The Plan.

Prepared for **Client #1 and Client #2**

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July 2026

Sample

nectarine

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Two Page Financial Summary

"Am I On Track?"

💰 > 90% = Consider spending more
🟢 > 80% = On Track
🟡 60-80% = Potential Adjustments Needed
🔴 < 60% = Off Track

$1.98mm
Net worth

4.1%
Total effective tax rate

Probability of success of Proposed plan

Balance Sheet

Bank	$50,000
Invested assets	$1,930,000
Real estate assets	$0
Life insurance cash value	$0
Business assets	$0
Other assets	$0
Credit cards	$0
Mortgages and equities	$0
Student loans	$0
Other debts	$0
Net worth	**$1,980,000**

⭐ Report Card

- ✅ Zero High Interest Debt
- ✅ 3-6 months Emergency Fund
- ✅ Employer Match
- — Max HSA
- ✅ Max Roth
- ❌ Max Out Retirement
- — College Savings
- ❌ Life Insurance
- ❌ Estate Plan

✅ (Complete) ❌ (Incomplete) — **(N/A)** ⏳ (Work in Progress)

✅ Action Items

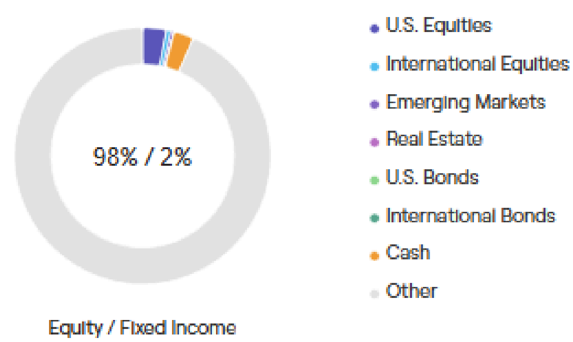
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐
- ☐

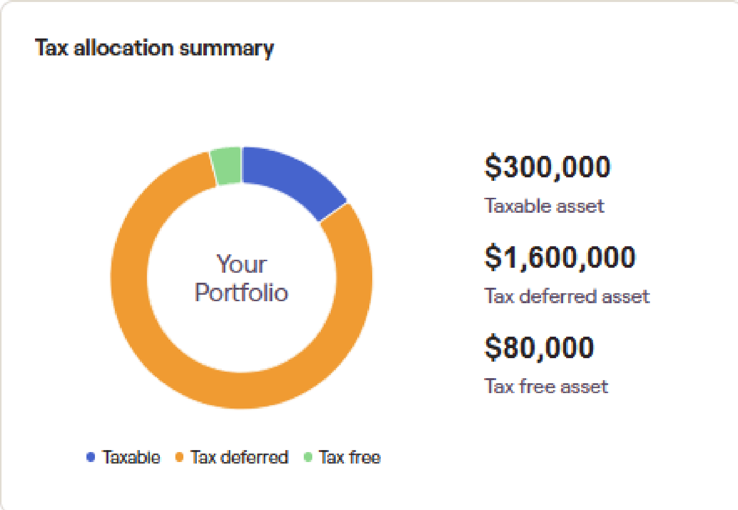
🎯 Priorities

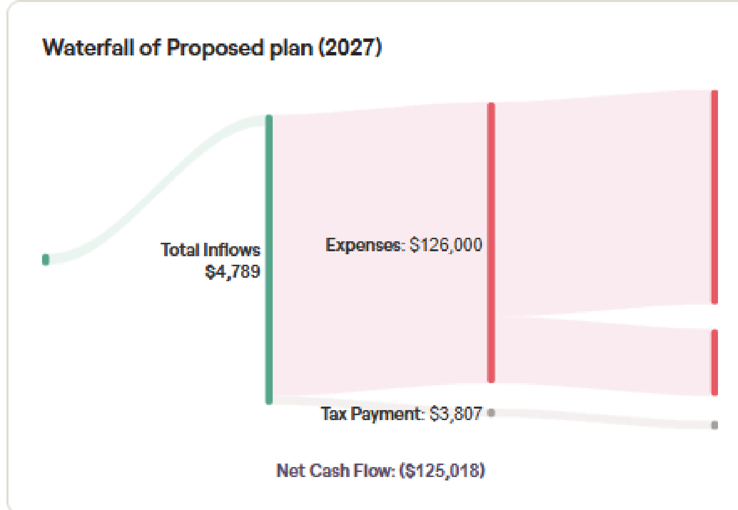
1.
2.
3.
4.
5.
6.
7.
8.

🟢 **On Track**
🟡 **Needs Adjustments**
🔴 **Off Track**

Current allocation







Calendar

Q1 (Jan-Mar)

- ☐ Review previous year's spending and update RightCapital (income, expenses, account balances)
- ☐ Schedule Hourly Nectarine Session (Tax Planning Review)
- ☐ Finalize any IRA contributions for previous tax year
- ☐ Check credit report on annualcreditreport.com for all 3 bureaus to spot any inaccuracies
- ☐ Make sure you have your credit reports are frozen (Experian, Equifax, and TransUnion)
- ☐ Complete quarterly estimated IRS tax payment (if applicable) - due 1/15

Q2 (Apr-Jun)

- ☐ File taxes or file an extension
- ☐ Adjust W4 tax withholdings if you paid too little or too much last year
- ☐ Review and shop around insurance policies
- ☐ Schedule Hourly Nectarine Session (Mid-Year Check-in)
- ☐ Complete quarterly estimated IRS tax payment (if applicable) - due 4/15
- ☐ Complete quarterly estimated IRS tax payment (if applicable) - due 6/15

Q3 (Jul-Sep)

- ☐ Schedule Hourly Nectarine Session (Year-End Portfolio Review) - *these book up a couple months in advance, so it's good to schedule it sometime Q3 for a Q4 time slot.*
- ☐ Update estate planning documents and named beneficiaries (if needed)
- ☐ Review service contracts for better pricing (mobile phones, internet, cable, subscriptions)
- ☐ Complete 4th quarterly estimated IRS tax payment (if applicable) - due 9/15

Q4 (Oct-Dec)

- ☐ Review employee benefits during open enrollment (changing health insurance, adding legal plan for estate planning)
- ☐ Review your 401(k) contributions to ensure the current year and following year are set up correctly
- ☐ Make sure we have your Q4 year-end meeting scheduled (Hourly Nectarine Session)
- ☐ Review next year's cash flow needs to determine where those funds should come from (especially for retirees)
- ☐ Annual rebalance of investment accounts
- ☐ Check for any tax-loss or tax-gain harvesting opportunities

Action Items

Taxable Accounts			
	Account	🎯 **Recommendations**	💡 **Reason**
☐	**Checking/ Savings**	Keep only enough for monthly living expenses in checking, and try to shift any additional funds to your Fidelity brokerage money market fund to gain some yield/interest.	Fidelity's SPAXX is a good option or if you prefer putting this into the Schwab brokerage account, you can use SWVXX. Both are currently around 4% yield.
☐	**Individual brokerage at Fidelity**	I would consider selling VCMIX since there are no gains currently. I would plan on using the MSFT stock for the deck renovation so those can be sold now to avoid possible market movement between now and when you need those funds.	The individual stock concentration is creating some additional risks, especially if the amount is more than 5% of your total investable assets.
☐	**Individual brokerage at Schwab**	Same as above. It may also be worth combining your two brokerage accounts into one to simplify things, unless you truly feel strongly about having both a Schwab and a Fidelity account.	Same as above
☐	**Crypto**	Consider selling these and using these funds to cover the deck renovation next year.	I put Crypto into a similar category as individual stocks although on the riskier side of the spectrum. If it gets to be greater than 5% of your total investments, I would diversify out of it.
☐	**RSUs**	Sell all future RSUs as soon as they vest and deploy those funds into your brokerage account.	This eliminates the concentration in company stock and allows you to use those funds for your other short term goals along with long term investing
☐	**ESPPs**	Client #2 to start maxing her ESPP contributions assuming there are no restrictions with selling upon vesting. Sell all future ESPPs as soon as they vest and deploy those funds into your brokerage account.	Allows you to take advantage of the 15% discount on company stock and immediately sell those shares to use those funds elsewhere.

Tax-Deferred Accounts

	Account	🎯 Recommendations	💡 Reason
☐	**Traditional IRA at Fidelity**	I would rebalance into: ● 40% VTI (US Total Stock Index) ● 15% VXUS (International Stock Index) ● 15% VBR (Small Cap Value Index) ● 30% BIV (Intermediate Bond)	Per the asset allocation recommendations, I'm wanting the tax-deferred accounts to get to a 70/30 stock/bond mix to protect against a stock market downturn early in retirement
☐	**Traditional IRA at Fidelity**	You already own VTI, VXUS, and VBR in this account, but I would recommend selling FIW and rebalancing to the following: ● 40% VTI (US Total Stock Index) ● 15% VXUS (International Stock Index) ● 15% VBR (Small Cap Value Index) ● 30% BIV (Intermediate Bond)	Same as above
☐	**Accenture 401(k)**	Rebalance into the following portfolio to create an 80% equities/20% bond mix focusing strictly on low cost index funds. ● 30% Vanguard Total Bond Index (VTBMI) ● 30% Vanguard S&P 500 Index (VGINF) ● 10% Vanguard Small Cap (VSCPX) ● 10% Vanguard Mid Cap Equity (VMCPX) ● 20% Vanguard International (VTISF)	Same reasoning as above, but we're just limited in your investment choices, so I'm trying to get close to the desired allocations.
☐	**Microsoft 401(k)**	Rebalance into the following portfolio: ● 30% Vanguard Short Term Bond Index Fund (VBIPX) ● 35% Vanguard RUS 1000 GR ● 35% Vanguard RUS 1000 VAL	Options here are limited if we're trying to avoid high expense ratio funds.

Tax-Free Accounts

	Account	🎯 Recommendations	💡 Reason
☐	**Roth IRA at Fidelity**	I would consider selling all shares to get rid of the individual stock exposure, and then investing your Roth IRA into the following allocation: ● 60% VTI (US Total Stock Index) ● 20% VBR (Small Cap Value) ● 20% VXUS (International Stock)	Reduce exposure to individual stocks. I want this account to be more aggressive to take advantage of the tax-free growth (hence no bonds in Roth accounts)
☐	**HSA at Fidelity**	Rebalance your accounts into the following portfolio: ● 40% Fidelity 500 Index (FXAIX) ● 20% Fidelity Mid Cap Index (FSMDX) ● 20% Fidelity Total International Index (FSPFX) ● 20% Fidelity Small Cap Index (FSSNX)	This account can also be fairly aggressive since it's growing tax-free.

