> $510,300</td><td>37%</td><td>> $612,350</td><td>37%</td></tr>
</table>

*3.8% tax is only imposed on adjusted gross income (AGI) in excess of the $200,000 ($250,000 joint) threshold

** Investment income for purposes of 3.8% tax = dividends, interest, capital gains, non-qualified annuity distributions, royalties, rents, and passive income (not qualified retirement distributions)

Select Tax Items		
Tax Limits		**2019**
Gift tax annual exclusion		$15,000
Estate tax exemption		$11,400,000 + DSUEA*
Top federal estate tax bracket		40%
IRA distributions direct to charity (over age 70.5)		$100,000
IRA / Roth IRA contribution limit		$6,000
IRA / Roth IRA catch-up provisions for individuals 50+		$1,000
Health Savings Account contribution limit [Individual, (Family)]		$3,500, ($7,000)
Health Savings Account catch-up provisions for individuals 55+		$1,000
Phaseout Items	**Single**	**Joint**
Itemized deduction phaseout	N/A	N/A
Personal exemption phaseout	N/A	N/A
Deductible IRA contribution phaseout (qualified plan)	$64,000 to $74,000	$103,000 to $123,000
If one spouse covered by a plan		$193,000 to $203,000
Roth IRA contribution phaseout	$122,000 to $137,000	$193,000 to $203,000
AMT exemption	$71,700	$111,700
Part B / Part D Premiums begin to increase with MAGI over	$85,000	$170,000

Basic exclusion amount plus deceased spousal unused exclusion amount (DSUEA) -- exclusion is portable for 2011 onward

Retirement Plan Contribution Limits	
Plan	**Limit**
Defined contribution plans	$56,000
401(k) (Roth/Traditional), 403(b), 457(b) plans	$19,000
Catch-up provision for individuals 50+	$6,000
SIMPLE plans	$13,000
SIMPLE plans - catch-up provision for individuals 50+	$3,000

Estates and Trusts	
Income	**Rate**
< $2,600	10%
$2,601 to $9,300	24%
$9,301 to $12,750	35%
> $12,750*	37%

Short (Sold) Options		
Put/Call Action	**Taxable Amount**	**How taxed (long/short)**
Option expires worthless	Premium	Short
Option is closed	Net gain/loss of closing	Short
Call option assigned	Premium + strike price - security basis	Short or long**

Investment income > $12,750 subject to additional 3.8% surtax

***Underlying security held > 1 year is long term gain/loss, security held < 1 year is short term gain/loss*

2019 Tax Guide

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Retirement Plan Contribution Limits

Annual compensation used to determine contribution for most plans	$280,000
Defined contribution plans	$56,000
Defined benefit plans	$225,000
401(k), 403(b), 457(b) plans	$19,000
Catch-up provision for individuals 50+	$6,000
SIMPLE plans	$13,000
SIMPLE plans - catch-up provision for individuals 50+	$3,000
Roth 401(k)	$19,000
Roth 401(k) - catch-up provision for individuals 50+	$6,000
Maximum ESOP balance subject to 5 year distribution period	$1,130,000

Individual Retirement Accounts

IRA type	Contribution limit	Catch-up at 50+	Phaseouts (AGI)	
Non-deductible	$6,000	$1,000	None	
Deductible	$6,000	$1,000	**Covered by qualified plan:**	
			$103,000 to $123,000	joint
			$64,000 to $74,000	single, HOH
			$0 to $10,000	MFS
			If one spouse covered by a plan:	
			$193,000 to $203,000	joint
Roth	$6,000	$1,000	$193,000 to $203,000	joint
			$122,000 to $137,000	single, HOH
			$0 to $10,000	MFS
Roth conversion			No Income Limit	

Medicare Premiums & Deductibles

Part B premium	$135.50*	
Part B deductible	$185	
Part A (inpatient services) deductible < 61 days of hospitalization	$1,364	per benefit period
Part A deductible 61 - 90 days of hospitalization	$341	per day
Part A deductible > 90 days of hospitalization	$682	per day

Part B / Part D Premiums for High-Income Taxpayers

MAGI single	MAGI joint	Part B premium	Part D premium
< $85,001	< $170,001	$135.50*	$0.00
85,001 to $107,000	$170,001 to $214,000	$189.60	$12.40
$107,001 to $133,500	$214,001 to $267,000	$270.90	$31.90
$133,501 to $160,000	$267,001 to $320,000	$352.20	$51.40
$160,001 to $499,999	$320,001 to $749,999	$433.40	$70.90
> $500,000	> $750,000	$460.50	$77.40

**Most individuals will pay less; however, individuals who are not protected by the Social Security "hold harmless" provision will pay $135.50.*

Social Security

Benefits			
Full retirement age (FRA) if born between 1943 & 1954			66
Maximum monthly benefit		$2,861	
Retirement earnings exempt amounts		$17,640	Under FRA
		$46,920	During yr. reach FRA
		NA	After FRA
Tax (FICA)		**% withheld**	**Maximum tax payable**
SS tax paid on income	< $132,900		
Employer pays		6.20%	$8,240
Employee pays		6.20%	$8,240
Self-employed pays		12.40%	$16,480
Medicare tax paid on all income*			
Employer pays		1.45%	No maximum
Employee pays		1.45%	No maximum
Self-employed pays		2.90%	No maximum

*Additional 0.9% for wages exceeding $200,000 (single) and $250,000 (joint).

