Thomas

Financial

Group

"Building & Bridging Financial Services Gaps"

1145 Chesterfield Circle
Alexandria, Virginia 22463
703-597-8405

Thomas Financial Group
1145 Chesterfield Circle
Alexandria, VA 22463
Financial Planning Services
"Building & Bridging Financial Services Gaps"

September 7, 2017

Mr. Richard and Hyacinth Buckett
3454 Worcestershire Boulevard
Savannah, GA 01010

Dear Mr./Ms. Buckett:

It was a pleasure meeting the both of you. We here at the Thomas Financial Group (TFG) are very excited at the opportunity to provide financial planning services for you and your family. We are a fairly new company with over five years of being in business.

We pride ourselves and have a passion for helping families in attaining their financial goals and objectives by designing products and services to meet their special needs. Some of those services include cash flow planning, risk management planning, insurance planning, retirement planning, investment planning, Estate/Gift/Wealth transfer planning, education planning, and tax planning. Our commitment to you is to provide excellent service by way of thorough analysis and confidential/supportable recommendations for your individual needs.

Your planner will be Mr. Edward Thomas. He is a Planning professional ™ with five years experience and a proven track record guiding families through the various phases of establishing financial plans.

Our philosophy is that the financial planning process is an ongoing and participatory process between the planning firm and the client. We approach financial planning services according to the CFP® Practice Standards consisting of:

- Establishing and Defining our relationship with you the client
- Gathering your data to determine your financial goals, needs, and priorities
- Analyzing and evaluating your financial status
- Developing and presenting a financial planning recommendation based on data gathered and communication with you
- Implementing our financial planning recommendation(s)

- Monitoring

We utilize various methods for communicating but ensuring that communication is accomplished and only with authorized parties. We believe in transparency and protection of our clients' personal information. We also like to highlight that financial planning services and/or recommendations may include investment performance and to disclaim that past performance is no guarantee of future returns; and that all projections are based on historical data.

Our services specifically include:

- Reviewing and prioritizing your goals and objectives.
- Developing a summary of your current financial situation, including a net worth statement, cash flow summary, and insurance analysis.
- Reviewing your current investment portfolio and developing an asset management strategy.
- Developing a financial management strategy, including financial projections and analysis.
- Completing a retirement planning assessment, including financial projections of assets required at estimated retirement date.
- Assessing estate net worth and liquidity.
- Identifying tax-planning strategies to optimize financial position.
- Presenting a written financial plan that will be reviewed in detail with you. It will contain recommendations designed to meet your stated goals and objectives, supported by relevant financial summaries.
- Developing an action plan to implement the agreed upon recommendations.
- Referrals to other professionals, as required, to assist with implementation of the action plan.
- Assisting you with the implementation of the financial plan.
- Determining necessity to revise your financial plan.

Again we look forward to working with you and your family to reach your financial goals.

Sincerely,

Edward L. Thomas
Sr. Partner, Thomas Financial Group

Thomas Financial Group
1145 Chesterfield Circle
Alexandria, VA 22463
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"Building & Bridging Financial Services Gaps"

ENGAGEMENT LETTER

Thomas Financial Group known as TFG and **Mr. Richard and Ms. Hyacinth Buckett** of **3454 Wocestershire Boulevard, Savannah, GA 01010** known as client on this **Seventh** day of **September 2017** hereby enter into agreement for the express purpose of TFG to provide financial planning services.

As discussed in our welcome letter TFG is a financial planning services firm that specializes in cash flow planning, risk management planning, insurance planning, retirement planning, investment planning, Estate/Gift/Wealth transfer planning, education planning, and tax planning

TFG utilizes standards codified by the Certified Financial Planning (CFP®) Practice Standards (Process) consisting of:

1. Establishing and Defining our relationship with you the client
2. Gathering your data to determine your financial goals, needs, and priorities
3. Analyzing and evaluating your financial status
4. Developing and presenting a financial planning recommendation based on data gathered and communication with you
5. Implementing our financial planning recommendation(s) Standards Board that
6. Monitoring

RESPONSIBILITIES

Service Provider: **TFG** – Our service to you will be as follow:

- Reviewing and prioritizing your goals and objectives
- Developing a summary of your current financial situation, including a net worth statement, cash flow summary, and insurance analysis
- Reviewing your current investment portfolio and developing an asset management strategy
- Developing a financial management strategy, including financial projections

and analysis

- Completing a retirement planning assessment, including financial projections of assets required at estimated retirement date
- Assessing estate net worth and liquidity
- Identifying tax-planning strategies to optimize financial position
- Presenting a written financial plan that will be reviewed in detail with you. It will contain recommendations designed to meet your stated goals and objectives, supported by relevant financial summaries
- Developing an action plan to implement the agreed upon recommendations
- Referral to other professionals, as required, to assist with implementation of the action plan
- Assisting you with the implementation of the financial plan
- Determining necessity to revise your financial plan
- Discuss any known conflict of interests
- Protect your personal information according to the firm's privacy rules

Client: **Mr. & Mrs. Buckett**

- Provide complete and accurate information
- Responsible for making final financial decisions
- Keep custody of assets including cash, securities, or other assets
- Permit TFG to consult with attorneys, accountants, or other important professions pertinent to the process
- Pay timely all fees for services rendered within at the agreed-upon price and the agreed-upon terms

ENGAGEMENT

TFG's financial planning process includes:

I. Schedule a preliminary meeting to discuss short and long term goals and obtain information as discussed above of your family situation

II. Gather documents about assets, liabilities, income, taxes, expenses, investments, insurance policies, estate documents, future plans, retirement benefits, legal documents, and other important information (not an all inclusive lists)

III. Once received the information is organized and reviewed to analyze and present data in cash flow, tax liability, net worth, and retirement statements to use in projecting your financial plan

IV. Additional meetings may be required to ensure the information is accurate and help provide a basis for financial plan assumptions

V. Based on the analysis our firm will outline additional or alternative strategies to support the recommendations for your goals and objectives

VI. TFG will prepare and discuss the recommendations via a comprehensive financial report and assist you with implementation strategies. Please note that the implementation process is a separate engagement process.

LIMITATIONS

TFG is a financial planning services firm with the sole purpose of providing financial planning services and analysis. The firm does not have the authority or qualification to provide legal advice or prepare legal documents. We also don't the have the authority or qualification to prepare or amend income, estate, or gift tax returns. We also disclose that the firm doesn't provide insurance but has the ability to make insurance recommendations to support the financial planning recommendation process.

FEE STRUCTURE

TFG is a Fee-only firm. Fee-only financial planners receive fees directly from the client and no commission fees or sales products are marketed or sold. The price for services for this agreement is **one hundred fifty dollars** an hour up to **twenty hours** for the compilation of a full financial plan. Additional monitoring services are then priced and paid on implementation services at a one and a half percentage of the value of the recommended plan.

AGREEMENT TERMS

This agreement may be terminated without penalty or further obligation except for the payment of fees of services performed and expenses incurred prior to termination. In addition, this engagement will not have assignment rights without written approval by the client.

We thank you for the opportunity to service you. We anticipate beginning the engagement sometime after 10/01/2017. If you have any questions, please call us at 703-597-8405.

Very truly yours,

____

Thomas Financial Group   Date

We agree to the terms of the engagement described in this letter

____

Mr. Richard Buckett   Date

____

Mrs. Hyacinth Buckett   Date

BUCKETT COMPREHENSIVE FINANCIAL PLAN

TABLE OF CONTENTS

SECTION I - BUCKETT FINANCIAL PLAN OVERVIEW

About Thomas Financial Group

The Thomas Financial Group was established in 2012 by Edward Thomas, Financial Planning Professional. A military member with over 29 years of service time, Mr. Thomas recognized that so many military members and his own family members were not financially fit. Taking what he learned about personal financial management he decided to pursue financial planning certification with the ultimate goal of educating the forces, their families and other non-military families.

Vision

The vision for Thomas Financial Group is to help individuals modify poor personal financial management behaviors into positive personal financial management behaviors through financial education enabling clients to establish and meet their financial goals.

Mission

Our mission is to educate our clients facilitating smart financial decisions using personalized service, trust and integrity. To implement our mission requires a diversity of skills and expertise in many areas including portfolio management, insurance planning, tax management, estate planning and other critical related areas.

Motto

Building & Bridging Financial Services Gaps

Privacy and Confidentiality Statement

TFG is committed to safeguarding clients' personal information and models our policy from the Certified Financial Planner Board of Standards.

Information is collected to help planners better understand your needs and to make recommendations based on information gathered and discussed. We collect information such as full name, business addresses, home addresses, email addresses, telephone numbers, fax numbers, credit card numbers, and dates of birth.

Information will not be released to other parties without the expressed written consent of our clients except in cases of legal process of a court of law, governmental agencies, or industry self-regulatory organizations having appropriate jurisdiction.

Our policy is to maintain records required by federal and state securities laws, and consistent with the CFP Board of Code of Ethics and Professional Responsibility. After this required period of record retentions, all such information will be destroyed.