☐	**529**	Consider contributing more to the 529 to help cover grad school If possible, select a target date portfolio for 2027 (or the year that you plan to start using those funds).	You want this account fairly conservative since the funds will be used within the next few years

Insurance

	Topic	🎯 Recommendations	💡 Reason
☐	**Umbrella Policy**	Get quote from your home/auto insurance provider for $2-3 million coverage	Protects personal assets/investments against law suits
☐	**Universal Life Insurance**	Cancel Client #1's universal life and transfer that cash value into your money market fund within your brokerage	You no longer need life insurance now that you are essentially financially independent, so this allows that cash value to be used elsewhere and save on the annual premiums

Estate Planning

	Topic	🎯 Recommendations	💡 Reason
☐	**Estate Plan**	Review this every 5-7 years or after big life events to keep updated.	It's important not to let these documents get outdated and no longer expressing your wishes
☐	**Beneficiaries**	Review named beneficiaries on all accounts and insurance policies to ensure they are accurate	Leave assets to your loved ones without going through the court/probate process

Credit

	Topic	🎯 Recommendations	💡 Reason
☐	**Credit Freeze**	Place a credit freeze on all 3 credit bureaus • *Experian* • *TransUnion* • *Equifax*	Prevents others from applying for loans or credit cards in your name
☐	**Opt Out**	Opt out of credit bureaus: *optoutprescreen.com*	Prevents credit bureaus from selling your information to 3rd parties that trigger unnecessary junk mail and phone calls.
☐	**Credit Report**	Check credit report annually on *annualcreditreport.com* for Experian, Equifax, and Transunion	Keeps you up to date on any changes to your credit and aware of any errors

Life Planning Questions

At the very beginning of the process, I asked these questions to help better understand your goals and priorities. I thought I would include them here just so you could revisit these in the future to make sure your financial plan is working in conjunction with these life goals.

Question 1: Design Your Life - I want you to imagine that you are financially secure, that you have enough money to take care of your needs, now and in the future. The question is, how would you live your life? What would you do with the money? Would you change anything? Let yourself go. Don't hold back your dreams. Describe a life that is complete, that is richly yours.

Question 2: You Have Less Time - This time, you visit your doctor who tells you that you have five to ten years left to live. The good part is that you won't ever feel sick. The bad news is that you will have no notice of the moment of your death. What will you do in the time you have remaining to live? Will you change your life, and how will you do it?

Question 3: Today's the Day - This time, your doctor shocks you with the news that you have only one day left to live. Notice what feelings arise as you confront your very real mortality. Ask yourself: What dreams will be left unfulfilled? What do I wish I had finished or had been? What do I wish I had done?

Plan Objectives

- **Financial Independence** – Build a strong financial foundation, optimize your income, and craft a wealth transfer strategy for the next generation.
- **Retirement Planning** – Determine the optimal retirement timeline and coordinate withdrawal strategies.
- **Social Security Strategy** – Identify the best claiming ages for both Client #1 and Client #2 to maximize lifetime benefits.
- **Investment Strategy & Diversification** – Adjust the overall portfolio to receive an optimal rate of return in a tax-efficient manner.
- **Roth Conversions** – Develop an overall Roth conversion strategy to begin implementing once you get closer to retirement.
- **Tax-Efficient Withdrawals** – Minimize the impact of Required Minimum Distributions (RMDs) and IRMAA through smart distribution strategies.

Base Plan Assumptions

Planning horizon		Inflation assumptions	Rate
Current Ages	37 / 38	General inflation	2.5%
“Retirement” Ages	37 / 39 (June ‘27)	Social Security	2.5%
Plan through	Age 95 (both)	Tax	2.5%
Location	California	Healthcare & education	5.0%

PORTFOLIO ALLOCATIONS & EXPECTED RETURNS

Allocation	Stocks / Bonds	Avg. return	Used in your plan
Most aggressive	90% / 10%	**8.8%**	**Pre-retirement**
Aggressive	80% / 20%	8.3%	
Growth	70% / 30%	**7.8%**	**Post-retirement**
Moderate	60% / 40%	7.2%	
Balanced	50% / 50%	6.5%	

EXPENSES & LONG-TERM CARE

Annual expenses		Long-term care	
Base monthly (non-housing)	$8,300/mo	Annual cost (national avg)	$129,575
Pre-Medicare Healthcare ⚠️	$20,000 per person	Duration modeled ⚠️	5 years
Post-Medicare Healthcare ⚠️	Based on AGI + $5,000 out of pocket	Timing	Final years of plan
Additional Expenses: Cars, travel, college, new home purchases, etc	See Goals	Cost basis	Nursing home avg
⚠️ **= Elevated Assumption (higher than typical amounts used)**			

Goals

Retirement	Education	Asset Purchase	Other
Retirement Age **55/60**			Retirement Travel **$10,000**
Retirement Monthly Expense **$8,000**			Pre-Retiree's Car **$40,000**
Annual Retirement Health Cost **Estimate/Estimate**			Co-client's Car **$40,000**
Annual Retirement LTC Cost **$127,750/$127,750**			

Balance Sheet

Description	Pre-Retiree	Co-client	Total
Assets			
Cash			
Joint Checking	$50,000		$50,000
Total Cash	$50,000	$0	$50,000
Invested Assets			
Non-qualified			
Brokerage Account	$250,000		$250,000
Qualified			
Pre-retiree's 401(k)	$1,600,000		$1,600,000
Pre-retiree's IRA	$80,000		$80,000
Total Invested Assets	$1,930,000	$0	$1,930,000
Total Assets	**$1,980,000**	**$0**	**$1,980,000**
Net Worth			
Total Net Worth	**$1,980,000**	**$0**	**$1,980,000**

Cash Flow Analysis

Total Inflows $346,789		
Income Inflows $346,789	Planned Distribution $0	Other Inflows $0
Salary $342,000		
Investment Income $4,789		

Total Outflows $264,973			
Expenses $96,000	Goals $40,000	Tax Payment $87,723	Planned Saving $41,250
Living Expense $96,000	Car $40,000	Federal $53,044	401(k) $24,500
		State $17,453	Roth 401(k) $8,000
		FICA $17,226	HSA $8,750

		Cash Inflows				Cash Outflows					
Year	Age	Income Inflows	Planned Distribution	Other Inflows	Total Inflows	Expenses	Goals	Tax Payment	Planned Saving	Total Outflows	Net Flows
2026	54/61	346,789	0	0	346,789	96,000	40,000	87,723	41,250	264,973	81,816
2027	55/62	6,713	9,569	0	16,281	129,900	10,250	2,724	0	142,874	(126,593)
2028	56/63	5,635	0	0	5,635	133,935	10,506	5,423	0	149,864	(144,229)
2029	57/64	3,366	0	0	3,366	138,110	10,769	4,947	0	153,826	(150,460)
2030	58/65	809	0	0	809	135,020	11,038	30,142	0	176,200	(175,391)

RightCapital: Retirement ➡️ **Cash Flows** ➡️ **Maps/Summary**

Analysis: This is based on Client #1 working until 60 and Client #2 until 57. In a normal year, your cash flows are positive (with a decent surplus!). Due to the deck renovation in 2026, we see a negative outflow, but you can otherwise expect to have cash leftover each year until you both step away from work full time (currently estimated to be in 2030).

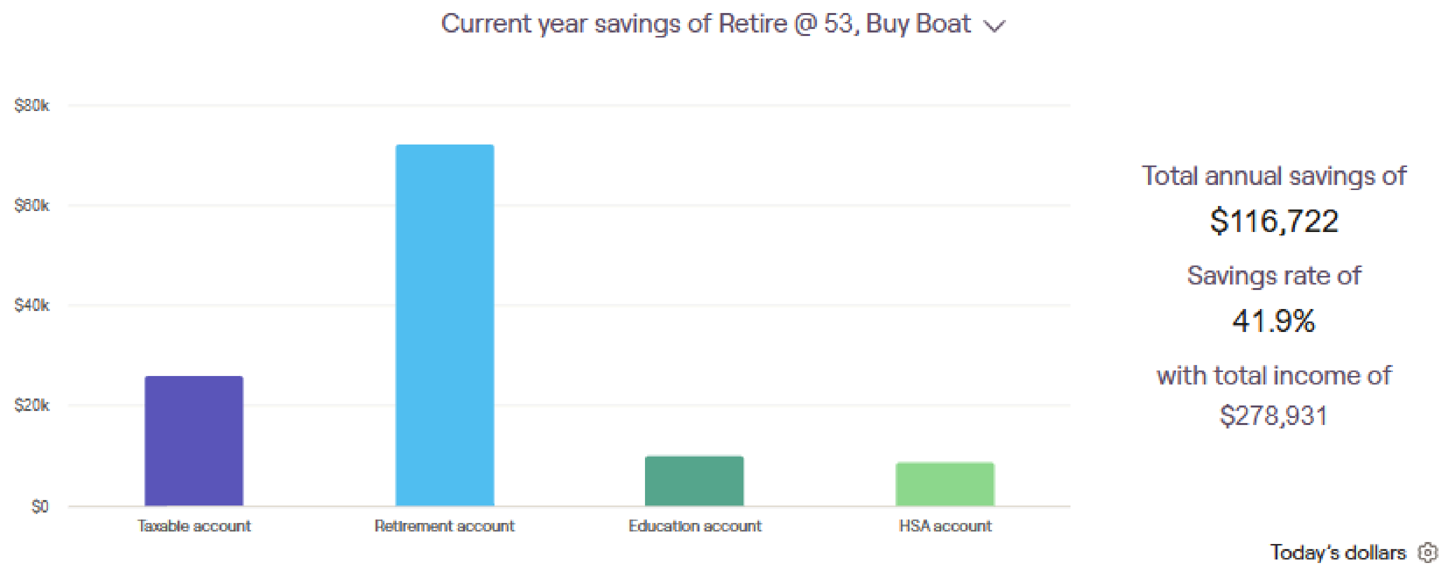
If Client #2 decides to retire before 57, that will impact the cash flows in 2028 and 2029 to where 2028 will have a negative that we need to plan for.

🎯 **Recommendation:** Your normal salaries, bonuses, RSUs, and ESPP vestings are expected to cover most of these goals while you are both working.

For RSUs and ESPPs: sell shares immediately upon vesting and shift those funds into your high yield savings account or money market fund within your brokerage account to help cover those shorter term goals.

You might not have enough time to wait for those funds to accumulate before the deck renovation, so the most likely choice for that is the Microsoft stock you have in the brokerage account or any of your crypto funds. For 2026, you're expected to be short of funds by about $91,000. If you were to sell those Microsoft shares right now, you'd be selling around $110,000 which would trigger about $17,000 in taxes, leaving you enough to cover that shortage to pay for the rest of the deck. The rest should be able to come from accumulated savings.

Contribution Strategy



RightCapital: Retirement ➡️ **Analysis** ➡️ ***Savings***

Analysis: You're currently saving around $30,000 per year. Your excess cash flows, in addition to this $30,000, are about $50,000. In part, your excess cash flows are due to recently paying off student loans and a car loan.

This section determines where to put this extra money each year to save enough in the right buckets to (1) retire on time and (2) minimize taxes over your lifetime.

🎯 **Recommendation:** Here's your contribution order.

- Maximize HSA: $8,750 in 2026
- Maximize 401(k) Plans: $24,500 each in 2026
    - Make Traditional contributions
- Maximize Backdoor Roth IRAs: $7,500 each in 2026
- Taxable Accounts with any extra: $26,000 is your overall annual goal
    - Client #1's ESPP (up to 10% of pay) → counts toward taxable bucket
    - Client #2's stock plan (TBD) → counts toward taxable bucket

Periodic gifts from Client #1's parents are perfect to do the backdoor Roth IRA annually. Otherwise, invest these extra gifts in brokerage.

For your 401(k) plans, making Traditional contributions saves you on taxes now. Currently, you're in the 22% marginal federal tax bracket. When you retire, you're a strong candidate to make Roth conversions to fill the 12% tax bracket, resulting in a lower lifetime tax rate paid. Creating Roth assets via conversions has the dual benefit of lower lifetime taxes for you and a tax-free pool of money for your daughter to inherit one day.