Social Security Taxes

Filing status	AGI + provisional income*	Taxable portion
Married filing jointly	< $32,000	0%
	$32,000 to $44,000	up to 50%
	> $44,000	up to 85%
Single, HOH, MFS and living apart from spouse	< $25,000	0%
	$25,000 to $34,000	up to 50%
	> $34,000	up to 85%
Married filing separately & living with spouse	> $0	up to 85%

*Provisional income = tax-exempt interest + 50% of SS benefit

Deductibility of Long-Term Care Premiums on Qualified Policies

Attained age before close of tax yr.	Amount of LTC premiums that qualify as medical expenses
40 or less	$420
41 to 50	$790
51 to 60	$1,580
61 to 70	$4,220
> 70	$5,270

Health Savings Accounts

Annual limit	Max. deductible contribution	Deductible/Co-pay limits	Minimum annual deductible
Individuals	$3,500	$6,750	$1,350
Families	$7,000	$13,500	$2,700
Catch-up for 55+	$1,000		

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SEP IRA vs. Solo 401(k) Plan

Key Points:

- Both available to defer tax on self-employment income (consulting, moonlighting, IP royalties)
- Solo 401(k) balance not taken into account when making Roth conversions
- SEP IRA balance makes Roth conversions tax inefficient
- Ability to rollover SEP IRA to Solo 401(k)
- A business owner who is also employed by a second company and participating in its 401(k) plan should bear in mind that his limits on elective deferrals are by person, not by plan. He must consider the limit for all elective deferrals he makes during a year.

Action Item:

Establish a Solo 401(k) plan and rollover your SEP IRA.

SEP IRA vs. Solo 401(k) Plan

Contribution limits:

- Employer Maximum for SEP IRAs is $56,000 or 25% of net self-employment income.
  - i. $56,000/ $224,000 ($280,000-$56,000) = 25%
  - ii. It is effectively 20% of your gross income
    1. $56,000/ $280,000= 20%
- $6,000 catch-up for those 50+ resulting in a maximum of $62,000 in a SEP IRA
- Maximum 401(k) contribution is $19,000 with a $6,000 catch-up for those 50+
- Solo 401(k)s allow for the employer (yourself) to make profit sharing contributions up to 25% of compensation not to exceed $56,000 with a $6,000 catch-up for those 50+

Example:

Ben, age 51, earned $50,000 in W-2 wages from his S Corporation in 2019. He deferred $19,000 in regular elective deferrals plus $6,000 in catch-up contributions to the 401(k) plan. His business contributed 25% of his compensation to the plan, $12,500. Total contributions to the plan for 2018 were $37,500. This is the maximum that can be contributed to the plan for Ben for 2018.

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Defined Benefit Pension Plans

Key Points:

- Ability to save up to 100% of self-employment income on a pre-tax basis
- Annual actuarial calculations & administration expenses
- Employees can complicate tax efficiency
- Example = A client making $200,000 of 1099 / self-employment income moonlighting deferred 100% of income to the plan for the past 5 years

Action Item:

If you have significant recurring self-employment income, consider establishing a Defined Benefit Pension Plan.

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Investments - Index Funds

Key Points:

- iShares S&P 500 Index ETF (IVV):
  - 0.04% annual expense ratio
  - $400 per $1,000,000
  - Tax-efficient
- Average Large Cap mutual fund:
  - .75% average annual expense ratio
  - $7,500 per $1,000,000
  - Tax-inefficient
- 90% of mutual fund managers failed to beat their benchmark over the last 15 years
- Survivorship bias

Action Item:

Compare your actively managed mutual funds to the Index.

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Investments - Municipal Bonds

Key Points:

- Individual municipal bonds:
  - Protect against rising interest rates if held to maturity
  - Tax-efficient
  - Retirement income stream

- 3% municipal bond in top tax bracket = 4.76% + tax-equivalent yield

- 10 Year U.S. Treasury @ 2.634% (2/26/19)

Action Item:

Build municipal bond portfolio to supplement retirement income.

Investments - Real Estate

Key Points:

- Income producing
- Inflation hedge
- Tax-efficient (depreciation and leverage)

Action Item:

Consider adding investment real estate to your portfolio.