Investment Policy Statement

Purpose

The purpose of an investment Policy Statement is to assist us with supervising, monitoring, and evaluating your Investment Portfolio. Your investment program will be designed and based on the following:

1) Documenting your attitude, expectations, objectives, and guidelines for your investment assets.
2) Assessing where you are currently by reviewing your current assets, income, expenses, and the amount of disposable income available for investments and where you would like to be in the future
3) Developing an age based risk profile based on attitudes and risk tolerance levels
4) Establishing your goals, setting timelines, and evaluating progress towards your goals
5) Complying with all applicable fiduciary obligations, between you, the client, and this firm including third party members

Duties and Responsibilities

My duties are as follows:

1) Preparing and maintenance of this Investment Policy Statement
2) Provide proactive advice on investment goals and objectives
3) Selecting sufficient asset classes with different risk profiles
4) Prudently selecting investment options
5) Monitoring and supervising third party associates with the portfolio
6) Settle any transactions that have been executed
7) Provide at least yearly reviews for rebalancing or reassessments

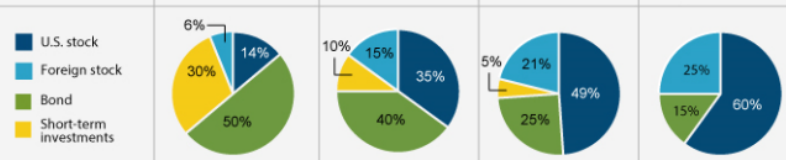
Asset Class Guidelines

Long-term investment strategies require diversification to help with realizing goals. Stocks, Bonds, and other short-term investments provide those opportunities. Bonds are relatively stable investments that provide streams of income and interest to portfolios. Stocks have significantly higher returns than bonds. Short-term investments such as cash are safer but provide little return. Our approach is to balance out your portfolio utilizing a diversified approach to help grow your investments but at the same time to provide some protection for your risk profile.

As depicted below by Morningstar Inc. is a sample of mixes that combine stock, bond and short-term investments for different levels of risk.[1]

Choose the amount of stocks you are comfortable with

	Conservative	Balanced	Growth	Aggressive growth



Annual return %	Conservative	Balanced	Growth	Aggressive growth
Average	5.96	7.91	8.88	9.55
Worst one-year return	−17.67	−40.64	−52.92	−60.78
Best one-year return	31.06	76.57	109.55	136.07
Worst 20-year return	2.92	3.43	3.10	2.66
Best 20-year return	10.98	13.83	15.34	16.49
Historical volatility	4.52	9.61	13.13	15.83

Data source: Morningstar Inc., 2016 (1926–2016). **Past performance is no guarantee of future results.** Returns include the reinvestment of dividends and other earnings. This chart is for illustrative purposes only and does not represent actual or implied performance of any investment option. See footnote 1 below for detailed information.

The market indices that we will use in your assessment and recommendation are:

- Treasury Bills
- Treasury Coupon Bonds
- Treasury Zero-coupon Bond Strips
- Investment Grade Corporate Coupon Bonds
- Investment Grade Corporate Zero Coupon Bonds
- High Yield Corporate Bonds
- International Bonds
- US Large Cap Equity
- US Small Cap Equity
- Developed International Equity

[1] Morningstar Inc. 2016 (1926-2016)

Below is a list of Funds that will be utilized as part of your investment strategy

Fund	Investment Style	Before Tax Rate of Return	Standard Deviation	Correlation with Equity Market	Current Yield
Value Fund	Large Cap	9.00%	12.00%	0.95	3.00%
Growth Fund	Large Cap	10.20%	15.00%	0.9	2.00%
Eastside Fund	Mid Cap	8.40%	10.00%	0.92	2.00%
Konza Fund	Mid Cap	9.20%	9.20%	0.91	1.75%
Sagebrush Fund	Small Cap	11.20%	11.20%	0.8	0.50%
Rocket Fund	Small Cap	14.00%	14.00%	0.75	0.00%
Consumer Fund	Small Cap	8.75%	8.75%	0.99	2.50%
Acquisitions Fund	Mid Cap	7.50%	7.50%	0.2	4.00%
International Fund	International Cap	10.00%	10.00%	0.5	2.00%
Haley G & I Fund	Large Cap	8.00%	8.00%	0.9	3.20%
Graham Fund	Real Estate & Precious Metals	4.10%	4.10%	0.1	2.00%
Ruth Fund	Government Bond	4.80%	4.80%	0.85	4.00%
Cardinal Fund	Corporate Bond	5.20%	5.20%	0.9	4.80%
Clock Fund	Corporate Bond	6.00%	6.00%	0.98	5.40%
Ely Fund	Government Bond	6.10%	6.10%	0.92	6.00%
Companion Fund	High Yield	7.00%	7.00%	0.8	6.10%
States Fund	Government Bond	5.70%	5.70%	0.75	4.00%
Barrister Fund	Money Market	3.00%	3.00%	0	3.00%

CLIENT PROFILE

Client: Richard Buckett
Age: 56
Address: 3454 Worcestershire Boulevard, Savannah, GA 01010
Occupation: Entrepreneur
Business: London Industries, LLC
Health Status: Healthy and Family History of Longevity

Client: Hyacinth Buckett
Age: 55
Address: 3454 Worcestershire Boulevard, Savannah, GA 01010
Occupation: Homemaker
Health Status: Healthy and Family History of Longevity

Sufficient Dependent: Sheridan Buckett
Age: 28
Dependents: Sally - 4; Geoffrey - 2

Part of the financial planning process requires us to accomplish an interview to understand your current financial position and how it relates to your overall financial planning goals and objectives. It also gives us a basis to utilize assumptions in the development of the plan.

FINANCIAL GOALS

- Whether on or off track to meet an age 66 Retirement date, assuming receiving Social Security at age 66
- Review of Discretionary cash flow and life insurance coverage
- Provide a mechanism for Sheridan to assume ownership of London Industries
- Perform an insurance and review and recommend any adjustments
- Have $90,000 before taxes retirement income in retirement and for surviving spouse
- Retire in the event of spouse's death prior to Full Retirement Age
- Ms. Buckett prefer not to return to work in the event of Richard's death
- Improve overall investment program to achieve long-term goals
- Ensure current savings is adequate for six months Emergency Funding
- Establish a Buckett Family Foundation for Literacy and Mathematical Proficiency $500,000 Endowment
- Teach Entrepreneurship at Savannah State University that will require updating business skills at today's cost of $50,000

- Establish Education Funds for both grandchildren to be funded at time of Full Retirement Age
- Impact of potential business sell

ASSUMPTIONS
- General Inflation Rate: 4%
- Education Expense Inflation Rate: 5.5%
- Current Prime Rate 4.5%
- Life Expectancy: 95
- Desired Retirement Age 66
- Normal Retirement Age 67

BUCKETT FINANCIAL STATEMENTS/FINANCIAL RATIOS

Part of the Financial Planning Process involves compiling and ultimately analyzing financial statements. Step number two and step number three of the Certified Financial Planning (CFP®) Practice Standards requires the financial planners to gather your data to determine your financial goals, needs, and priorities; and to analyze and evaluate your financial status.

The data gathered includes information about your assets, liabilities, income, and expenses to determine your net worth and your cash flow. The information is captured into two financial statements, the cash flow statement and the balance sheet. Once compiled the information contained in the statements are analyzed and measured according to industry Financial Ratio Standards to provide an understanding as to your financial health.

CASHFLOW STATEMENT

The first statement we compiled is your cash flow statement. The purpose of this statement is to measure liquidity consisting of cash flow of income and expenses.

To compile this statement we took your salary (wages) of $137,500 and subtracted $9,625 (Pre-tax Contributions - 401k contributions) to arrive at your taxable income of $127,875. Your 401K used to calculate your Federal ($17,798.81), State ($6,565), and Social Security & Medicare taxes ($9,201.19) for total taxes of $33,565. In addition to your salary income, you had $27,860 in non-qualified dividend and interest income from savings and mutual fund accounts; and $175,000 in rental income from your commercial property for a Grand Cash Inflow of $297,170.

INCOME	No	Amount		TOTAL
Richard's Salary	1	$ 137,500.00	$	137,500.00
Pre-Tax Contributions	-1	$ 9,625.00	$	(9,625.00)
BUCKETT TOTAL INCOME			**$**	**127,875.00**
SALARY INCOME TAXES	**No**	**Amount**		**TOTAL**
Federal Income Tax W/H	1	$ 17,798.81	$	17,798.81
State & Local Income Tax W/H	1	$ 6,565.00	$	6,565.00
FFICA Tax W/H	1	$ 9,201.19	$	9,201.19
BUCKETT'S TOTAL SALARY INCOME TAXES			**$**	**33,565.00**
TOTAL INCOME AFTER TAXES			**$**	**94,310.00**
OTHER INCOME			**$**	**27,860.00**
RENTAL INCOME			**$**	**175,000.00**
CASH INFLOWS			**$**	**297,170.00**

(1) Federal Income Tax based on tax rate 25% equals $31,968.78; however actual amount W/H totaled $19,517.06

(2) State/Local Income Tax based on tax rate 4.72% equals $6035.7 however actual amount W/H totaled $6,565

(3) Social Security portion of calculation limited to $118,500; Medicare calculated by $127,875

(4) Non-qualified Dividends & Interest Received from misc savings and mutual funds

(5) Commercial Bldg Rental Income; (12) tenants

The next set of data included your expenses and we categorized the expenses into four broad areas and Savings: Housing, Food/Clothing/Transportation, Other Committed Expenses, Discretionary Expenses, and Savings. The Housing expenses totaled $37,094.40 and represented 10% of the total expenses. The Food/Clothing/Transportation expense category totaled $25,819.96 and represented 7% of the total expenses.