Asset Allocation Strategy

Instead of using a somewhat arbitrary rule of thumb when it comes to asset allocations and what percentage you should keep in stocks, bonds, cash, etc, I approach it from the perspective of determining how much you need in assets not tied directly to the stock market in order to weather a stock market downturn. Average bear markets (when the stock market drops 20% from its recent high) last about 2 years. The large majority of market downturns rebound and return to their previous levels within 5 years. For this reason, I recommend people approaching retirement have 5 years of living expenses not tied to the stock market, and the simplest place for those would be a combination of bonds and cash equivalents (money market, high yield savings)

		Cash Inflows				Cash Outflows					
Year	Age	Income Inflows	Planned Distribution	Other Inflows	Total Inflows	Expenses	Goals	Tax Payment	Planned Saving	Total Outflows	Net Flows
2025	58/62	391,236	0	0	391,236	212,091	47,546	100,369	65,750	425,756	(34,520)
2026	59/63	394,561	0	0	394,561	211,216	39,296	101,038	66,750	418,301	(23,740)
2027	60/64	397,952	0	0	397,952	213,386	50,571	101,237	69,000	434,195	(36,243)
2028	61/65	436,411	0	0	436,411	226,074	121,620	118,844	71,000	537,538	(101,127)
2029	62/66	412,232	0	0	412,232	237,023	58,218	124,697	38,750	458,688	(46,456)
2030	63/67	106,928	0	1,020,315	1,127,243	218,667	1,187,677	127,159	0	1,533,503	(406,260)
2031	64/68	108,933	0	0	108,933	225,024	52,186	80,303	0	357,513	(248,580)
2032	65/69	110,984	0	0	110,984	232,759	53,491	76,328	0	362,577	(251,593)
2033	66/70	145,894	0	0	145,894	229,066	76,207	78,180	0	383,452	(237,559)
2034	67/71	173,736	0	0	173,736	235,590	66,612	71,529	0	373,730	(199,994)

Looking at your cash flows for the next several years (for the “Retire at 62/65- Same Spending” plan), you are already dealing with a deficit from 2025-2027, but we will really need to plan out 2028 and beyond. If we add up those first 5 years of negative cash flows in retirement, we come to about $1.35m. That’s the amount I would consider keeping outside of the stock market by the time you reach retirement. How we tackle that depends on your level of flexibility with retirement:

Inflexible?	**Flexible?**
You are set on retiring at 62/65 respectively regardless of what the market is doing at that time	You are willing to work longer beyond 62/65 if those years correspond to a big stock market downturn
You should rebalance your portfolio now to build this 5-year safety net to avoid the risk of retiring during a downmarket 🎯 **Rebalance to $1.35mil in bonds**	You could wait a few years before rebalancing into this more conservative portfolio knowing that if the timing was bad, you could work longer 🎯 **Rebalance to as little as $0 in bonds**

🎯 **Recommendation:** I would split the difference knowing that you have some flexibility with both your retirement and some of your spending goals. I would at least make sure I had enough bonds to cover those first 3 years of retirement. That works out to be about $900,000 in bonds that I would want to keep in your traditional IRA/401(k) accounts because those are the most tax efficient places to keep bond funds.

$900,000 works out to be around 30% of your current investment balance. My recommendations will suggest rebalancing your current balances to a 70/30 stock/bond mix and adjusting your future contributions to match.

College Savings

Assumptions:

- Annual education cost (in today's dollars) = $50,580 (national average for a private school master's degree)
- Inflation rate estimated at 5%

RightCapital: Education ➡️ **Child #1**

🎯 **Recommendation:** Normally 529 accounts are my preferred method for college savings, especially in states (like Utah) that offer a decent plan. You'd receive a 4.55% tax credit for up to $4,820/year in contributions. You could utilize a 529 in this case and typically contribute up to the annual gift limit of $19,000 per person (so $38,000 since you are married). Due to the relatively short time frame until Child #1 needs this money, the tax savings would be somewhat minimal, but any gains you get on these funds would be tax free if used for college expenses, as opposed to saving up this money in a brokerage/savings account and paying full taxes on any gains. With the tax credits and the estimated tax savings, you're likely saving somewhere around $500-$1,000 a year by using the 529 instead of strictly using cash savings to pay for everything. Regardless, you would want to keep these funds available in something more conservative that wouldn't be exposed to the volatile stock market. A short term bond fund or money market fund is likely your best bet. I would keep any funds outside the 529 that you need to use over the next few years in a combination of money market funds (SWVXX at Schwab or SPAXX at Fidelity are potential options) and short-term bond fund ETFs (VBIL and BSV are 2 options or you might look at VSDM which is a tax-exempt bond that might work slightly better due to your higher tax bracket).

Rental Property Analysis

Home Conversion Analysis

Keep as Rental vs. Sell & Invest — 10-Year Projection

Analysis Period: 10 Years
Home Appreciation: 3.0%/yr
Investment Return: 10.0%/yr

PROPERTY & EQUITY	
Current Home Value	$315,000
Mortgage Balance	$113,000
Monthly P&I	$523
Interest Rate	3.0%
Purchase Price	$150,900
Primary Exclusion	$0
Current Equity	$202,000
Annual Depreciation	$9,164

RENTAL SCENARIO	
Monthly Gross Rent	$1,547
Annual Rent Growth	3.0%
Property Taxes (mo)	$375
Insurance (mo)	$405
HOA / Other (mo)	$0
Vacancy Rate	5%
Maintenance (% value)	2.0%
Mgmt Fee (% rent)	15%
Exit Selling Costs	7.0%

INVEST & TAX SETTINGS	
Net Proceeds to Invest	$158,643
Selling Costs Now	7.0%
Expected Return	10.0% / yr
Account Type	Taxable Brokerage
Manual Annual Contribution	$0
Freed Cash Flow Invested	$31,925 total (neg. rental CF reinvested)
Home Appreciation	3.0% / yr
Ordinary Tax Rate	24%
Cap Gains Rate	15%
Analysis Period	10 Years

RECOMMENDATION

Sell & Invest generates more total wealth

Selling and investing the proceeds returns $201,060 more over 10 years than keeping as a rental. Invest side includes $31,925 of negative rental cash flow reinvested.

+$201,060
INVEST DOLLAR ADVANTAGE

🏠 Keep as Rental

Annualized IRR: **0.9%**

TOTAL DOLLARS RETURNED

$222,531

HOW THIS TOTAL IS CALCULATED

Cumulative operating cash flow	-$31,925
Annual rent minus expenses, mortgage P&I, and taxes — after-tax net	
+ Net sale proceeds at year end	$254,456
Home value at sale	$423,334
– Selling costs (7.0%)	($29,633)
– Remaining mortgage payoff	($79,915)
– Capital gains tax	($36,420)
Gain: $393,700 – adj. basis $59,264 = $242,800 × 15%	
– Depreciation recapture (25%)	($22,909)
$91,636 depr. taken × 25% recapture rate	
= Total Dollars Returned	$222,531

📈 Sell & Invest

Annualized IRR: **10.3%**

TOTAL DOLLARS RETURNED

$423,591 ▲ WINNER — $201,060 MORE THAN RENTAL

HOW THIS TOTAL IS CALCULATED

Net proceeds invested today	$158,643
Sale price – selling costs – mortgage payoff – cap gains tax on sale	
× Annual return compounded 10 yrs	10.0%
+ Total contributions	$31,925
Includes $31,925 freed from negative rental cash flow	
= Portfolio before tax	$464,713
– Tax at liquidation	($41,122)
($464,713 – $190,568 basis) × 15% = $41,122	
= Net Portfolio After Tax	$423,591

Scenario	Rental Total	Invest Total	Dollar Difference	Winner
Base case (your inputs) (base)	$222,531	$423,591	+$201,060 invest	Invest +$201,060
Investment Return				
Return 15.0% (+5%)	$222,531	$632,879	+$410,348 invest	Invest +$410,348
Return 5.0% (-5%)	$222,531	$283,186	+$60,656 invest	Invest +$60,656
Home Appreciation				
Appreciation 6.0% (+3%)	$323,460	$436,892	+$113,433 invest	Invest +$113,433
Appreciation 0.0% (-3%)	$145,549	$412,310	+$266,761 invest	Invest +$266,761
Maintenance & CapEx				
Maintenance 3.0% (+1%)	$194,263	$465,254	+$270,991 invest	Invest +$270,991
Maintenance 1.0% (-1%)	$250,799	$383,912	+$133,113 invest	Invest +$133,113
Vacancy Rate				
Vacancy 10% (+5%)	$214,444	$435,510	+$221,066 invest	Invest +$221,066
Vacancy 0% (-5%)	$230,618	$411,672	+$181,054 invest	Invest +$181,054
Monthly Gross Rent				
Rent $1,856/mo (+20%)	$248,409	$386,545	+$138,136 invest	Invest +$138,136
Rent $1,238/mo (-20%)	$196,652	$461,732	+$265,079 invest	Invest +$265,079
Tax Rates (Ordinary & Capital Gains)				
Tax rates +5% (ord. 29% / CG 20%)	$216,343	$384,759	+$168,416 invest	Invest +$168,416
Tax rates -5% (ord. 19% / CG 10%)	$228,718	$463,932	+$235,214 invest	Invest +$235,214
Holding Period				
Holding period 13 yrs (+3)	$253,147	$560,395	+$307,249 invest	Invest +$307,249
Holding period 7 yrs (-3)	$197,561	$318,899	+$121,337 invest	Invest +$121,337

🎯 **Recommendation:** Selling the rental and investing that money elsewhere is the clear winner here. Even with all the various stress tests listed above, selling it worked out to be the better option on every single one (which is rare). You would need to see an extremely low stock market return paired with a higher than normal property appreciation to be better off holding the property versus selling.

The only "downside" of selling is that you will pay some capital gains taxes, which I estimate to be around $20-25k, but you're always going to have that tax when you go to sell anything that has appreciated in value, and that is already factored into the analysis above.

Investment Strategy

This outlines a disciplined and structured approach to managing investments using low-cost, globally diversified index funds/ETFs. The primary objectives are to achieve optimal long-term growth during accumulation, ensure tax-efficient asset allocation across account types, and implement a prudent strategy for transitioning to and sustaining retirement withdrawals.

Investor Life Stages

Your portfolio strategy evolves in three distinct phases

PHASE 1 - ACCUMULATION

100% equities

Your primary job is to grow the portfolio. Time absorbs volatility - staying fully invested in low-cost, diversified stock funds gives your money the longest runway to compound.

CORE HOLDINGS

VTI — **Vanguard Total Stock Market ETF**
Owns every U.S. publicly traded company - large, mid, and small cap in one fund.

VXUS — **Vanguard Total International ETF**
Everything outside the U.S. - developed and emerging markets. Pairs with VTI for full global exposure.

OPTIONAL TILT

VBR — **Vanguard Small-Cap Value ETF**
Small U.S. companies at value prices - one of the highest long-term returning factors historically. Best suited for long time horizons due to higher volatility.

EMERGENCY FUND OPTIONS

HYSA — **High Yield Savings Account**
FDIC-insured, fully liquid, earns more than typical bank checking/savings accounts.