Social Security / Medicare

Key Points:

- Wait until Full Retirement Age (FRA):
  - Born 1943 - 1954, FRA= Age 66
  - Born 1955 - 1959, FRA= Age 66 - 67
  - Born 1960+, FRA= 67
- Delay Social Security until age 70 and grow your benefit 8% per year (0.67% per month)
- Consider a "Restricted Application" if born on or before 1/1/1954, are at FRA and have a spouse with Social Security earnings history
- Contact Social Security 3 months in advance of your 65th birthday to enroll in Medicare (even if you are not retiring)

Action Item:

Review your most recent Social Security Statement online.

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Planning for Aging Parents

Key Points:

- Evaluating Retirement / Assisted Living Facilities – Look for Continuing Care Retirement Communities or "CCRCs"
- Tax Planning – Negative income opportunities and Roth Conversions
- Medicaid Planning / Spenddown
- VA Aid & Attendance Pensions
- Estate Plans / Beneficiary Designations

Action Item:

Engage parents in financial planning discussion

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Lifetime Wealth Transfer Planning

- Estate Planning

- Charitable Giving

Estate Plans

Key Points:

- No estate plan / "in progress" / old plan
- Missing/incorrect beneficiary designations:
  - 401(k) Plans, IRAs & Pensions
  - Life insurance
  - Annuities
- Out of state property ownership
- No consolidated list of accounts & assets
- Do not just use any attorney - use an estate planning attorney

Action Item:

Update your estate plan & prepare list of accounts/assets.

Charitable Giving Strategies

Key Points:

- Gift appreciated stock or mutual funds:
  - Avoid capital gains tax
  - Charity pays no capital gains tax
  - Invest cash to step up cost basis
  - Easier for charity to get cash vs. stock

- Donor Advised Funds
  - Receive immediate tax benefit
  - Contribution can grow tax free in DAF account

- Qualified Charitable Distributions
  - Can be counted as required minimum distributions
  - Excludes amount donated from taxable income

Action Item:

Consider appreciated stock for funding of future charitable gifts.

Feedback advisors hear from clients

- Willingness to collaborate
  - Share information (Box.com)
  - Joint meetings (assist with trust funding)
- Understanding the process
  - Pre-execution and post-execution
- Fees / pricing
  - Why is it so expensive?
  - One transparent fee & One source of income for advisors (fee-only)

Action Item:

Networking with local centers of influence can enhance the client experience

In Closing

Key Points:

- Less than 10% of our presentation was related to investment selection.

- How much of the other 90% is your plan missing?

- Complete the action items or find someone to help you execute them.

- Any Questions?

Action Item:

Do the action items or find someone who can help.

Checklist of Planning Action Items

	Protecting Against What Can Go Wrong
	Check www.equifaxsecurity2017.com/potential-impact/
	Obtain & Review a copy of your Credit Report
	Freeze Your Credit with all 3 Credit Bureaus
	Update Your Email & Bank logins with strong passwords
	Review Group & Personal Disability Insurance
	Compare Term Life Insurance to Current Coverage at vfa.cc/cos
	Review Home, Auto & Umbrella Coverage with Independent Agent
	Minimizing Everyday Taxes & Interest
	Check the Interest Rate of your Savings Account
	Visit vfa.cc/cos for links to High Yield Savings Accounts
	Check your current Mortgage Rate and Terms
	Review Capital Gains & Tax Loss Harvesting annual with your Advisor
	Consider a 529 Plan for College Savings + Send CPA Contribution Details
	Always ask if Venture Capital/Private Equity investments qualify for tax credits
	Extend your Tax Return
	Confirm your CPA is appropriately allocating Surgery Center Income
	Review Tax Return with your CPA and Advisor after busy season
	Planning for the Future & Investing
	Open & Fund a Roth IRA for you/your spouse every year (ask CPA for specifics)
	Establish a Solo 401(k) and Rollover your SEP IRA
	Consider a Defined Benefit Pension Plan if you have significant self-employment income
	Compare your actively managed Mutual Fund performance to the comparable Index Funds
	Build a Portfolio of Individual Municipal Bonds to supplement retirement income
	Consider adding Investment Real Estate to your portfolio
	If investing in Alternatives/Private Equity, diversify with sponsors, asset class and vintages
	Review your most recent Social Security Statement online (link at vfa.cc/cos)
	Consider Social Security filing strategies - Deferring Benefits & "Restricted Application"
	Enroll in Medicare 3 month prior to your 65th birthday
	Engage Parent(s) in Financial Planning Discussion
	Giving Away What You Accumulate
	Complete an accurate Personal Financial Statement / List of all Accounts/Assets
	Review/Update your Estate Plan (locate local estate planning attorney at vfa.cc/cos)
	Consider using Appreciated Stock to fund Charitable Giving

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