The next category Other Committed Expenses totaled $282,464.44 and represented 75% of the expenses including $270,315.40 in rental real estate expenses. The final expense category is Discretionary Expenses. These are expenses that are considered non-essential or subjective usually classified as “wants” rather than “needs”.

EXPENSES		ANNUAL TOTAL	% of
HOUSING			
Mortgage/Rent	$	21,954.00	
Home Equity Loan	$	3,440.40	
Real Estate Taxes	$	1,200.00	
Homeowners Insurance	$	3,300.00	
Utilities	$	3,600.00	
Household Maintenance	$	2,400.00	
Yard Maintenance	$	1,200.00	
HOUSING TOTAL	**$**	**37,094.40**	10%
FOOD/CLOTHING/TRANSPORTATION			
Groceries	$	6,000.00	
Clothing (Hyacinth)	$	3,600.00	
Clothing (Richard)	$	1,200.00	
Laundry Services	$	1,200.00	
Auto Insurance Premiums	$	2,600.00	
Gasoline	$	1,200.00	
Car registrations	$	320.00	
Parking & Tolls	$	400.00	
Auto Loan	$	5,799.96	
Charge Account/Credit Cards	$	3,500.00	
FOOD/CLOTHING/TRANSPORTATION TOTAL	**$**	**25,819.96**	7%

EXPENSES		ANNUAL TOTAL
OTHER COMMITTED EXPENSES		
Medical Copayments (Hyacinth)	$	120.00
Medical Copayments (Richard)	$	120.00
Prescriptions	$	300.00
Unreimbursed Medical Expenses	$	120.00
Life Insurance Premiums	$	3,200.00
Umbrella Insurance Premiums	$	125.00
Disability Insurance Premiums	$	2,250.00
Telephone	$	1,100.04
Monthly Bank Fees	$	24.00
Safe Deposit Box Fee	$	100.00
IRA Fees ($20 per account)	$	40.00
Personal Property Tax**	$	450.00
Accounting Fees	$	600.00
Healthcare	$	2,400.00
Rental Real Estate Expenses	$	129,196.00
Rental Real Estate Mortgage	$	141,119.40
Personal Care	$	1,200.00
OTHER COMMITTED EXPENSES TOTAL	**$**	**282,464.44**

EXPENSES		ANNUAL TOTAL
DISCRETIONARY EXPENSES		
Recreation/Entertainment	$	1,200.00
Home Internet	$	600.00
Hobbies - Hyacinth	$	500.00
Hobbies - Richard	$	100.00
Furnishings	$	1,000.00
Food away from home	$	4,800.00
Travel Expenses	$	2,500.00
Vacations	$	5,000.00
Beverage Expenses	$	350.00
Charitable Contributions	$	4,800.00
Gifts to family members (Hyacinth)	$	2,000.00
Gifts to family members (Richard)	$	500.00
Other miscellaneous expenses	$	1,000.00
Club Dues	$	500.00
Subscriptions	$	500.00
OTHER COMMITTED EXPENSES TOTAL	**$**	**25,350.00**
SAVINGS (Outside of Retirement)	**$**	**4,000.00**
CASH OUTFLOWS	**$**	**374,728.80**

CASHFLOW RESULT

Calculation of the Cash Inflows of $297,170 minus the Cash Outflows of $374,728.80 resulted in a net Cash Outflow of $77,558.80 for the Year ended 2016. The majority of this outflow is as a result of the rental real estate portfolio.

CASH INFLOWS	**$**	**297,170.00**
CASH OUTFLOWS	**$**	**374,728.80**
NET CASH OUTFLOW as of December 31, 2016	**$**	**(77,558.80)**

BALANCE SHEET

The second statement we compiled is your balance sheet also called a net worth statement. The purpose of this statement is to display the assets and liabilities to calculate and determine your net worth.

Your assets were categorized into monetary, investment, retirement, education, real, and personal/collectible/other assets. Monetary assets are liquid cash and/or cash equivalents that totaled $246,500. Investment assets totaled $2,620,200.

Mr. & Mrs Buckett Personal Balance Sheet As of December 2016				
ASSETS				
Monetary Assets				
Checking Account	$	6,500.00		
Savings Account	$	10,000.00		
Money Market Mutual Fund	$	230,000.00		
Total Monetary Assets			***$***	***246,500.00***
Investment Assets				
Ely Fund	$	241,000.00		
Cardinal Fund	$	45,000.00		
Companion Fund	$	5,000.00		
Growth Fund	$	151,600.00		
Eastside Fund	$	70,600.00		
Consumer Fund	$	7,000.00		
Rental Real Estate Portfolio	$	2,100,000.00		
Total Investement Assets			***$***	***2,620,200.00***

The retirement assets totaled $333,500 and consisted of 401K plans and two IRA accounts in both of your names. The education accounts total $59,822 consisting of Series I US Savings Bonds.

Mr. & Mrs Buckett Personal Balance Sheet As of December 2016				
ASSETS				
Retirement				
Haley G & I Fund (401k)	$	40,000.00		
Acqusitions Fund (401k)	$	205,000.00		
Sagebrush Fund (401k)	$	25,000.00		
Clock Fund (401k)	$	27,000.00		
International Fund (Traditional IRA)	$	19,000.00		
Companion Fund (Traditional IRA)	$	17,500.00		
Total Retirement			***$***	***333,500.00***
Education				
Series I-Bonds - Face Value $55K	$	59,822.00		
Total Education			***$***	***59,822.00***

The next asset category is real asset consisting of your primary home residence (your commercial property is captured as an investment). The final asset category is personal /collectible/other assets consisting of business interest, collectibles, vehicles, and personal property (other than real estate) for a total of $4,903,550. All of the assets total $10,538,572.

ASSETS				
Real Assets				
Primary Residence	$	2,375,000.00		
Total Real Assets			***$***	***2,375,000.00***
Personal/Collectible/Other				
Business	$	4,750,000.00		
Chevy Avalanche SUV	$	42,000.00		
Jeep Wrangler	$	17,800.00		
Artwork	$	2,500.00		
Baseball Collectibles	$	25,000.00		
Sporting/hobbies supplies	$	3,500.00		
14-foot Aluminum Boat	$	7,000.00		
Furniture	$	28,000.00		
Other Assets - Cash Value Policy	$	21,250.00		
Other Assets - Jewelry	$	6,500.00		
Total Personal/Collectible			***$***	***4,903,550.00***
TOTAL ASSETS			***$***	***10,538,572.00***

The next section of the balance sheet consists of liabilities. We categorized the liabilities into current and long-term liabilities. The current liabilities are liabilities that are due within one year and will require the use of a current asset or will create another current liability. The majority of your current liabilities are credit/charge cards and total $35,000.

The other section, long-term liabilities consist of your mortgages for your primary residence, your commercial property, and an auto loan. All of the liabilities total $1,345,313.24.

LIABILITIES				
Current Liabilities				
Visa Credit Card	$	12,000.00		
MasterCard	$	8,000.00		
Discover Card	$	7,500.00		
Crossfit sporting goods Card	$	5,000.00		
CashReserve Loan	$	2,500.00		
Total Current Liabilties			***$***	***35,000.00***
Long-Term Liabilities				
Mortgage - Residential	$	235,984.05		
Home Equity Loan	$	29,471.08		
Commercial Mortgage Loan	$	1,035,681.10		
Chevy Avalanche SUV Loan	$	9,177.00		
Total Long-Term Liabilities			***$***	***1,310,313.24***
TOTAL LIABILITIES			**$**	**1,345,313.24**

Your total assets of $10,538,572 minus your total liabilities of $1,345,313.24 yield a positive net worth of $9,193,258.76.

Mr. & Mrs Buckett Personal Balance Sheet As of December 2016		
TOTAL ASSETS	***$***	***10,538,572.00***
TOTAL LIABILITIES	**$**	**1,345,313.24**
NET WORTH	**$**	**9,193,258.76**

FINANCIAL RATIO ANALYSIS

Financial Ratio Analysis helps us to get a better understanding of your current financial position and provides a quantitative measure of your financial health to ultimately compare to a financial benchmark. Utilizing the Cash Flow Statement Accounts and the Balance Sheet Accounts we analyzed the following ratios:

- Current Ratio – The current ratio measures liquidity specifically if there are sufficient current monetary assets available to pay the debts. Current Ratio debt's benchmark is >1. **Your portfolio's current ratio rate is 7.04 exceeding the benchmark rate.**

- Emergency Fund Ratio – Commonly called the month's living expenses covered ratio it indicates how long a person could live in a crisis situation. The Emergency Fund Ratio's benchmark is to have three to six months living expenses. We utilized specific expenses in calculating your emergency fund ratio utilizing expenses that are necessary.