MMF — **Money Mark Mutual Fund**
Similar to HYSA, but held inside a brokerage account. Not FDIC-insured, but still on the low risk spectrum

VBIL — **Vanguard Ultra-Short Bond ETF**
Invests in lower risk 0-3 month U.S. Treasuries. Very stable value with slightly higher yield than a savings account, with state tax efficiency.

NOTE ON BONDS

No bonds needed yet - other than a cash emergency fund (3-6 months of expenses in a safer account) and short term cash needs.

PHASE 2 - 5YRS BEFORE RETIREMENT

Safety Bucket

Shift 5 years of living expenses out of equities. This protects you from being forced to sell stocks at a loss in the critical early years of retirement during a market downturn.

YEARS 1-2 - CASH EQUIVALENTS

HYSA or MMF or VBIL — **High Yield Savings Account**
Money Mark Mutual Fund
Vanguard Ultra-Short Bond ETF
Stable, liquid, low-risk options for the next 1-2 years of living expenses

YEARS 3-5 - INTERMEDIATE BONDS

BIV or BND — **Vanguard Intermediate-Term Bond ETF**
Vanguard Total Bond Market ETF
5-7 year average maturity U.S. government and corporate bonds. Higher potential yield than cash equivalents, but still relatively stable. Core of the 3-5 year buffer.

EQUITIES - LONG-TERM GROWTH

VTI — **Vanguard Total Stock Market ETF**
Continues to be the core equity holding. Gives you access to the entire US stock market

VXUS — **Vanguard Total International ETF**
Maintains global diversification throughout retirement. International markets often move differently from U.S. markets, reducing sequence of return risk.

VBR — **Vanguard Small-Cap Value ETF**
Remains an optional tilt. Small cap value also sometimes will move differently from US and International Large Caps, reducing sequence of return risk.

EXAMPLE

If net living expenses are $100,000/year - after fixed income sources like Social Security, pensions, and dividends - keep $200,000 in cash equivalent (Years 1-2) and $300,000 in intermediate bonds (Years 3-5). The rest stays in equities.

PHASE 3 - RETIREMENT

Balanced

Continue maintaining the 5-year safety bucket throughout retirement. Withdraw and rebalance portfolio to ensure selling whatever has outperformed the rest.

EQUITIES - LONG-TERM GROWTH

VTI — **Vanguard Total Stock Market ETF**
Continues to be the core equity holding. Gives you access to the entire US market

VXUS — **Vanguard Total International ETF**
Maintains global diversification. International markets often move differently from U.S. markets, reducing sequence of return risk.

VBR — **Vanguard Small-Cap Value ETF**
Remains an optional tilt. Sometimes it will move differently from US and International Large Caps, reducing sequence of return risk.

BONDS AND CASH - THE SAFETY BUCKET

HYSA or VBIL or MMF — **High Yield Savings Account**
Money Mark Mutual Fund
Vanguard Ultra-Short Bond ETF
Covers 1-2 years of living expenses. Acts as your retirement withdrawal bucket and emergency fund in case stocks and bonds are both down the same year.

BIV or BND — **Vanguard Intermediate-Term Bond ETF**
Vanguard Total Bond Market ETF
Covers 3-4 years of living expenses in case stocks are down. Best held in a tax-deferred account - bond income is taxed at higher ordinary income brackets if held in taxable accounts.

ANNUAL REBALANCING RULE

Rebalance annually or when any asset class drifts 5%+ from target. Time your annual withdrawal around this - sell the outperformers, refill the bucket. One action covers both your paycheck and your rebalance.

Asset Location Strategy

Taxable vs. pre-tax vs. Roth - where to hold each investment

TAXABLE BROKERAGE

After-tax dollars - prioritize tax efficiency

- ☑ US Equity index ETFs (VTI, VBR) - very tax-efficient, low turnover means few taxable events each year
- ☑ International funds (VXUS) - may benefit from favorable foreign tax credits
- ☑ Municipal bonds (usually for people in very high tax brackets) - tax-exempt at the federal level (and sometimes state)
- ⛔ Avoid bonds, REITs, gold, high-dividend funds (anything that generates ordinary income tax annually) - including target date funds.
- ⛔ Bonds generally not needed here except maybe for short-term cash needs

TAX-DEFERRED / TRADITIONAL

Traditional IRA / 401k

- ☑ Best place for bonds (BND, BIV) - bond income taxed as ordinary income if held in taxable, better to keep these taxes deferred
- ☑ Best for high-dividend stocks/funds, gold, REITS since all dividend income is tax deferred
- ☑ Best place for target date funds, since these all have bonds and can trigger capital gains from auto-rebalancing
- ☑ Ideal for rebalancing - no capital gains tax on trades inside the account
- ⛔ Avoid placing highest-growth equities here - withdrawals taxed as ordinary income and Required Minimum Distributions will apply

TAX-FREE / ROTH

Tax-free growth and withdrawals

- ☑ Best for highest-growth equities (VTI, VBR) - all gains compound and withdraw tax-free
- ☑ Last account to withdraw in retirement - preserve tax-free growth as long as possible
- ☑ Powerful inheritance tool - heirs receive distributions tax-free
- ⛔ Do not withdraw until taxable and tax-deferred accounts are exhausted (usually).
- ⛔ Avoid bonds and other more conservative investments in order to maximize potential tax-free growth benefits.

Rebalancing Strategy

How and when to realign your portfolio

Trigger ***Annually or when any asset class drifts 5%+ from target***	An annual check is the simplest default (either DIY or with my help in a Nectarine session). If you notice a drift exceeding 5% before then - say a 70/30 target allocation that has shifted to 80/20 - rebalance early. Look at your overall portfolio allocation, not just individual accounts.
Method ***Use withdrawals first - rebalance inside tax-advantaged accounts***	Use withdrawals to reduce overweight assets, or new contributions (if any) to boost up underweight assets. When larger rebalancing is needed, try to execute those trades inside your Traditional IRA or 401k to avoid big tax hits - there are no capital gains taxes on trades inside tax-advantaged accounts.
Benefit ***Buy low, sell high automatically, without market timing***	Systematic rebalancing forces you to sell outperformers/buy underperformers by design, without emotion and judgment. Viewing your entire portfolio as one overall asset allocation allows you to optimize your withdrawal order (taxable > tax-deferred > tax-free) and optimize your asset location by keeping certain asset classes in the right type of accounts regardless of which accounts you are withdrawing from.
Retire ***One annual action covers both your paycheck and rebalance***	In retirement, time your annual living expense withdrawal to a Nectarine check-in (usually 4th quarter). Withdraw from whichever asset class outperformed most that year - this refills your cash bucket and restores your target allocation in a single, tax-efficient step. Rinse and repeat each year.

Monitoring and Adjustments

Keeping the plan on track over time

Annual Investment Review

Review this statement every year or after any significant life change - new job, income shift, major expense, family change, or meaningful market event. Your strategy should evolve as your life does.

Periodic Advisor Check-in

Schedule an hourly session with me to review allocation drift, Roth conversion opportunities, tax planning, and any strategy adjustments needed heading into the next year.

Asset Class Returns By Decade

	1972-1981	1982-1991	1992-2001	2002-2011	2012-2021	2022-2025 (4 yrs)	54-yr avg/yr
Best	GOLD +24.7%	SCV +18.7%	SCV +16.6%	GOLD +18.5%	LCG +19.1%	GOLD +23.4%	SCV +13.4%
2nd	SCV +16.0%	INTL +18.5%	LCV +13.5%	REIT +10.2%	SCG +14.7%	LCG +11.5%	LCV +11.3%
3rd	REIT +11.8%	LCG +18.3%	LCG +12.4%	SCG +7.4%	LCV +13.6%	LCV +9.2%	LCG +11.1%
4th	INTL +10.6%	LCV +17.4%	REIT +9.8%	HY +6.8%	SCV +13.2%	INTL +8.5%	REIT +10.3%
5th	LCV +9.7%	REIT +14.1%	SCG +9.2%	ITT +6.3%	REIT +11.4%	SCV +6.4%	SCG +9.7%
6th	SCG +9.2%	ITT +13.2%	HY +7.9%	SCV +6.1%	INTL +8.5%	HY +4.2%	INTL +9.1%
7th	CASH +8.1%	HY +12.6%	ITT +7.2%	INTL +4.8%	HY +6.0%	CASH +4.1%	GOLD +8.7%
8th	HY +7.1%	SCG +11.3%	CASH +4.6%	LCV +3.4%	ITT +2.1%	SCG +2.2%	HY +7.8%
9th	ITT +5.3%	CASH +8.0%	INTL +3.9%	LCG +2.9%	GOLD +1.2%	ITT +0.4%	ITT +6.3%
Worst	LCG +3.6%	GOLD -1.2%	GOLD -2.4%	CASH +1.8%	CASH +0.6%	REIT -2.9%	CASH +4.5%
Spread	21.1%	19.9%	19.0%	16.7%	18.5%	26.3%	8.9%
Avg Inflation	+8.6%	+3.9%	+2.5%	+2.5%	+2.1%	+3.8%	+3.9%

- **US Small Cap Value** 54-yr avg: +13.4%/yr
- **REITs** 54-yr avg: +10.3%/yr
- **Gold** 54-yr avg: +8.7%/yr
- **Cash (T-Bills)** 54-yr avg: +4.5%/yr
- **US Large Cap Value** 54-yr avg: +11.3%/yr
- **US Small Cap Growth** 54-yr avg: +9.7%/yr
- **High Yield Bonds** 54-yr avg: +7.8%/yr
- **US Large Cap Growth** 54-yr avg: +11.1%/yr
- **Intl Developed (EAFE)** 54-yr avg: +9.1%/yr
- **Intermediate Treasuries** 54-yr avg: +6.3%/yr

Returns are average annual total return per period. Primary source: Portfolio Visualizer. Gap fills — INTL (MSCI EAFE) 1972-1994 & REIT (NAREIT All Equity) 1972-1993: Novel Investor/MSCI/NAREIT. HY 1972-1978: Damodaran Baa Corp proxy (NYU). 2022-2025 is a 4-year period. Inflation: US CPI. For illustrative purposes only. Past performance does not guarantee future results.

Social Security Strategy

Client #1:

Filing Age	No more income	Work 5 more years	Work 10 more years
Age 62	$2,361	$2,573	$2,785
Full Retirement (Age 67)	$3,354	$3,655	$3,956
Age 70	$4,158	$4,532	$4,905

Client #2:

Filing Age	No more income	Work 5 more years	Work 10 more years
Age 62	$2,230	$2,439	$2,634
Full Retirement (Age 67)	$3,168	$3,465	$3,742
Age 70	$3,928	$4,296	$4,640

A valuable (and free) tool for exploring your optimal Social Security claiming strategy is Open Social Security. Based on the current inputs and assumptions, the strategy that maximizes your projected lifetime benefits is:

- **Client #1**: Begin retirement benefits in **October 2064, at age 70**
- **Client #2**: Begin retirement benefits in **April 2055, at age 62 and 1 month**

This approach is designed to produce the highest combined total from Social Security over both of your lifetimes based on Social Security life expectancy tables. However, it's important to recognize that Social Security claiming isn't a purely mathematical decision. While maximizing lifetime income is a useful baseline, there are other real-world factors to consider.

