



WICHITA WEALTH
FINANCIAL PLANNING

SAMPLE PLAN

Introduction

Financial planning and investment management is an abstract service that many people (advisors included) have a difficult time visualizing.

In this Sample Plan, we are showing you *some* of our deliverables... and explaining exactly how they help our clients answer their most pressing questions for how to stay on track to meet their financial goals.

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Statement of Net Worth

Imagine you are going to the doctor because you are feeling sick... but the doctor doesn't check your blood pressure, your weight, he doesn't run any tests, or order any labs. In fact, he doesn't even check your temperature!

Too often, this same thing happens with personal finances. Answers, solutions, and recommendations are given without any sense of the financial state of the person!

So, at Wichita Wealth, we update our clients' Statement of Net Worth each year. This provides clarity on your overall financial picture, while also answering questions such as...

- Where is most of your wealth?
- Do you have enough cash in the bank, or too much?
- How much debt do you have? What kind of debt do you have?



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Statement of Net Worth Example:

1/31/2024		2023 Sample Client Data		Snapshot
#	Custodian/ Description	Type	Liq	1/31/2024
1	Assets			
2	Checking	Cash	x	10,000
3	Savings	Cash	x	51,400
4	Savings (insurance & taxes)	Cash	x	32,330
5	Bank CD	Cash	x	10,000
6	John IRA	Retirement	x	1,143,341
7	John's Company 401k	Retirement	x	134,627
8	Jane IRA	Retirement	x	26,967
9	Jane Roth	Retirement	x	30,630
10	John HSA	Retirement	x	5,000
11	Jane's Business Assets	Business		500,000
12	Home	Other		254,207
13	Art	Other		3,000
14	Home Furnishings	Other		10,000
15	2024 New Car	Other		25,000
16	2002 Old Car	Other		600
17	Old Autos	Other		0
18	Total Assets			2,237,103
19	Liabilities			
20	Mortgage 3.125%			75,000
21	Credit Cards			0
22	HELOC (\$25,000)			0
23	Total Liabilities			75,000
24	Net Worth			2,162,103
25				
26	Liquid Assets		x	1,444,296
27				
28		Cash		103,730
29		Retirement		1,340,566
30		Business		500,000
31		Other		292,807
32		Total		2,237,103
33				
40	Guaranteed Income	Monthly		Annually
41	John's age 70 Social Security	4,600		55,200
42	Jane's age 65 Social Security	1,680		20,160
43	John's age 65 Company Pension 100% joint	762		9,144
44	John's age 65 Company Pension 50% joint	685		8,220
45	Jane's Company Pension 10-yr certain	622		7,464
46	Total Guaranteed Income	8,349		100,188
47				
48	John's Current Pay	Monthly		
49	Net	6,180		
50	Gross	10,630		
51				
52	John Birthday/Age	1/1/1959		65.08
53	Jane Birthday/Age	2/1/1957		67.00

The info contained herein is based upon sources believed to be reliable, but are not guaranteed as being accurate. You should continue to rely on bank statements, custodian statements, insurance policies, etc. for the most up-to-date information.



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One-Page Financial Summary

Let's say you are building a house. The best way to get started is to start! So, you grab a shovel and start digging. Once you have a hole that looks big enough for a foundation, you pour a foundation. You eyeball the grade and say a prayer hoping that it's mostly level. You continue building in this haphazard fashion until your house is complete. When you step back and look at the finished structure, it looks like some sort of Frankenstein monster-house. Then the thought crosses your mind, "maybe I should have started with a blueprint..."

This is one extreme, on the other side you could have interviewed multiple architecture firms, then after selecting one you might have insisted on interviewing every person hired. When you begin to work with the architect you decide the best thing would be for you to read the spec sheet on every piece of hardware going into your house... but then you feel stressed and overwhelmed by the amount of work, so you give up on the whole project.

Either way, you end up without a house you can live in!

Many financial plans are similar. They are cobbled together without a coherent strategy pulling it all together or they are so full of complex jargon and irrelevant details that nothing is ever done with it.

So, we use our One-Page Financial Summary as a blueprint to quickly see all of your most important financial information, along with your unique goals and to-dos in one place. And to create an overall strategy for the recommendations we make.



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One-Page Financial Summary Example:

Goals

- Fund your retirement without worrying about money.

Cash flow

- See Snapshot worksheet for statement of net worth.
- 2021 estimated safe withdrawal amount from portfolio is \$51,000.
- Jane's Required Minimum Distributions will start in 2030.
- John's Required Minimum Distributions will start in 2032.
- Social Security – recommend you both wait until age 70 to begin.
- Pensions – start dates and estimated amounts...
 - John's employer pension 50% joint & survivor – 7/1/2024, \$685 per month or \$8,220 per year.
 - Jane's employer pension 10-year certain – 1/1/2023, \$621.56 per month or \$7,458 per year.

Retirement

- If you retire at age 65, you have a 94% chance of successfully funding your retirement or a 6% chance you will have to adjust your spending at some point in retirement.
- If you retire at age 63, you have an 81% chance of successfully funding your retirement or a 19% you will have to adjust your spending at some point in retirement.