  Those expenses included mortgage, home equity loan, real estate taxes, Homeowners Insurance, utilities, groceries, clothing, auto insurance, gas, car registrations, auto loan, medical copayments/expenses, life/disability insurance premiums, property tax, healthcare, and personal care expenses.

  We eliminated expenses associated with the rental real estate because those expenses are not considered essential. Those totals equaled $65,354 divided by two to represent six months key expenses. **Your portfolio's Emergency Fund Ratio is 7.54 months exceeding the standard benchmark by a month and a half.**

- Savings Ratio - Compares the monthly surplus being generated by an individual against total cash inflows (includes Savings, Money Market, Retirement, Retirement Contribution, Salary). The Savings Ratio benchmark is >10%. **Your portfolio's Savings Ratio is 424% exceeding the benchmark rate.**

- Debt Ratio - This ratio indicates if an individual has over-borrowed or are facing solvency issues, includes all loans (including commercial) and credit card debt. The Debt Ratio benchmark is <40%. **Your portfolio's Debt Ratio is 22% lower than the benchmark rate at 13%.**

- Long-Term Debt Coverage Ratio – Tells how many times a client can make debt payments, based on current income including non-cash expenses (Depreciation/Amortization). The Long-Term Coverage Ratio benchmark is >2.5. **Your portfolio's Long-Term Debt Coverage Ratio is 3.96 exceeding the benchmark rate.**

- Debt-to-income Ratio – Measures the percentage of take-home pay committed to consumer credit repayment. The Debt-to-income Ratio benchmark is <15%. This indicates that there is a good balance between debt and income and helps you in the event that you need to borrow funds. **Your portfolio's Debt-to-income Ratio is 22%, higher than the benchmark rate of <15%.**

- Front-end mortgage qualification ratio – A variation of the debt-to-income ratio. It is used to calculate the amount of gross income going towards housing costs. It includes your primary mortgage, equity loan, and real estate mortgage costs divided by monthly income including gross income, other income, and rental income. The Front-end mortgage qualification Ratio benchmark is < between 28% and 30%. **Your portfolio's Front-end mortgage qualification Ratio is 49% and doesn't meet the recommended threshold level. This is due to the lack of income and the high dollar amount of the commercial real estate mortgage. We calculated that you would meet the threshold without the commercial real estate mortgage.**

- Back-end mortgage qualification ratio – A debt-to-income ratio that indicates what portions of a person's monthly income goes toward paying debts, includes housing expenses and other debt expenses (auto, credit cards). The Back-end mortgage qualification ratio benchmark is < between 36% and 43%. **Your portfolio's Back-end qualification Ratio is 52% and doesn't meet the recommended threshold level. Same as the Front-end mortgage ratio except the auto and credit cards increases the rate by 3%.**

- Rental expense Ratio – A ratio that measures the cost of operating property compared to the income the property brings in. The Rental expense Ratio benchmark is <25%. Currently your rental investment is a cash outflow. **Your portfolio's Rental expense Ratio is 114% and doesn't meet the recommended threshold level.**

OVERALL ANALYSIS

Your overall net worth is above average and there are some concerns with your mortgage qualification ratios and your rental expenses ratios. Your net cash flow for 2016 is negative leaving you with a net cash outflow. This is mainly attributed to the net loss that you are experiencing with your rental property that also has a direct factor on your balance sheet issues. First you have residential and commercial rates that were obtained ten and five years ago at 7% and 6.5% when the rates were higher.

RECOMMENDATION#01
Over the past ten years the prime commercial rates have decreased down from 8.75% to approximately 4.25%; and residential loans have decreased as well to 3.5%. Refinancing those loans at lower rates will reduce the interest associated with those loans and decrease the debt to income ratio, front-end & back-end mortgage ratios, and the rental expense ratio.

Specifically, for the commercial property obtaining a commercial loan at 4.25% at 10 years will reduce the current payment from $11,759.95 to 10,609.27 with the current loan interest equaling $375,512 vs. the new loan interest of $237,430 with total savings of $138,082 over the life of the loan. In addition, with the increase of 2.5% rents and refinancing overall net loss will be reduced by $18,183

For the primary home, refinancing at 3.5% for 15 years will not only reduce the term but also the payment from $1,829.58 to $1,687.02. In addition, current interest remaining equals $203,115 vs. a new loan total interest of $67,677 with a total savings of $135,438 over the life of the loan.

RECOMMENDATION#02
You currently pay $2,400 on an annual basis for your health insurance after tax. You should inquire if your company participates in a flexible spending plan that would help reduce your tax liability.

BUCKETT TAX ANALYSIS

Your Comprehensive Financial Plan includes a Tax Analysis to analyze income reported and how deductions and credits are claimed. The US Tax Code allows taxpayers choices selecting which methods and options are available to minimize overall taxes if allowable.

We are basing our analysis on information that we obtained when we performed our data collection gathering. We reviewed your paystubs for earnings, tax withholdings and/or employee benefit withholdings. We also reviewed other income items such as Social Security, Interest generating activities (i.e. rental income, interest from investments), your Cash Flow Statement and Balance Sheet to determine the impact any of those accounts on your income tax.

Some of the information that could have an impact on your taxes include: mortgage interest, property taxes, medical expenses, or charitable contributions. Finally we computed your 2016 projected income taxes to provide you with an estimate to help recommend various strategies in reducing tax burden.

Taxpayers can minimize their tax burden through the use of the “5 Ds of Tax Planning”[2]. The five Ds of Tax Planning are:

- Deductions – Acceleration of deductions allowed under the current law
- Diversion – Steps taken by a taxpayer to channel investment return into money which will be taxed at a lower rate
- Deferral – Actions taken to defer taxes to future years
- Deflection – Steps taken to shift taxable income to someone who would be taxed at a lower rate
- Diminution - Actions which will reduce taxes by adopting various strategies

Our first part of the analysis process began with reviewing your personal information and various tax rates.

- Filing Status – Married Filing Jointly
- Ages – 56 & 55; No children
- State Status – Georgia
- Federal Marginal Tax Rate – 25%
- State Marginal Tax Rate – 4.72%
- FICA (Social Security & Medicare) – 7.65%
- Capital Gains Tax – 15%

[2] Practicing Financial Planning for Professionals, Harold R. Evensky, CFP, Eleventh Edition

Projected Federal Income Tax

The Federal Tax return allows individuals to file one of five available filing statuses: Single, Married filing Jointly, Married filing Separately, Head of Household, or Qualifying Widow(er) with dependent child. Through the initial data collection process we determined that your filing status is Married filing jointly because the only individuals on a tax return would be the husband, the wife, and in your case no children. This status also revealed that your initial exemption status is equal to two, one for one spouse and the other for the other spouse. The tax code allows other deductions for taxpayers under 65 years of age and/or blind. You are not entitled to any other exemptions.

The 1040 income tax form is made up of an income section, adjusted gross income section, and a tax credit section encompassing itemized deductions, exemption calculations, taxable income, Alternate Minimum Tax (AMT). The final section includes any other taxes that have to be considered in the final calculation.

Federal Tax Analysis

The Analysis process started with determining the income that has to be reported on the federal return. We determined your wages, salaries, and tips from the income amount reported on your Cash Flow Statement was $127,875 that was calculated from you total gross income of $137,500 less pre-tax contributions of $9,625. The next income items were taxable dividends of $27,860 consisting of non-qualified dividends and interest from miscellaneous savings and mutual funds. Unlike qualified dividends that are calculated at 15% tax rate, these taxable amounts are calculated at ordinary income rates, which run from 0% to 39% based on your total income. You had $24,049.43 in Real Estate Expense losses but because the loss is a passive activity and your modified adjusted gross income is $150,000 or more disallowing you the special $25,000 exception; however you are allowed a carryforward to help reduce passive income in the future.

BUCKETT FEDERAL TAX ANALYSIS			
Income	Wages, Salaries, Tips	$ 127,875.00	
	Taxable Interest	$ -	
	Taxable Dividends	$ 27,860.00	
	Taxable Refunds	$ -	
	Business income (loss)	$ -	
	Capital gain (loss)	$ -	
	Rental Real Estate, partnerships	$ -	
	Other Income	$ -	
Total Income			**$ 155,735.00**
Above the Line Adjustments	Penalty on Early W/D of Savings	$ -	
	IRA deduction	$ 2,000.00	
Total Above the Line Adjustments			**$ 2,000.00**
Total Adj Inc (Total Income - Above the Line Adjustments)			**$ 153,735.00**

The next section of your return is the Above the Line Adjustments. These are deductions that are calculated on a dollar for dollar basis. You have IRA accounts for you and Ms. Buckett however because you are covered by a retirement plan your contribution is not deductible but Ms. Buckett's contribution in the amount of $2,000 is deductible.

The final section used to calculate your taxable income is called Below the Line Deductions. This section encompasses two types of adjustments to arrive at your total tax estimate. A taxpayer is able to take either the standard deduction or itemize deductions utilizing a Schedule A; the second type of adjustment is personal exemptions.