For example: If the market is down and you've begun drawing from your investment portfolio, it may make sense to start Social Security earlier than planned. This can reduce pressure on your portfolio and give your investments more time to recover, even if the strategy results in slightly lower lifetime benefits.

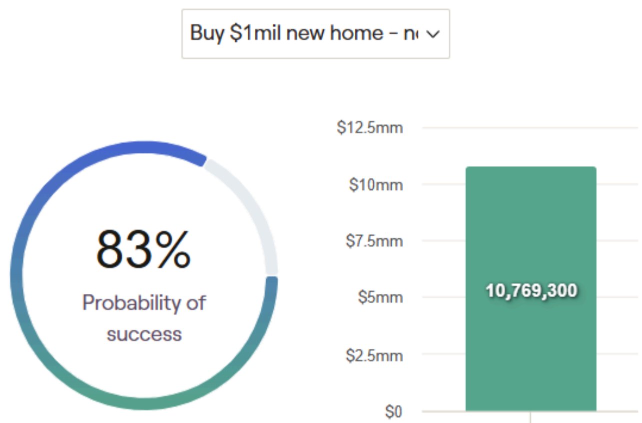
As you approach retirement, we'll revisit this recommendation in the context of your full financial picture (market conditions, cash flow needs, health, and other income sources) to ensure the timing works for your goals.

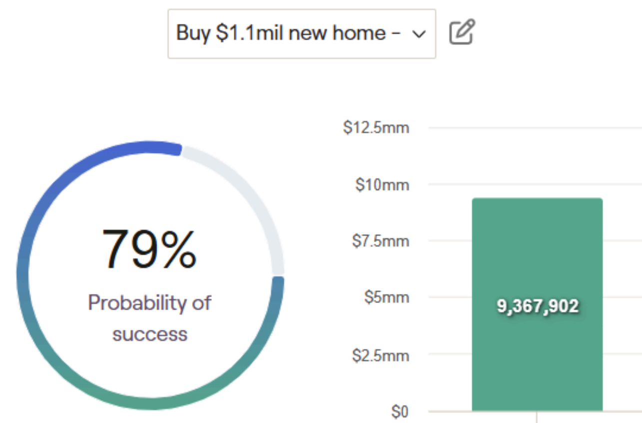
🎯 **Recommendation:** I'm recommending to wait until you are both at least age 65 and on Medicare before claiming. This is something we'll review year-by-year depending on if you qualify for those subsidies and what market conditions are. If you don't qualify and markets are down, I might recommend claiming earlier. For now, I have built most of the scenarios to claim at age 70 to give us the largest possible window for ACA subsidies and Roth conversions.

Retirement Projections

The results come from Monte Carlo simulations (1,000 simulations based on various investment outcomes). There is no perfect science to this, but generally this is my opinion of each probability range:

> 90%	You are likely underspending - consider increasing spending.
> 80%	Confident - you can do everything in your plan with small adjustments to stay on track.
60% - 80%	Still confident assuming willingness to be flexible with spending during down market years.
< 60%	I worry about plan longevity here - significant spending changes may be needed.



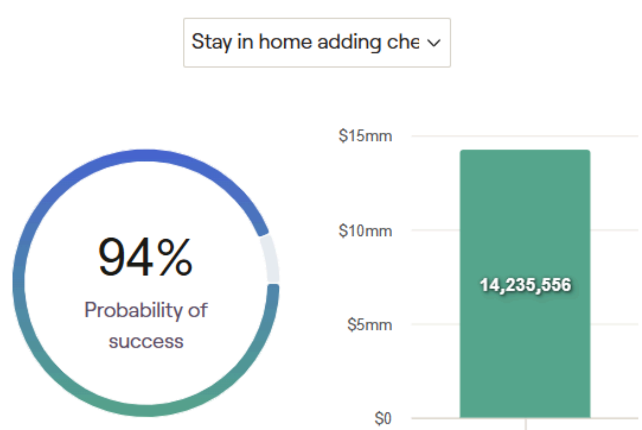


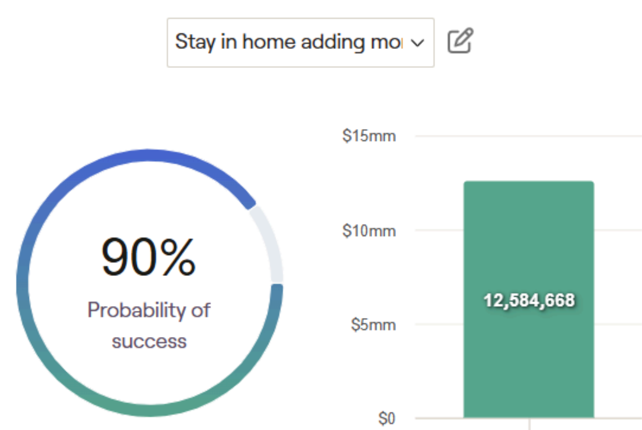
RightCapital: Retirement ➡ Analysis ➡ Probability

Going down the list of your priorities I started with these first 2 scenarios where all the following goals are met:

1. Buying a more expensive home
2. Both retiring at 60
3. Fully funding kid's college (public/in state)

The only difference is that the Left option is buying a $1mil home and the Right is $1.1mil. The long term probabilities of success are both high enough for me to be comfortable saying that either option won't derail your plan. Obviously if you can find a place that meets your needs for less than the $1.1mil then it opens up the possibility of additional goals, but The $1.1mil house fits within your plan.

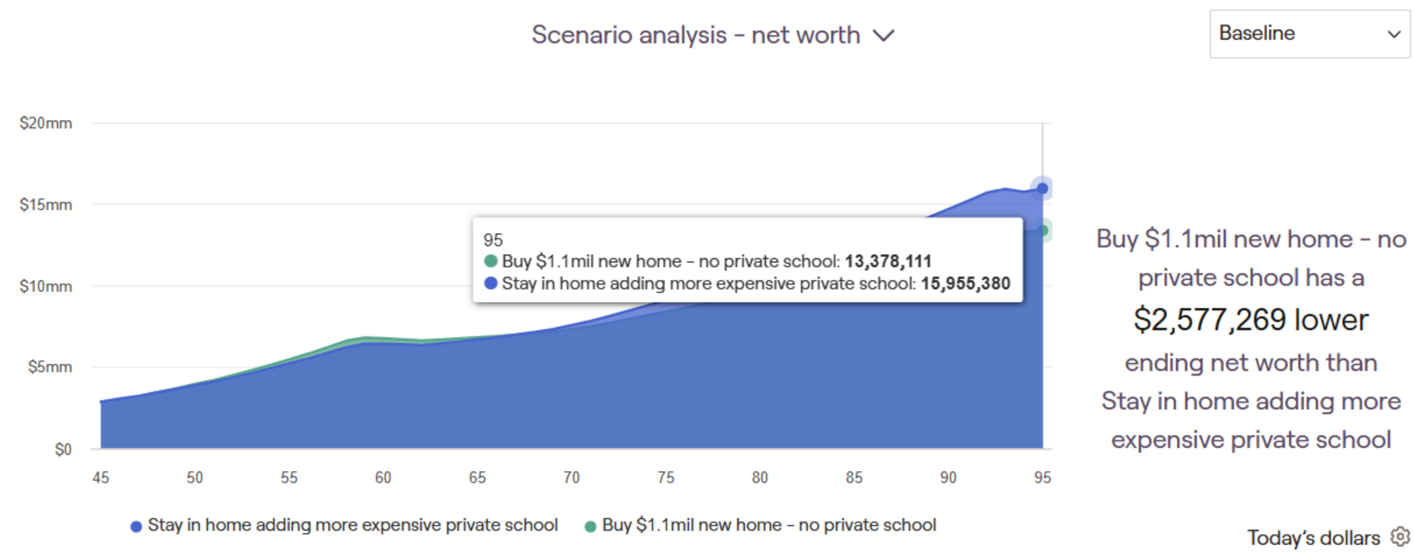




Retirement Projections (continued)

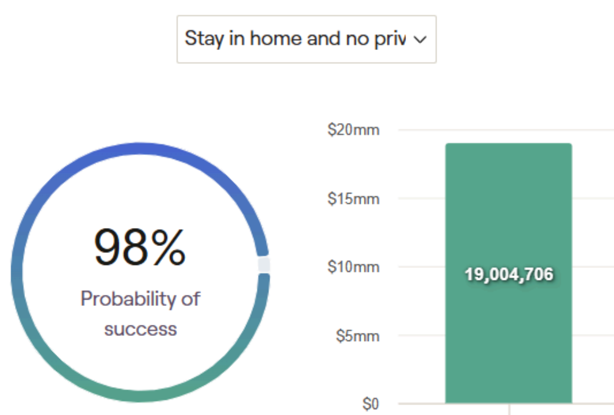
The other option was to stay in your current home and plan for private school for the twins. The Left option is for cheaper private school of around $20k per year and then shifting up in cost 5% per year. The Right option is starting at $30k with that same 5% increase annually to account for the rising cost of middle/high school.

As we saw in the Cash Flow Analysis section, your short term cash flows are relatively similar whether you buy a new home or opt for private school, but you can see the substantial difference in long term probabilities of success.



Buying the $1.1mil home versus the more expensive private school is projected to lower your ending net worth by about $2.5 million. This doesn't make either option better or worse since a home purchase is often more of a lifestyle choice versus strictly a financial one. Just make sure you're getting enough value from the house purchase to justify the switch and factor in the difference in education between the public schools with the new home and the private schools with the current home. Retiring prior to age 60 becomes a more viable goal based on staying in this current home. It works out to be around 3 years sooner on retirement when you compare apples to apples with staying in the current home with private school versus buying the new home.

The last option I ran assumed you stayed in the current home and stuck with the public schools. This basically puts your plan at almost 100% probability of success which opens up all sorts of doors for additional pre- or post-retirement spending, earlier retirement, more gifting to your daughters or charities, etc. This could translate into a retirement goal of around age 54 or 55 instead of age 60 with the new home.



RightCapital: Retirement ➡️ Analysis ➡️ Probability

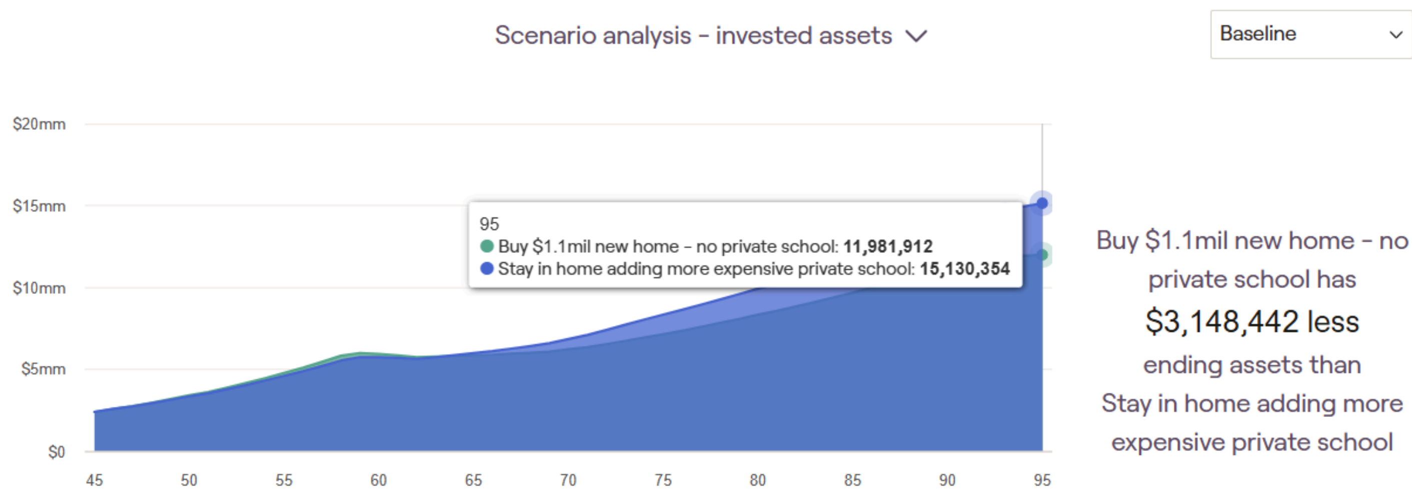
Retirement Projections (continued)

Going beyond Monte Carlo simulations, I also like to look at stress testing based on lower than average stock market performance in the future as well as looking at your projected withdrawal rates in retirement to see how those impact your plan.