Risk management

- See Beneficiaries worksheet for current beneficiaries.
- No life, disability, or long-term care insurance.
- Your will and trust were last updated on May 1, 2019.

Taxes

- Recommend evaluating Roth conversions to reduce lifetime tax bill.
- Maxout HSA contributions.

Investments

- Your chances of successfully funding retirement increase if you reduce your risk score. So, I recommend reducing the risk score on John's IRA from an 80 to a 60 or 70.



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Retirement Income Guardrails

We condense all the complicated charts and graphs that most advisors use into one simple report that answer questions such as...

- Can I buy a boat/vacation home/other?
- Can I retire?
- How much can I withdraw from my portfolio each month or year without running out of money?
- If my portfolio is up or down, can I take more money out or do I need to take less out?
- Do I need to make changes to how I am invested?



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Retirement Income Guardrails Example:

Retirement Income Guardrails™

Prepared for: _____ Smith _____

In Good Times / Upper Guardrail

If portfolio grows above:	\$		2,113,800
		<i>Annual</i>	<i>Monthly</i>
Income increases 10% to:	\$	100,430	\$ 8,300

Upper Guardrail/Pay-Raise - Not leaving a mattress stuffed full of money

Current Portfolio Value:	\$	1,691,100
Current Portfolio Income: \$	-	\$ -
Current Income Baseline:	N/A	
Available Portfolio Income: \$	91,300	\$ 7,600
	<i>Annual</i>	<i>Monthly</i>
Dynamic Distribution Rate:	5.40%	

Lower Guardrail/Pay-Cut - not running out of money in retirement

In Bad Times/Lower Guardrail

If portfolio falls below:	\$		1,409,200
		<i>Annual</i>	<i>Monthly</i>
Income decreases 10% to:	\$	82,170	\$ 6,800

All numbers are based on portfolio value as of: 6/1/2024

This strategy is designed to give you the highest possible monthly income, without jeopardizing your portfolio when (not if) the markets declines. This illustration relies on 5 key philosophies:

- War Chest of Cash and Bonds
- Strategic Rebalancing
- Careful Diversification
- Tax Efficiency
- Discipline

Our attorneys would like us to remind you that this report is provided as a courtesy and is for informational purposes only. Only the statements you receive directly from the investment companies (e.g. Pershing) should be considered official. While we spend a great deal of time and money ensuring the accuracy of this report, mistakes can happen. Thanks.



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Tax Report

Tax returns are complicated! This is too bad because taxes are likely your biggest lifetime expense. Unfortunately, you will have a very difficult time lowering your lifetime tax liability if you don't understand tax rules and how to read your tax returns.

That's where we come in! We specialize in helping you with tax planning. We extract your important tax data and put together a report for you. This way you can see what is causing your taxes to go up or down.

This report also helps us plan for things like Roth conversions and helps us provide recommendations on how to reduce your lifetime tax liability.



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Tax Report Example:

2021 TAX REPORT FOR JOHN SMITH AND KAY SMITH

KEY FIGURES

Total Income:	\$135,953	Filing Status: Married Filing Jointly	Tax Exempt Interest:	\$80	
AGI:	\$135,953	Marginal Rate:	12.0%	Qualified/Ordinary Dividends:	
Deductions:	\$57,241	Average Rate:	6.2%	\$1,198 / \$1,769	
Taxable Income:	\$78,707	2022 Safe Harbor:	\$8,398	ST/LT Capital Gains: \$459 / \$4,188	
Total Tax:	\$8,398	Tax Exempt Pct. of Total Interest:	85.1%	Carryforward Loss:	\$0
				Total/Taxable Social Security:	\$48,732 / \$41,422
				Credits Claimed:	\$3

MARGINAL TAX BRACKET INFORMATION

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$19,900	
12.0%	\$19,900 to \$81,050	You: \$73,321
22.0%	\$81,050 to \$172,750	
24.0%	\$172,750 to \$329,850	
32.0%	\$329,850 to \$418,850	
35.0%	\$418,850 to \$628,300	
37.0%	\$628,300 and above.	

The marginal tax rate for your *capital gains and qualified dividends income* is as follows:

Marginal Rate	Taxable Income Threshold	Qualified Income (\$5,386 Total)
0.0%	\$0	You: \$78,707
15.0%	\$80,800	\$0
20.0%	\$501,800	\$0

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Under
Coverdell ESA	\$190k - \$220k	Under
Roth IRA Contribution	\$198k - \$208k	Under
Lifetime Learning Credit	\$180k - \$180k	Under
Student Loan Interest Deduction	\$140k - \$170k	Under
American Opportunity Credit	\$180k - \$180k	Under
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$217k - \$257k	Under
Saver's Credit	\$40k - \$86k	Over
IRA Contribution Deductibility - Covered Spouse	\$105k - \$125k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$198k - \$208k	Under

ITEMIZED DEDUCTION SUMMARY

Total Itemized Deductions: \$57,241 vs. Standard Deduction of \$27,800

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$8,563
Mortgage and Investment Interest Expense	\$0
Charity	\$48,678
TOTAL	\$57,241

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