The standard deduction for 2016 married filing jointly is $12,600. Your itemized deductions are greater than the standard deduction and we utilized itemized deductions. The Schedule A contains six areas:

- **Medical and Dental Expenses** - allows unreimbursed medical and dental expenses to be deducted in determining taxable income. However there are limitations to what is allowed to be included as a deduction. In determining the allowable amounts your total adjusted income of $153,735 was multiplied by 10% to arrive at $15,373.50 as the factor. You had only $2,520 of allowable medical expenses to be considered in the calculation and isn't enough to get any medical and dental expense deduction.

- **Taxes you Paid** - consists of State and Local taxes paid either to the state or local governments directly or through payroll withholding. For 2016 you had a total of $8,215 in total taxes paid that included state & local, real estate, and personal property taxes.

- **Interest you paid** - consists of Home mortgage interest paid of $17,910.76 for the primary mortgage ($16,719.51) and home equity mortgage ($1,191.25). The interest on the commercial loan is factored into the business loss and not deductible.

- **Gifts to Charity** - consists of amounts that were contributed to charitable organizations totaling $4,800.

- **Casualty and Theft Losses** - were zero because you had no casualty and theft losses.

- **Job Expenses and Certain Miscellaneous Deductions** - calculated based on limitation threshold. The threshold is 2% of the total adjusted income that equal $2,633. You had $764 of expenses that met the section however not enough for a deduction. This section was zero.

Schedule A Analysis					
Medical and Dental Expenses	Medical	$	2,520.00		
	Total Adjusted Income (Total Income - Above the Line Adjustments)	$	153,735.00		
	Multiply Total Adjusted by 10%	$	15,373.50		
Total Medical and Dental Expenses				**$**	**-**
Taxes You Paid	State and Local	$	6,565.00		
	Real Estate	$	1,200.00		
	Personal Property taxes	$	450.00		
	Other taxes	$	-		
Total Taxes you Paid				**$**	**8,215.00**
Interest You Paid	Home mortgage interest & points	$	17,910.76		
	Home mortgage interest not reported	$	-		
	Mortgage Insurance Premiums	$	-		
	Investement Interest	$	-		
Total Taxes You Paid				**$**	**17,910.76**

Schedule A Analysis				
Gifts to Charity	Gifts by cash or check	$ 4,800.00		
	Other than by cash or check			
	Carryover from prior year			
Total Gifts to Charity			**$**	**4,800.00**
Casualty and Theft Losses	Casualty or Theft Loss(es)			
Total Casualty and Theft Losses			**$**	**-**
Job Expenses and Certain Misc Ded	Unreimbursed employee expense	$ -		
	Tax preparation fees	$ -		
	Other expenses (invest, safe deposit)	$ 764.00		
	Total Adjusted Income (Total Income - Above the Line Adjustments)	$ 153,735.00		
	Multiply Total Adjusted by 2%	$ 3,074.70		
Total Job Expenses & Certain Misc Ded			**$**	**-**
Total Itemized Deductions			**$**	**30,925.76**

The total Schedule A itemized deductions was $30,925.76 and is included on the itemized deduction section of the Below the line Deductions.

The final section in the "Below the line Deductions" is the personal exemptions. Our initial analysis revealed that you had two exemptions. The personal exemption factor is $4,050 per exemption at a total of $8,100 for personal exemptions.

The total "Below the line Deduction" is $39,025.76 subtracted from the total adjusted income of $153,735 to arrive at the total taxable income of $114,709.24

BUCKETT FEDERAL TAX ANALYSIS			
Below the line Deductions	Itemized Deductions	$ 30,925.76	
	Personal Exemptions ($4,050 x 2)	$ 8,100.00	
Total Below the line Deductions			**$ 39,025.76**
Total Taxable Income			**$ 114,709.24**

In determining the amount of tax we utilized an IRS tax table for the income tax calculated. For a married couple filing jointly taxes are calculated at $75,301 - $151,900 at $10,367.5 plus 25% of the amount over $75,300. Your calculation is $10,367.5 plus $9,852.31 for a total tax of $20,219.81.

BUCKETT FEDERAL TAX ANALYSIS			
Income Tax	Federal Income Tax	$ 20,219.81	
	Alternate Minimum Tax	$ -	
Total Tax Before Credits			**$ 20,219.81**

The last section before determining whether you have a tax refund or tax due is the credit section. Currently your only credits are the amount withheld from you salary that equals $17,798.81. Subtracting this amount from your tax liability of $20,219.81 gives you tax due of $2,421.

BUCKETT FEDERAL TAX ANALYSIS			
Credits	Federal Income Tax Withheld	$ 17,798.81	
	Other Tax Credits	$ -	
Total Tax Credits			**$ 17,798.81**
Total Tax Due or Tax Refund			**$ 2,421.00**
Tax Due			**$ 2,421.00**

Estimated 2016 State Tax

The State Tax return is calculated utilizing some of the same types of sections as the Federal Tax return. It includes Income, Deductions, Calculating Taxable Income, Tax Credits, and determining Tax Due or Tax Refund.

State Tax Analysis

This part of the analysis focused on determining Georgia State Tax. The Georgia State Tax calculations consists of four sections:

- **Income** – Income is determined utilizing the Federal Adjusted Gross Income totaled $153,735 and any increases or decreases from the Federal Adjusted Gross Income. The Ely Fund is a Georgia State Government Bond allowing the interest to reduce taxable GA State income. The end of the year of the Ely Fund was $241,000 which included the interest earned amount of $13,855.8 at a rate of 6.10% providing a decrease; In addition, we added back in the State Taxes & Property Taxes at $7,765 providing a total decrease of $6,090 to arrive at adjusted Georgia Income of $147,645.

- **Georgia Deductions** – This section consists of the Standard Georgia Exemption stated at $275 calculated at two times the amount for a total of $550 and the Standard GA Deduction of $1,250 for a grand total of $1,800.

- **Georgia State Tax** – The income tax calculation is determined by multiplying the Total Taxable Income of $145,845 by the Georgia state tax rate of 4.72% to arrive at total Georgia Tax of $6,883.88.

- **State Tax Credits** – This section consists of the amount of taxes withheld from payroll deductions totaling $6,565.

- **State Tax Due** is $318.88

Buckett State Tax Analysis Worksheet			
Income	Federal Adjusted Gross Income	$ 153,735.00	
	+/- from Federal Adj Gross Income	$ (6,090.00)	
Adjusted Georgia Income			**$ 147,645.00**
Georgia Deductions	Georgia Exemption ($275 x 2)	$ 550.00	
	Standard GA Deduction	$ 1,250.00	
Total Georgia State Deductions			**$ 1,800.00**
Total Taxable Income			**$ 145,845.00**
GA Income Tax	State Income Tax (4.72% Rate)	$ 6,883.88	
Total Georgia State Tax			**$ 6,883.88**
State Tax Credits	State Tax Withheld	$ 6,565.00	
	Education Credits (529 Plan)	$ -	
	Other State Credits	$ -	
Total State Tax Credits			**$ 6,565.00**
Total Tax Due or Tax Refund			**$ 318.88**
Tax Due			**$ 318.88**

OASDI ANALYSIS

		FICA 6.2% $118,500.00	MEDICARE 1.45% Unlimited	TOTAL
WAGES	$137,500.00			
PRE-TAX	$ 9,625.00			
TAXABLE	$127,875.00	$ 7,347.00	$ 1,854.19	$9,201.19

The OASDI Analysis above shows the impact of your wages and your pre-tax contributions against OASDI taxes. The FICA portion is capped at $118,500 while the Medicare portion of the tax is unlimited.

RECOMMENDATIONS

Your tax returns shows a combined projected tax due of netted tax due of $2,739.88 for both federal and state. There are some tax strategies that can be leveraged and adjusted to minimize your tax liability in the upcoming year.

Federal

You had $3,060 worth of medical expenses that didn't come close to the itemized deduction of $15,373. If your employer has the option of pre-contributions to a Flexible

Spending Account you can have up to $2,500 to be deducted into an account and reimburse yourself tax-free. This can result in a tax reduction of about $625.

Your mortgage interest for the next tax year is estimated to be approximately $18,847 that includes the primary mortgage and the home equity mortgage. If you make the January 2018 payment before January 1, 2018 your total mortgage interest will increase to by a total of $1,565.56 between the two amounts helping to decrease the taxable income.

Ms. Buckett's IRA contribution for the year was only $2,000. IRS rules allows the non-participating spouse the ability to deduct up to a total of $6,500 for being over 50 and your Modified Adjusted Gross Income (MAGI) is $184,000 and under. This would have provided an additional deduction of $4,500 providing an estimated decrease in tax liability of $1,125.

State

Your projected state tax due is $318 which is great tax planning for any taxes due under $1,000 however just like the federal strategies you would have had some potential tax reductions. Starting with the medical expenses the reduction would provide a decrease of approximately $118. The IRA deduction would have provided a reduction of $212.