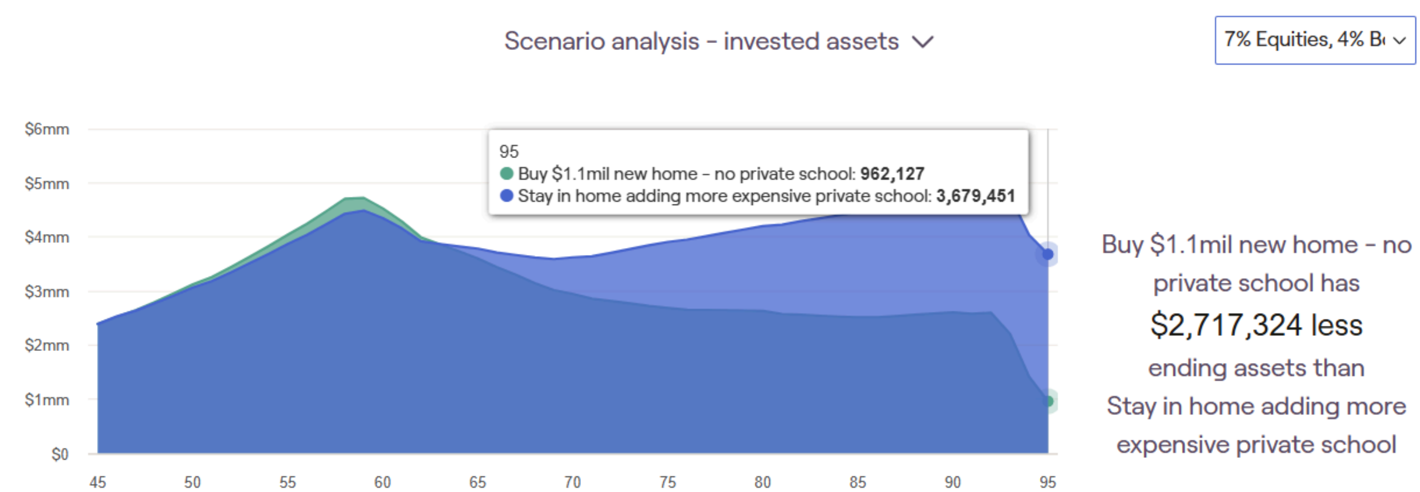
Let's look at the following 2 scenarios:

- Buy $1.1mil home - no private school
- Stay in home adding more expensive private school

Here is what those look like using the "Baseline" market performance which takes historic stock market average and assumes that it will continue moving forward.



You're expected to have about $12-13 million in invested assets by the end of your plan (age 95). That all sounds great, but we can't assume the stock market will maintain that performance, so the chart below shows what it looks like if we average 7% in the stock market instead. You still don't run out of money by the end of your plan, but it's obviously getting closer given these more conservative stock market estimates. Keep in mind, the worst 30yr rolling annual average of the S&P500 for the last 100 years is about 7.8% (around the time of the Great Depression), so I'm hoping the 7% stress test is never going to happen, but we can never assume future returns will be the same or better than historic returns.



RightCapital: Retirement ➡️ Analysis ➡️ Comparisons tab

Retirement Projections (continued)

In addition to reviewing your probability of success and your estimated asset balances over time, I like to review your withdrawal rate during retirement. The "4% rule" is a concept that essentially says that you can withdraw 4% of your portfolio balance each year, adjusted for inflation, without running out of money. It's based on historic returns, so the future could be completely different, but it's a decent guideline to review to make sure your financial plan isn't relying on unrealistic withdrawal rates.

Going back to the "Buy $1.1mil home - no private school" plan, your withdrawal rates jump above 4% in those early years of retirement, but settle in around 4% or less for essentially the entire time. With any level of flexibility in your spending, I view the 4% rule as extremely conservative, and I would put that safe withdrawal rate up closer to 5.5-6% unless future markets are completely different from anything we've seen in the last 100+ years. Nothing about these withdrawal rates gives me any concern and it likely means I'll be recommending a lot more spending in your retirement years if these projections hold steady.

RightCapital: Retirement ➡️ Analysis ➡️ Retirement Details ➡️ Withdrawal rate dropdown

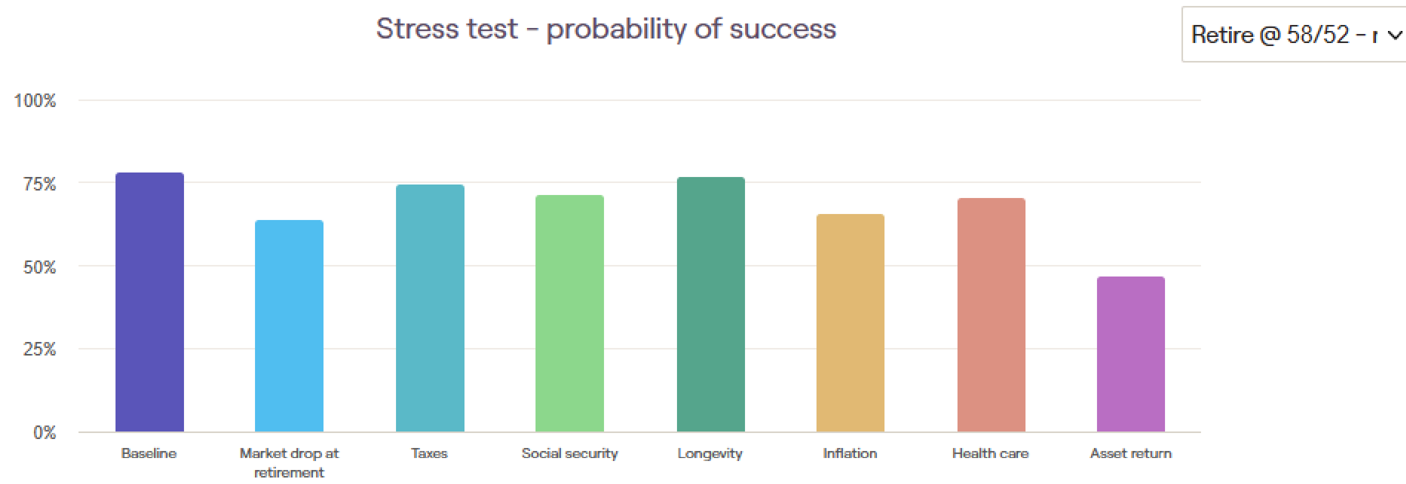
🎯 **Recommendation:** At this point, you seem pretty set on buying a new home, so the analysis on the private schools might not matter much anymore, but give some thought into the value you get from that new home knowing that your plan actually looks better adding the private school instead.

All of these plans look to be in great shape long-term and provide lots of flexibility moving forward. Stock market returns would have to underperform historic averages to create any major concerns with any of these options, so I would anticipate we will likely be building in additional goals and spending in the future if the future returns resemble past performance.

The biggest thing is mapping out your short term cash flows and staying on track with spending goals to avoid lifestyle creep. That can sometimes be difficult with a much more expensive home, so try to stay on top of your budget.

Retirement Stress Test

What could shake your plan, and how we've already built in protection against it.



RightCapital: Retirement ➡️ Stress Test

	Risk Factor	Stress Applied	What It Means For You
	Market Drop at Retirement	*Equities -20%*	We try to mitigate this with a diversified, multi-asset portfolio and a flexible spending plan. We also specifically plan for those early years in retirement and ensure that you have assets not tied to the stock market so that you aren't 100% exposed to a market crash at retirement.
	Higher Taxes	*Tax expense +20%*	Managed via taxable / tax-deferred / tax-free bucket diversification and analyzing potential Roth conversions in the future. While this is a common concern, it's rarely a major stress factor for plans.
	Social Security Cut	*Benefit -50%*	Despite legitimate concerns about the long term viability to the Social Security system, a 50% reduction in benefits is likely overly conservative given the political pressure that exists to keep Social Security afloat. Even this significant reduction didn't have a major impact on your plan.
	Longevity	*+10 years*	This rarely has a noticeable impact on a plan, so it's not a meaningful risk for your situation. We plan for this by avoiding being overly conservative with the portfolio and allowing inflation to eat away as your balances over time.
	Higher Inflation	*+1% sustained*	Offset by equity growth outpacing inflation, plus flexibility built into spending goals. Inflation-protected bonds can be used to mitigate some of this risk
	Health Care Costs	*+50%*	Health care cost assumptions are already inflated twice as much as standard inflation assumptions, so I'm hoping we are already conservatively estimating these costs.
	Lower Asset Returns	*-2% return*	Addressed with a low-cost, globally diversified portfolio spread across large, medium, and small companies. Use of a flexible "guardrails" spending approach that adjusts spending up in good markets and down in bad markets can also help..

Year-By-Year Account Projections

Year	Age	Total Account Balances
2026	52/50	$ 3,755,043
2027	53/51	$ 4,188,543
2028	54/52	$ 4,504,827
2029	55/53	$ 4,919,440
2030	56/54	$ 5,368,457
2031	57/55	$ 5,854,554
2032	58/56	$ 5,967,071
2033	59/57	$ 6,026,518
2034	60/58	$ 6,138,525
2035	61/59	$ 6,263,612
2036	62/60	$ 6,354,848
2037	63/61	$ 6,443,170
2038	64/62	$ 6,453,621
2039	65/63	$ 6,523,152
2040	66/64	$ 6,533,845

The purpose of this table is to give you a reference point on where you should be in future years to stay on track with your plan based on current assumptions. This is based on your "Retire @ 58/52 - reduce retirement contributions" scenario with a projected 8% stock market return (which is high enough to avoid running out of money prior to the end). The Total column is the amount you're expected to have at the end of that year. Use the table below to consider adjustments to your spending to stay on track.

Example: At the end of 2031, check to see what your actual total account balances add up to.

🎯 If your balance is at least $5,854,554 then that's a good indication that you are on track to retire the following year.

📈 If your balance is 10%+ greater than projected ($6,440,000+) then consider adding $10,000-$20,000 to your annual discretionary spending that year. Follow that same guide each year going forward.

📉 If your balance is 10%+ less than projected ($5,270,000 or lower) then reduce your annual spending by $10,000-$20,000 to help get on track. Rinse and repeat each year.

