

# FINANCIAL PLAN - 2021

## Jill & John Smith

Prepared by Freeman Linde, CFP®



## Financial Vision

To be free from work in eight years and enjoy time and travel with each other, kids, and grandkids.

## Cash Flow – Net Worth

- Carve out \$2,000 per month to contribute toward your goals.
- Build and maintain an emergency fund of \$30,000. Use a Money Market Account.
- After emergency fund is complete, direct funds toward:
  - HSA - \$600
  - Roth IRA - \$500
  - Roth 401(k) - \$900
- Refinance home to 10-year fixed rate mortgage.

## Tax Planning

- Change 401(k) Contributions to Roth. Keep as Roth through 2025. Re-evaluate at that time.
- Open and contribute \$7,200 per year to a Health Savings Account (after HDHP enrollment).
- Consider having a CPA or EA file your annual income tax returns.

## Investing

- Reallocate your 401(k), Roth IRA, and Joint Investment Account to your Investing Plan
- Reallocate Jill's Pension Account to 50% Variable, 50% Core (maximum variable allowed.)

## Retirement Planning

- Aim to retire by ages for 62 Jill and for 62 John.
- Plan to claim Social Security at Age 62 for Jill. Revisit prior claiming.
- Plan to claim Social Security at Age 70 for John. Revisit prior claiming.
- Claim pension at age 62. Select Option "Reduced 25% on Death of Annuitant or Named Survivor."

## Estate Planning

- Set up a Living Trust and update your Will, Health Directive, and Power of Attorney.
- Complete Estate Plan with Executive Summary.
- Update Primary & Secondary Beneficiaries on all account.

## Insurance Planning

- Add Disability Income Insurance to provide for full income and benefits.
- Add \$500,000 in 10-year level term life insurance on John. Surrender current whole life after term is in place. Saved premiums will fund all other insurances.
- Maintain term life insurance of \$250,000 on Jill.
- Switch to a HDHP at Enrollment.
- Evaluate Property & Casualty insurance to ensure best value. Add an Umbrella Policy.