BUCKETT INSURANCE ANALYSIS

Your Comprehensive Financial Plan includes an Insurance Analysis to assess your insurance needs. Our approach to determining insurance needs is based on the risk management phase of financial planning. This phase can include loss of income due to injury, poor health, unemployment, property risks due to fire, acts of god, other uncontrollable events, or damage due to other peoples' negligence.

Specifically this phase of analysis focuses on: 1) life insurance to ensure that your financial needs are covered in the event of an untimely death; 2) health insurance to cover the costs of healthcare; 3) disability insurance to cover costs that would lead to the inability to work either in the short-term or long-term; 4) property and liability insurance to protect property or assets against financial loss; and 5) long term care insurance to cover care not necessarily related to medical.

LIFE INSURANCE

The purpose of life insurance is to help the surviving family mitigate the risk of permanent loss of family income. This income can be used for paying final expenses, providing future income for a spouse, children, or other family members, furnishing funds for education, preserving and leveraging a legacy for heirs or charities, and liquidity for paying off final debts (mortgages, car loans, student debts, and credit card loans) or tax liabilities.

There are two major types of life insurance, term and permanent insurance also called cash-value insurance considered in this analysis. Term insurance is a type of life insurance that has a limited coverage period meaning once the term is up coverage ceases to exist. The characteristics of term insurance are that they are low cost, they have no cash value, usually renewable, and in some cases convertible to permanent life insurance.

Permanent insurance doesn't expire and combines a death benefit with a savings portion that can build cash value. Permanent insurance is categorized into whole life and various types of universal life (universal, variable, and variable-universal). Whole life policies usually guarantees fixed premiums, interest rate benefits, and fixed death benefits. Universal life policies are flexible and permit the policyholder to increase the death benefit or increase/decrease frequency of premium payments as long as there is cash value to cover the cost of the insurance.

Analysis

You currently have four insurance policies in effect; three for you Mr. Buckett as the owner and insured that includes two 20-year term (one 12 years remaining; one 20 years remaining) policies and a group term policy from London Industries; all having a combined benefit of $1.550 million with Hyacinth as the beneficiary. The final policy is a whole life policy with you Mr. Buckett as the owner, Ms. Buckett as the insured but Sheridan as the beneficiary with a benefit of $100,000 at a cost of $1,000 yearly.

Insurance Goals

- Drop household expenses to $100,000 per year
- Cover final expenses, estate, and legal costs
- Pay all outstanding liabilities with the person that dies first
- Provide immediate transitional needs
- Replace $90,000 before taxes for retirement of surviving spouse
- Full retirement age is 66
- Use interest and/or dividends as an income source
- Use retirement savings and $75,000 of other assets to offset life insurance needs

In determining your insurance needs our process began with utilizing your annual income of $137,500 and adjusting to your desired income of $100,000 to arrive at the current salary for calculation. You also indicated to utilize expenses of $90,000 to determine the expenses.

The next step is the calculation of expenses. Our approach is to first determine the needs breaking the expenses into categories (Final Expenses, Debt Elimination Expenses (not paid from estate), Transitional Expenses, Anticipated Household Expenses, Intermediate Retirement Expenses, and Retirement Expenses:

- Final Expenses are expenses primarily for burial and administrative expenses associated.

- Debt Elimination Expenses comprised of debts that will be paid in the event of death of either of you. The debts were obtained from your financial statement balance.

- Transitional expenses are the expenses to help the survivor during transition.

- Household Expenses includes expenses during Dependency and during the Survivors Life, these expenses are the expenses that determines the need before and after children leave the home and before retirement.

- Intermediate Retirement Expenses these expenses are the need from early retirement to Social Security Full Retirement Age (FRA)

- Retirement Expenses which are the expenses needed during retirement to death
- Total Present Value of the Funds needed to cover Needs which encompasses all of the expense buckets to begin determining the amount of insurance needed minus any assets or other Insurance available to cover expenses

Expense Calculations

Household Expenses during Survivor's Life requires calculations and they are based on the total amount of expenses that were identified during the interview process. You indicated that in the event of a death that household expenses will be $100,000 which is the factor that was used in determining the expenses for this portion of the analysis. Our calculations are $497,908.79 for Mr. Buckett's death and $398,744.40 for Ms. Buckett's death. The factors utilized in the calculation are 5 years Hyacinth/4 years Richard, a rate of return of 6%, marginal tax rate of 29.72%, and inflation rate of 4% for the final factor of .021%

Intermediate Retirement Expenses are calculated utilizing the anticipated amount of income available shortly before retirement to include your estimated amount of $90,000 less any anticipated Social Security and/or Spousal Social Security Benefit. Mr. Buckett is the sole income earner and in the event of his death the total required is the estimated annual income of $90,000 less the 50% reduction of his Social Security of $12,144 for a Total Income to be Replaced Immediately of $77,856 calculated to be $771,258.90 in the event of his untimely death. In the event of Ms. Buckett's death she doesn't earn income and Mr. Buckett would continue to work as is currently and no calculation is needed in this section for Ms. Buckett. The factors utilized in the calculation are 10 years until retirement, a rate of return of 6%, marginal tax rate of 29.72%, and inflation rate of 4% for the final factor of .021%

Retirement Expenses is similar to Intermediate Retirement expenses except the number of years is based on from retirement until the estimated life expectancy of 95 years. The factors utilized in the calculation are 10 years until retirement, a rate of return of 6%, marginal tax rate of 29.72%, and inflation rate of 4% for the final factor of .021%.

The Total Present Value of Funds Needed to Cover Needs are $4,412,441 for Mr. Buckett's death and $1,450,812 for Ms. Buckett. For the insurance needs we adjusted Mr. Buckett by subtracting $1,721,250 in other insurance policies that Mr. Buckett owns on his life; subtracted, retirement assets in his name, and other assets in his name; we accomplished the same subtraction activity for Ms. Buckett. We estimated that Mr. Buckett needs an additional $200,191 due to the amount of assets and insurance available for Ms. Buckett in the event of his death; we estimated that Ms. Buckett needs an additional $1,358,312 because of her lack of insurance and the fact that she is not an income earner.

Final Expenses	Mr. Buckett	Ms. Buckett	Note
Final Expenses	$ 25,000.00	$ 25,000.00	Burial etc.
Estate Administration	$ 72,400.00	$ 20,250.00	Admin Fees
Federal Estate Taxes	$ -	$ -	
State Estate Taxes	$ -	$ -	No GA estate taxes
Other Immediate Needs	$ -	$ -	
Total Final Expenses	**$ 97,400.00**	**$ 45,250.00**	
Debt Elimination Expenses	**Mr. Buckett**	**Ms. Buckett**	
Credit Card Debt	$ 35,000.00	$ 35,000.00	Current Liabilities
Auto Debt	$ 9,177.00	$ 9,177.00	Auto Loan
Desired Mortgage Reduction	$ 1,301,385.00	$ 1,301,385.00	Includes all Mortgages
Other Debt to be Paid at Death	$ -	$ -	
Total Debt Elimination Expenses	**$ 1,345,562.00**	**$ 1,345,562.00**	

Transitional Expenses	Mr. Buckett	Ms. Buckett	
Education/Retraining Expenses for Survivor	$ -	$ 50,000.00	Refresher courses
Other Transitional Needs	$ 10,000.00	$ 10,000.00	Miscellaneous
Tranisitional Expenses	**$ 10,000.00**	**$ 60,000.00**	
Household Expenses during Dependency	**$ -**	**$ -**	
Household Expenses during Survivor's Life	**$ 497,908.79**	**$ 398,744.40**	
Intermediate Retirement Expenses	**Mr. Buckett**	**Ms. Buckett**	
Annual Income at Retirement	$ 90,000.00	$ -	
Anticpated Sannual SS, or Spousal Benefit	$ 12,144.00	$ -	Survivor SS @ 50%
Income to be Replaced Immediately	$ 77,856.00	$ -	
Total Intermediate Retirement Expenses	**$ 771,258.90**	**$ -**	
Retirement Expenses	**Mr. Buckett**	**Ms. Buckett**	
Annual Income at Retirement	$ 90,000.00	$ -	
Anticpated annual SS, or Spousal Benefit	$ 12,144.00	$ -	Survivor SS @ 50%
Income to be Replaced Immediately	$ 77,856.00	$ -	
Total Intermediate Retirement Expenses	**$ 2,188,220.31**	**$ -**	
Total Present Value of Funds Needed to Cover Needs	**$ 4,412,441.21**	**$ 1,450,812.00**	
Assets and Insurance Available to Cover Needs	**Mr. Buckett**	**Ms. Buckett**	
Death Benefit from Current Insurance Policies	$ 1,721,250.00	$ -	Insurance
Retirement Savings and Investments	$ 316,000.00	$ 17,500.00	Retirement Funds
Other Assets	$ 2,175,000.00	$ 75,000.00	Non-Retirement Funds
Total Assets	**$ 4,212,250.00**	**$ 92,500.00**	
Insurance Needs	**$ 200,191.21**	**$ 1,358,312.00**	

RECOMMENDATION

Our recommendation is that due to your current ages of 56 and 55 that you seek some type of term insurance because insurance at your ages will be very expensive and given the assets that you have can be leverage in the near future upon either spouse's death.