RightCapital: Retirement ➡️ Cash Flows ➡️ Accounts

STRONG MARKETS ≥ +10% above projection	Increase spending 5-10%	You're ahead of schedule - travel, gifting, and upgrades are within reach.
ON TRACK Within ±10% of projection	Maintain current spending	Plan is performing as expected - stay the course with your planned withdrawal rate.
MODERATE DECLINE 10-20% below projection	Reduce spending 5-10%	Trim flexible expenses like travel and dining first to preserve capital during the downturn.
MAJOR DECLINE 20-30% below projection	Reduce spending 10-20%	Defer discretionary expenses - travel, gifts, and home projects - until markets recover.
SEVERE DECLINE >30% below projection	Pause discretionary withdrawals	Halt non-essential withdrawals until the portfolio recovers its footing.

Tax Planning

It's important to consider these 3 different tax planning strategies:

1. **Asset location strategy:** this is related to pinpointing which accounts we should allocate the majority of your riskier assets (equities) versus your more conservative fixed-income/cash.
2. **Withdrawal strategy:** this revolves around what order you pull your retirement funds from between taxable, tax-deferred, and tax-free accounts.
3. **Roth Conversion strategy:** this involves converting some of your tax-deferred assets into tax-free assets by strategically paying taxes within the lower tax brackets in hopes of reducing the amount of taxes you pay long term (both for yourself and for heirs)

As part of this tax planning review, I run an analysis of which possible combination of strategies results in the largest tax-adjusted ending asset balance. Below are the results:

Top strategies

Retire @ 60/55 - s

Tax adjusted ending assets	Asset location strategy	Withdrawal strategy	Roth conversion strategy
$50,925,146	Tax-free, taxable, tax-deferred	Taxable, tax-deferred, tax-free	22% ordinary income bracket

RightCapital: Tax ➡️ Tax Strategies ➡️ Strategies

These results are extremely common for the Asset location and Withdrawal strategies

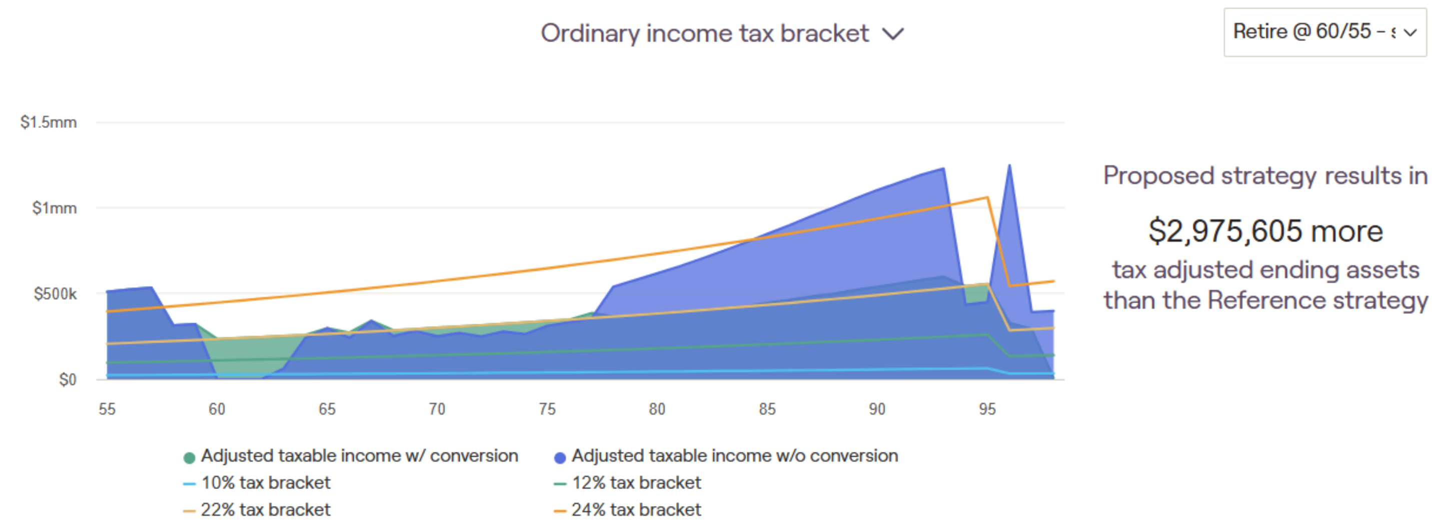
🎯 **Asset location - Tax-free ➡️ taxable ➡️ tax-deferred:** this means you focus all of your stocks/equities into your tax-free (Roth) accounts first. Any overflow would go into your taxable bucket, and then the remaining would overflow into your tax-deferred bucket (pre-tax 401(k) and IRAs). This allows your Roth account to be more aggressive and potentially grow the most while taking full advantage of your tax-free growth and withdrawals. The more conservative assets would go into your tax-deferred accounts which helps with tax efficiencies since conservative investments often trigger more taxable income each year that you would ideally want to defer as long as possible. That conservative mix within your tax-deferred account will also help to reduce the risk of required minimum distributions (RMDs) from causing an unexpected tax burden when you have to start receiving those.

🎯 **Withdrawal - Taxable ➡️ tax-deferred ➡️ tax-free:** using similar logic to the asset location strategy, you want your tax-free money to grow as much as possible to take advantage of the tax-free nature. That means your Roth accounts are likely the last thing you'll pull from to let them grow more. You still want to take advantage of the tax-deferred growth of your pre-tax 401(k) and IRAs so that's the reason those are used after you have mostly exhausted your taxable brokerage accounts in retirement.

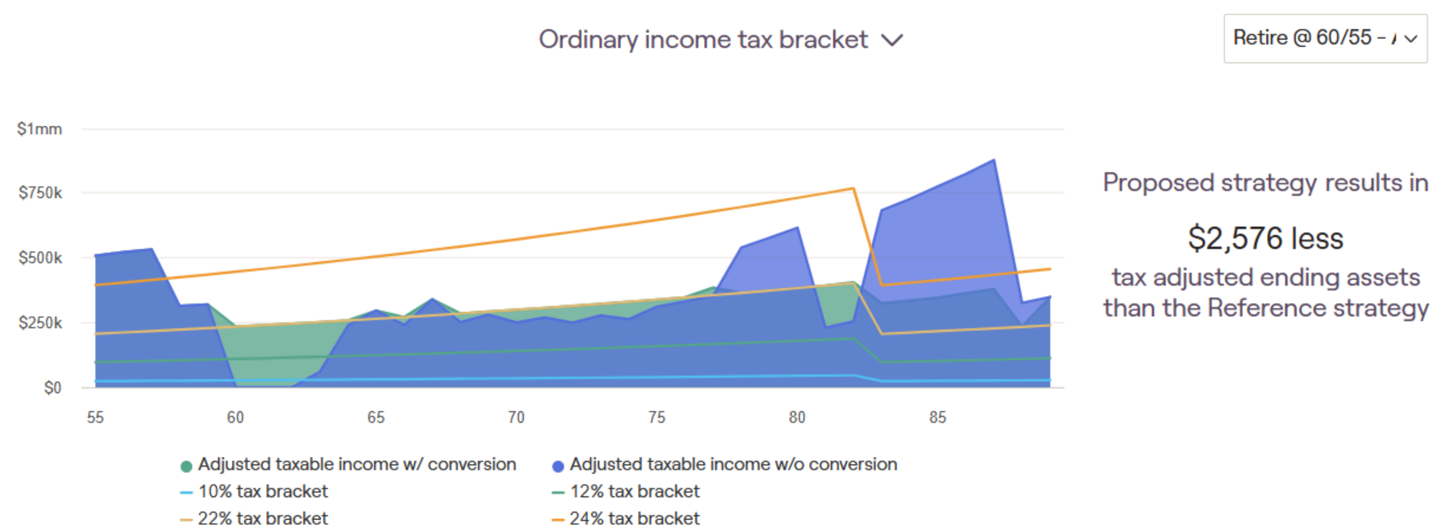
🎯 **Roth Conversion strategy:** the system reviews all the different options between filling up all the various ordinary income tax brackets, capital gains brackets, and Medicare brackets to find the optimal strategy for your situation. Based on current assumptions, you could consider filling up the 22% tax bracket with Roth conversions. This will be reviewed in more detail in the next section.

Roth Conversions

I ran a Roth conversion analysis based on both your “Retire at 60/55” Plan and then the adjusted plan based on Average Life Expectancy. Roth conversions almost always look extremely valuable based on a planning horizon out to 95 years old.



Based on optimal strategy, you create $2,975,605 more in tax-adjusted ending assets. You pay over $2,400,000 less in Federal taxes based on this plan. The problem with this is that by front-loading the taxes that you do pay, it will take until age 92 to break-even when you look at your total invested assets.



If we look at the plan based on “Average Life Expectancy”, then by doing those same Roth conversions, you actually don’t benefit at all from the Roth conversions. In this scenario, you would be better off filling up the 12% tax bracket whenever possible.

RightCapital: Tax ➡️ Tax Strategies ➡️ Calibration

Insurance Analysis

Life Insurance

Client #1 has group term life ($141k). Client #2 has group term life of $339k (1x salary)

🎯 **Recommendation:** I recommend keeping what you have now, but I don't see a major need to increase this. CEGLife or PolicyGenius.

Disability Insurance

Client #1 has LTD through work, Client #2 LTD unknown, but I believe Medtronic offers it.

🎯 **Recommendation:** Consider getting a quote for long term disability through some place like Breeze or CEG Life for each of you especially if you post-sabbatical jobs don't offer coverage.

Home + Auto Insurance + Umbrella

Compare rates and shop around every couple years to make sure you're not overpaying for insurance. Make sure your liability coverage is sufficient. I don't see where you have an umbrella policy currently to protect against anything beyond that liability coverage.

🎯 **Recommendation:** I would recommend a $1-2mil umbrella policy, to protect assets against lawsuits that go above your standard home/auto liability coverage.

Health Insurance

Health insurance is often the most consequential cost in early retirement (before Medicare at 65). ACA Marketplace plans vary significantly by state in terms of premiums, coverage, and subsidy availability. Income management can unlock substantial subsidies for early retirees.

🎯 **Recommendation:** Whenever you no longer have access to employer-sponsored health insurance, we need to carefully review your income to determine if ACA subsidies are available, if retiring prior to age 65.

Long-Term Care Insurance

I have already built in the assumption that you would self-fund your long term care based on 2 years of nursing home care at the end of your plan based on $127,750 a year in costs which is then adjusted for inflation based on a 5% inflation rate.

🎯 **Recommendation:** Based on many different long term care insurance quotes I've had run, the cost of those policies is generally so high that if you simply invested that money instead of paying LTC insurance premiums, you might end up with more money by investing versus paying for the insurance and you maintain all that flexibility in the event you both don't have long term care events.

Estate Planning

Key Issues:

Asset distribution
Ensure assets pass to beneficiaries per your wishes, not default state law.

Tax efficiency
Minimize estate, gift, and income taxes for heirs through smart structuring.

Healthcare & incapacity
Plan for medical decisions and financial management if incapacitated.

Avoiding probate
Structure assets to minimize court involvement and keep transfers private.

Beneficiary control
Establish when and how beneficiaries receive inheritance to prevent misuse.

Guardianship
Appoint guardians for minor children if both parents are unable to care for them.