For Mr. Buckett we determined that the assets currently in the portfolio supports only needing additional issue at a value of $200,000. The cost of term policy should be limited to no longer than 15 years. This covers you through your planned retirement and an additional 5 years thereafter.

A 15-year policy given your excellent health will start at $64 per month. For Ms. Buckett we determined that an additional $1,358,312 is needed. We believe the better option is to also get term insurance because of the price of permanent insurance. The term insurance will provide enough coverage through the retirement age beginning and five years into retirement. The costs for a term policy is $159 per month. The other reason for term insurance is because currently there is a significant cash outflow that needs to be factored.

BUCKETT PROPERTY INSURANCE

Your Comprehensive Financial Plan includes a Property and Casualty Insurance Analysis to assess this part of your insurance needs. Our approach to determining insurance needs is based on the risk management phase of financial planning. This phase covers damage to property including the family home or family vehicles. In addition, other coverage such as liability insurance could supplement homeowners or auto insurance.

HOMEOWNER INSURANCE

You currently have a HO-3 homeowners insurance policy that provides 100 percent inflation protection coverage and $500,000 of liability protection. The deductible on this policy is $2,000 and your annual premium is $3,300. The current value of the home is $2,375,000.

Most homeowners insurance

Based on the value of your house we calculated the proposed insurance coverage using the “Rule of 80” that specifies that in order to receive full payment; a house must be insured for at least 80% of its full replacement value ($1,900,000). Currently you are short based on the rule of 80 by $1,400,000.

Your coverage includes the following standard items:

- Dwelling – Coverage reflects the estimated cost to rebuild your home if it is destroyed by a covered event
- Personal Belongings – All belongings and household goods
- Other Structures – Includes buildings & other construction not attached to the home (Detached garages, Storage sheds, Fences, Driveways, Sidewalks)
- Loss of Use – Covers necessary living expenses to maintain a normal standard of living; usually shortest time to repair or replace damage
- Personal Liability – Each Occurrence – Provides protection if someone makes a claim or files suit against you for accidental bodily injury or property damage
- Medical Payments to Others – Provides medical expenses for people other than you and your family injured either on the premises or as a result of actions away from the home
- Deductible – Other Covered Perils – Amount of damage to your home caused by covered events other than wind, hail, or earthquake
- Deductible – Wind and Hail – Amount of damage to your home caused by wind and hail

The recommended coverage is as follow:

Dwelling	Replacement Value	$1,900,000
Personal Belongings	50% of Dwelling Coverage	$950,000
Other Structures	10% of Dwelling	$190,000
Loss of Use	30% of Dwelling	$570,000
Personal Liability – Each Occurrence	Typical Limit	$100,000
Medical Payments to Others	Typical Limit	$1,000 per person per incident
Deductible – Other Covered Perils	High Deductible	$2,000
Deductible – Wind and Hail	High Deductible	$2,000

Our recommendation is to increase your coverage to line up against the Rule of 80 so that the amount of a loss would cover the costs of rebuilding. Based on your high net worth continue with the high deductible and possibly raise it to $2,500 to help with decreasing the costs. We also would recommend trying to stay with one company and combine your auto and homeowners to possibly get multi-policy discounts. We also recommend getting additional coverage to cover the Artwork, the Boat, and Jewelry.

AUTO INSURANCE

Auto insurance covers loss due to automobile accidents to include damage, injury, and/or death. Coverage can cover accidents based on your fault or negligence of other people.

State of Georgia Minimum Coverage
Bodily injury/ individual death: $25,000
Bodily injury/ multiple deaths: $50,000
Property damage: $25,000

Our analysis is based on the value of your vehicle and the status of vehicle ownership. Currently you have two vehicles, one that is owned out right (Jeep Wrangler) and the other procured via auto loan. We agree with your insurance agent to increase your coverage amounts to the listed values below; however, we recommend dropping collision on the Jeep Wrangler since you outright own that vehicle. We also recommend increasing your deductible from $500 to $1,000 and this is due to your high net worth.

Part A Liability Coverage	$100/$300/$100
Part B Medical Payments	$2,000

Part C Uninsured Motorists	$100/$300/$100
Part D Coverage for Damage to Insured's Auto	
Part E Duties after Accident or Loss	
Part F General Provisions	

UMBRELLA INSURANCE

We agree based on the recommendation received by your insurance agency that additional umbrella insurance is needed. However the insurance agent only advised to purchase an additional $1,000,000. Given the value of your properties and your business interest you should obtain the maximum amount of coverage $5,000,000. This would cover and supplement an insured's homeowner's, auto, boat, aircraft, and other non-business policies.

Coverage covers bodily injury, mental anguish, shock, sickness, disease, disability, false arrest, false imprisonment, wrongful eviction, detention, defamation of character, and invasion of privacy. The umbrella policy can help to mitigate some of the risk of expenses that may follow in the event of a lawsuit. These personal Liability Umbrella Policies are sold as 'additional coverage' and require that the base policies for their auto insurance have the minimum required liability limits in place (recommendation to increase auto coverage).

BUCKETT EDUCATION ANALYSIS

Families are encouraged to begin preparing for college academically and financially as early as possible. According to The College Board's Trends in College Pricing Report 2016, the average annual cost of a four-year public college for out-of-state students is $39,890 and for the cost of private four-year college is $49,320. There are various methods for saving for college to include:

1) 529 Plans – State run 401K type savings plans offering investment choices and are tax efficient
2) Uniform Gifts to Minors Act (UGMA)/Uniform Transfers to Minors Act (UTMA) – custodial accounts in a child's name for the child's benefit
3) Coverdell Education Savings Account – Formerly known as an Education IRA, a tax advantaged educational savings account; can be used to fund elementary, secondary and higher education
4) Investments – allocation of money with the expectation of some benefit in the future; in finance this is called a return

During our preliminary analysis you stressed that you wanted to provide an Education Fund for your two grandchildren Sally and Geoffrey. The specifics of the fund were that they would attend a state school and that you wanted to fully fund each child's education by the time Mr. Buckett reaches the age of sixty-six calculated to be ten years from his current age of 56. In addition, there is a possibility of $59,822[3i] available to offset the total cost for Sally's education portion of the fund. Remaining funds to fund Sally's and Geoffrey's education plans will come from other sources.

ANALYSIS

The current cost for in-state tuition for a Georgia State School has been determined to be $12,250 per semester for a total of $24,500 per year for four years. Below are some of the assumptions we made for each child as we developed the analysis.

C	Geoffrey
Current Age: 4	Current Age: 2
Start College: 18	Start College: 18
Years in College: 4	Years in College: 4
Current Annual Costs: $24,500	Current Annual Costs: $24,500
Education Inflation Rate: 5.5%	Education Inflation Rate: 5.5%
Tuition First Year Cost at 18: $51,844	Tuition First Year Cost at 18: $57,703
Moderately Aggressive Investment @ 10%	Moderately Aggressive Investment @ 10%

[3] Series I Bonds equal $59,822 earning $4,822 in interest

Total Tuition Cost: $225,120.46	Total Tuition Cost $250,365.88

Funding Analysis

You have a total of $475,486.34 as a need to fund the grandchildren's education within the next 10 years. In addition, you indicated that you would prefer not to utilize Applicable Exemption Amounts which equal $14,000 per year or lump sum of $70,000 over a five year period. Due to this limitation a 529 Plan to fund the education is not recommended.

Option#01
Sell the Series I Bonds and Monthly Savings
The Series I Bond currently valued at $59,822 has earned $4,822 at an effective interest rate of 8.76 over the 6 year period averaging 1.46% return yearly. The current rate of return for Series I Bonds is 1.24% and at 10 years the projected value is $66,303.67. Given better returns with the listing of funds available and your moderately aggressive stance on investing, our recommendation is to sell the Series I Bond and pay the taxes on the bond. This will have an effect on your 2017 taxes. The amount of tax on selling this bond is $1,205.50 based on your federal tax rate of 25% and no state tax impact. For Sally's tuition utilize the after tax Series I bonds funds at $58,616, contribute $603.80 per month for 10 years and this will cover her tuition; For Geoffrey utilize the same rate and installment contributions at $1,431.78 and this will cover his tuition at $250,565.88. The total contributions will equal $2,035.58 monthly.

Option#02
Lump Sum Payment
Both grandchildren's total cost is $475,486.34 and to do a lump sum option using the same moderately aggressive fund of 10.20% rate of return with an after tax rate of 7.16% you will require an after tax investment of $238,128.29 encompassing the bond sell and additional funds preferably from your money market mutual fund account. Utilizing funds from the money market mutual fund account allows you to invest in a product much higher than the current funds rate of return of 3%. In addition, taking the amount leaves you with the majority of funding required for your emergency funds.

Option#03
Installment Only
To fund the entire amount of $475,686.34 at the after tax rate of 7.17% utilizing monthly installments, will require contributions in the amount of $2,722.87 for ten years at Mr. Buckett's retirement.