Core Documents:

01 **Will or pourover will**
Specifies how assets are distributed and names guardians for minor children.

02 **Revocable living trust**
Avoids probate for assets held in the trust. Allows management of assets during incapacity.

03 **Durable power of attorney**
Designates someone to handle financial matters if you become incapacitated.

04 **Advance healthcare directive**
Outlines healthcare wishes and names a proxy to make medical decisions.

05 **Letter of intent**
Non-legally binding guidance on personal wishes such as burial instructions.

06 **HIPAA authorization**
Allows designated individuals to access your medical records when needed.

Additional resources:

- Should you get a Will or a Trust?
- How do you actually fund the Trust?

🎯 **Recommendation:** You already have an estate plan with a revocable living trust, which I assume includes a pour over will and powers of attorney. It’s important to review these documents every 5-7 years and ensure that your wishes are still up to date.

Because you have a trust, you’ll also want to make sure that your assets are properly set up in the trust (i.e., your house). Make sure your named beneficiaries are correct on each of your investment accounts and in some cases the account should be owned by the trust. The biggest thing people miss is keeping real estate in their individual names instead of either shifting them to the name of the Revocable Trust or setting up a Transfer on Death (TOD) Deed. By keeping them strictly in your individual names, you would still have to deal with the probate process if something happens to both of you, so make sure you get the proper paperwork recorded with the county on any property you will be keeping.

Financial Continuity Plan

A financial continuity plan isn't about anticipating the worst - it's about making sure that no matter what life brings, you and your loved ones are prepared to move forward with clarity and confidence. This guide captures the essentials of your financial life: your accounts, your contacts, and your next steps when you need them most. Keep this somewhere easy to find. If you would like a version of this that you can edit: Financial Continuity Plan

Where Your Money Lives

Login Information

Account	Website	Login	Password
Password Manager?			
Checking			
Brokerage			
Brokerage			
401(k)			
IRA			
Roth IRA			
Other:			
Other:			
Other:			
Other:			
Other:			

Your Key Contacts

Role	Name	Phone / Email
Financial Advisor	Adam Coleman	adamcoleman@hellonectarine.com
CPA / Tax Preparer		
Estate Attorney		
Life Insurance Agent		
Primary Bank		
HR / Benefits (employer)		
Health Insurance Provider		
Brokerage		
401(k) plan administrator		
Other:		
Other:		

If Something Happens to You

This is the most important section of this guide. If you pass away or become unable to manage the finances, the information below will help you know what to do, in what order, and what to avoid.

When	What to Do
Within 1-3 days	Notify your financial advisor. Report the death to Social Security (1-800-772-1213). Contact the employer and or 401(k) plan administrator if your partner was still working.
Within 1-2 weeks	Obtain certified copies of the death certificate - you will likely need 8-10. Locate the will, trust documents, and life insurance policies. Contact the estate attorney if you have one.
Within 30 days	File life insurance claims. Notify financial institutions to update account titles. Check on any automatic bill payments that may have been in your partner's name.
Within 60-90 days	Meet with your financial advisor to review the full picture. File for survivor Social Security benefits if eligible. Update beneficiary designations on your own accounts.
Within 6-12 months	Work with your advisor and CPA to file a final tax return. Revisit the financial plan for your new situation. Make longer-term decisions about housing, investments, and estate documents.
Ongoing	Check in with your advisor at least once a year. Keep your own estate documents, beneficiaries, and contact list current.

Key Documents and Where to Find Them

Will / Trust documents: ____________________

Life insurance policies: ____________________

Account logins / passwords: ____________________

Tax returns (last 3 years): ____________________

Social Security statements: ____________________

Military / pension records: ____________________

Practical Items to Locate

Death certificates - order 8-10 certified copies

Safe deposit box key and location

Vehicle titles and property deeds

Outstanding loan or debt statements

Health insurance and Medicare cards

Passport and Social Security card

What NOT to Do Right Away

Grief and stress make big decisions harder. Well-meaning family or financial salespeople may pressure you to act quickly. You don't have to. Most financial decisions can wait months.

Avoid This	Why It Matters
Cash out retirement accounts	You could owe 30-40% of the balance in taxes all in one year. This is one of the most costly mistakes surviving spouses make.
Pay off the mortgage with insurance	Life insurance proceeds may be better kept as monthly income. Talk to your advisor before using a lump sum to pay off debt.
Make large gifts to family	Your own financial security has to come first. There will be time to be generous once your situation is stable.
Change your investments right away	Markets go up and down. Selling during a stressful period often locks in losses you didn't need to take.

Your Estate Plan

Estate documents can be confusing. Here is a plain-English summary of what you have in place and what each document does.

Document	What It Does	Current Status / Location [e.g., Filed with attorney, Fireproof Safe, etc]
Will	Says who gets your property and who is in charge of handling things after you pass.	
Revocable Living Trust (if applicable)	Holds assets and passes them to heirs without going through the court process.	
Durable Power of Attorney	Names someone to make financial decisions for you if you are unable to.	
Healthcare Directive / Living Will	Describes your wishes for medical care if you cannot speak for yourself.	
Healthcare Power of Attorney	Names someone to make medical decisions for you if you cannot.	

A Note on Trusts

If you have a trust, most of your accounts and property should be titled in the name of the trust.

Assets left outside the trust may have to go through probate - a public court process that takes time and money.

Your attorney can confirm whether your accounts are titled correctly.

Healthcare Coverage

Coverage	Details / Provider	What to Know
Current health insurance	[e.g., Through employer / Marketplace]	[e.g., Open enrollment each November]
Medicare eligibility	Begins at age 65	Sign up 3 months before your 65th birthday to avoid penalties
Medicare Part B (medical)	[Enrolled / Not yet]	Monthly premium deducted from Social Security
Medicare Part D (prescriptions)	[Enrolled / Not yet]	Penalty applies if you delay enrollment
Medicare Supplement / Advantage	[Plan name if applicable]	[Covers gaps in original Medicare]
Long-term care coverage	[Yes / No / Pending]	[Policy details / location: _________________]

Financial Advisor

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Retirement Withdrawal Guide

All Ages

How this works

Your retirement paycheck doesn't come from one place the way a salary does. This guide creates a system where money flows from your investments into a cash account, and from there into your checking account every month - automatically. Once a year, you and I review and refill the system for the coming year.

Retirement Planning blog series: How To Create Retirement Paycheck | Retirement Planning <65 | Retirement Planning 65+

Step 1 - Understand your health insurance situation

Your health insurance affects how much income you should show each year. This changes based on your age and situation.

You get ACA marketplace subsidies

(Under age 65, before Medicare, and under income limits)

- Subsidies can be worth as much as $25,000+ per year - depending on income and family size
- Even $1 over the subsidy cliff can cost thousands, so careful planning is needed.
- Roth withdrawals and HSA withdrawals for medical expenses do NOT count as income - can be used strategically to keep income low

You don't get ACA subsidies

(Medicare, employer plan, or income above limit)

- More flexibility. Focus shifts to paying less tax over your lifetime.
- Low-income years are a great opportunity to move IRA money to Roth at lower tax rates.
- If over 63, IRMAA surcharges become a consideration

Step 2 - Create your annual retirement paycheck

Follow these steps once a year (usually last quarter) to fund the coming year, rebalance, and create your retirement paycheck

A — Calculate your spending need for the year

Add up everything you plan to spend - housing, food, travel, healthcare, subscriptions, and one-off items.
Subtract any income you receive automatically (part-time work, rental income, dividends, interest). The remainder is what your portfolio must cover.

YOUR CALCULATION		EXAMPLE	
Total annual expenses:	$________	Total annual expenses:	$90,000
Plus: estimated income taxes:	+ $________	Plus: estimated income taxes:	+ $ 5,000
Minus: part-time work:	– $________	Minus: part-time work:	– $ 3,000
Minus: Social Security:	– $________	Minus: Social Security:	– $ 0
Minus: pension/rental income:	– $________	Minus: pension/rental income:	– $ 0
Minus: dividends + interest:	– $________	Minus: dividends + interest:	– $ 7,000
Minus: any other income:	– $________	Minus: any other income:	– $ 0
= Withdraw from portfolio:	**$________**	**= Withdraw from portfolio:**	**$85,000**

B

Review your portfolio and rebalance

Look at your investment allocation across all accounts and compare to your target. Sell from whatever has grown the most - this is both your rebalancing action and your withdrawal source.

WHAT TO CHECK

Your withdrawal order

- General Rule: Pull from taxable brokerage until exhausted → Pull from Traditional IRA/401k. *Use Roth and HSA selectively*

Your overall target asset allocation

- e.g. 50% US stocks, 15% International stocks, 15% US small cap value (SCV), 15% bonds, 5% cash/money market

Your allocation (taxable brokerage)

- Sell whatever has grown the most (or just sell evenly across brokerage funds) to refill that cash bucket for next year's spending.

If this shifted you away from your target allocation

- Rebalance inside tax-deferred accounts (IRA, 401k) to get back to your target allocation. Your overall portfolio allocation matters far more than allocations within each individual account.

EXAMPLE

1. You sell stocks within your brokerage to create your cash spending bucket
2. Overall asset allocation shifts to: **40% US stocks** ⬇️, 15% Intl stocks, 15% US SCV stocks, **25% bonds** ⬆️, and 5% cash.
3. Rebalance in your IRA by shifting some of your bonds to US stocks
4. Updated overall asset allocation shifts back to the target allocation

C

Move the full year's spending into your settlement or money market account

Transfer your total annual spending amount into your brokerage money market or settlement account. These typically offer competitive yields similar to high yield savings accounts. This is your paycheck pool for the coming year.

Fidelity: SPAXX **Vanguard:** VMFXX **Schwab:** SWVXX (must be moved manually - Schwab isn't automatic)

D

Set up your monthly auto-transfer (aka your retirement paycheck)

1. Divide your annual withdrawal needs by 12: Example: $72,000 / 12 = $6,000/month
2. Set up a monthly auto-transfer from your money market account to your checking account.
3. This is your retirement paycheck. It arrives the same day every month automatically - no manual action needed.
4. Next year: Repeat the process - rebalance, refill, adjust monthly amount if spending has changed

E

Check your total income before December 31

Before finalizing your annual withdrawal, add up ALL income sources for the year. Compare to your ACA subsidy cliff, tax bracket targets, IRMAA brackets, and adjust if needed. This is the most important step for avoiding expensive mistakes. This is a perfect time for a Nectarine check-in.

Step 3 - Pay attention to age milestones

A few things change as you get older

Before 55	IRA and 401k withdrawals carry a 10% penalty. Taxable brokerage is your main source of income. ACA subsidies are usually the top priority.
Ages 55-59.5	If you left your employer at age 55+, you may be able to access that employer's 401k without penalty (Rule of 55). Still need to manage ACA income carefully so taxable brokerage is still usually the primary choice.
Ages 59.5-65	IRA/401k penalty is gone. Still focused on ACA subsidies if you can keep income low. Roth conversions should be considered to avoid higher taxes later in retirement..
Ages 65-75	Medicare replaces ACA which allows for more income flexability. This is the prime window for Roth conversions before Social Security and Required Minimum Distributions begin.
Age 75+	Required Minimum Distributions (RMDs) are mandatory every year from IRA and 401k accounts. Perfect time to consider charitable giving through Qualified Charitable Distributions to reduce taxes on RMDs.

Disclosures

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