RECOMMENDATION

Our recommendation is for you to sell the Series I Bonds get the proceeds and add the remaining proceeds to get the necessary total amount of $238,128.29 at an after tax rate of 7.16 investing in the Growth Fund. This will fund the total amount of $475,486.34 for both grandchildren. We don't suggest any installments because you currently have a net loss averaging $6,416 per month outflow of cash. In addition, this option allows you to leverage the cash that has been accumulated in your money market fund account yielding a 3% return on investment.

BUCKETT INVESTMENT ANALYSIS

Your financial plan includes an analysis of your current investments and tailored into an investment plan to meet your goals and objectives from a non-retirement perspective. To facilitate the process we asked you to complete a personal risk assessment questionnaire which will serve as the basis for construction of the financial plan.

Portfolio Objective

Your investment portfolio is going to be used to support financial goals which include insurance purchases, emergency funding, lifelong learning activities, establishing a Buckett Family Endowment, and education funding through long-term growth.

Timeline

As of result of the financial assessment questionnaire, you indicated that you are within 10 years of retirement age and your wife is within 11 years of retirement age. These are the guidelines and timeframes on which your assessment will be based.

Risk Tolerance

In addition, to your timeline, the assessment also revealed that your risk tolerance is moderately aggressive and Ms. Buckett's risk tolerance is extremely conservative. We do note that with investments there are risks involved meaning that loss of principal is possible. Our recommendations will encompass your investment risk tolerance but limiting risk factors doesn't eliminate fluctuations in market value and rates of return.

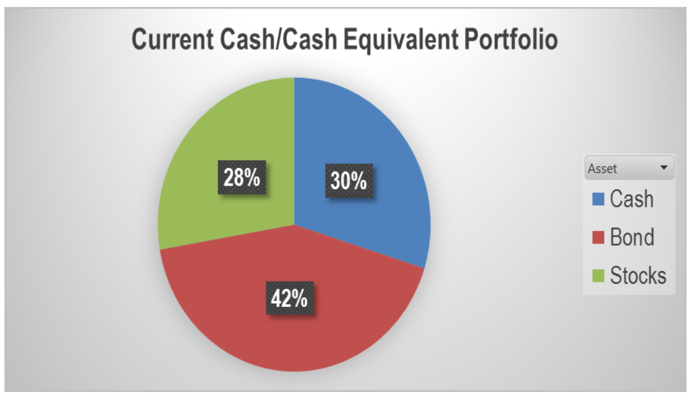
<u>Assumptions</u>

- General Inflation: 4%
- Years to Retirement: Richard 10; Hyacinth 11;
- Combined Tax Rate: 29.72%
- Prime Rate: 4.5%
- Total value needed for priorities $1,060,893 (Richards Training, Endowment, Grandchildren Education)

Current Portfolio

Below is a summarized view of your current portfolio it includes cash and cash equivalent assets:

	Types	Asset Type	Value as of 12/31/2016	Invest Amt	Allocation	Expected Return (Annualized)	Weighted Avg for Total Return	Estimated Growth based on Current Rate of Return	Estimated Growth Inflation Adjusted
Checking Account	Cash	Cash		$ 6,500	1%	0%	0.00%	$6,500.00	$4,391.17
Savings Account	Cash	Cash	$ 246,500	$ 10,000	1%	2%	0.02%	$12,189.94	$8,235.09
Money Market Mutual Fund	Cash	Cash		$ 230,000	28%	3%	0.85%	$310,423.74	$209,711.16
Series I Savings Bond	Bond	Gov		$ 59,822	7%	2%	0.14%	$72,210.90	$48,783.10
Ely Fund	Bond	Gov	$ 350,822	$ 241,000	29%	6%	1.78%	$435,683.27	$294,332.00
Cardinal Fund	Bond	Corp		$ 45,000	5%	5%	0.28%	$74,708.48	$50,470.37
Companion Fund	Bond	High Yield		$ 5,000	1%	7%	0.04%	$9,835.76	$6,644.68
Eastside Fund	Stocks	Mid-Cap		$ 151,600	18%	8%	1.54%	$339,619.03	$229,434.45
Growth Fund	Stocks	Large Cap	$ 229,200	$ 70,600	9%	10%	0.87%	$186,475.01	$125,975.84
Consumer Fund	Stocks	Small Cap		$ 7,000	1%	9%	0.07%	$16,195.36	$10,941.01
Total Non-Retirement Financial Investments			**$ 826,522**	**$ 826,522**	**100%**		**5.60%**	$1,463,841.50	$988,918.87

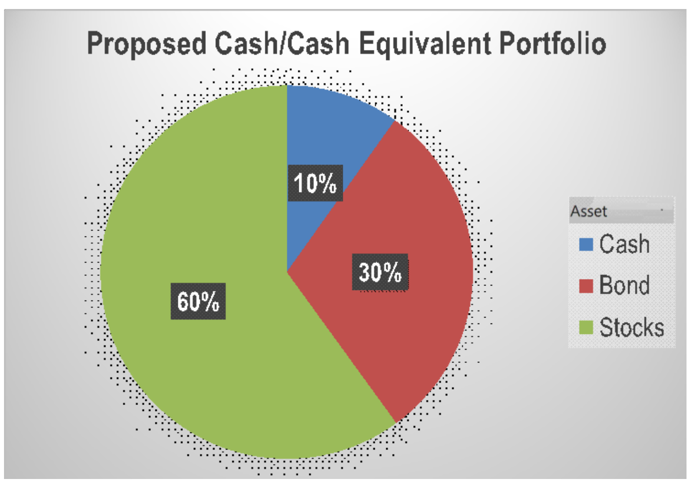


Your cash & cash equivalent portfolio are a mix of cash, stocks, and bonds at 28%, 30%, and 42% respectively at a total value of $826,522 and the weighted average return of the portfolio is approximately 5.60%. The current portfolio has the potential to grow to $1,463,841 before inflation and with inflation $988,918 well short of providing the necessary funds for your goals at retirement.

Recommendation

We recommend rebalancing your portfolio to align with your investment style which is moderately aggressive which is in the range of 7% to 10% and an allocation mix of 60% Stocks, 30% Bonds, and 10% Cash to ensure you have emergency funds, income producing assets, and assets with growth potential to help meet the other goals. Our proposed allocation includes Bonds that are government backed and corporate backed; the stocks are a mix of Large Capitalization, Small Capitalization, Mid Capitalization, International, and Real Estate & Precious Metals. This rebalanced portfolio weighted average is 7.81% with an estimated growth of $1,787,228 and an inflation adjusted growth of $1,176,727. Enough to cover the priorities and continue to have funding for emergencies. However your current cash flow statement shows a cash out flow of approximately $77,600 which decreases your available cash/cash equivalent accounts by that amount. As discussed in the next section we recommend selling that property because that negative flow reduces your potential growth from $1,176,727 to $1,060,194

	Types	Asset Type	Current Amt	Proposed Amt	Allocation	Expected Return (Annualized)	Weighted Avg for Total Return	Estimated Growth based on Current Rate of Return	Estimated Growth based on Current Rate of Return
Checking Account	Cash	Cash	$ 6,500	$ 6,500.00	0.79%	0.00%	0.00%	$6,500.00	$4,391.17
Savings Account	Cash	Cash	$ 10,000	$ 10,000.00	1.21%	2.00%	0.02%	$12,189.94	$8,235.09
Money Market Mutual Fund	Cash	Cash	$ 230,000	$ 28,000.00	3.39%	3.04%	0.10%	$37,790.72	$25,530.05
One-Year Certificate of Deposit	Cash	Cash	$ -	$ 37,000.00	4.48%	3.50%	0.16%	$52,192.15	$37,000.00
Series I Savings Bond	Bond	Gov	$ 59,822	$ -	0.00%	1.90%	0.00%	$0.00	$0.00
Ely Fund	Bond	Gov	$ 241,000	$ 241,000.00	29.20%	6.10%	1.78%	$435,683.27	$294,332.00
Cardinal Fund	Bond	Corp	$ 45,000	$ 7,600.00	0.92%	5.20%	0.05%	$12,617.43	$8,523.89
Companion Fund	Bond	High Yield	$ 5,000	$ -	0.00%	7.00%	0.00%	$0.00	$0.00
Eastside Fund	Stocks	Mid-Cap	$ 151,600	$ 151,600.00	18.37%	8.40%	1.54%	$339,619.03	$229,434.45
Growth Fund	Stocks	Large Cap	$ 70,600	$ 242,130.00	29.34%	10.20%	2.99%	$639,535.34	$432,047.16
International Fund	Stocks	International	$ -	$ 19,000.00	2.30%	10.00%	0.23%	$49,281.11	$19,000.00
Graham Fund	Stocks	RE & Prec Metals	$ -	$ 19,000.00	2.30%	11.20%	0.26%	$54,928.97	$19,000.00
Consumer Fund	Stocks	Small Cap	$ 7,000	$ 63,489.50	7.69%	8.75%	0.67%	$146,890.79	$99,234.15
Total Non-Retirement Financial Investments			**$ 826,522**	**$ 825,319.50**			**7.81%**	$1,787,228.76	$1,176,727.96



Other Investments

Your other investments total $9,225,000 consisting of your primary home, Real Estate Portfolio, and a Business Interest in London Industries. Your primary home is worth 579% of the amount that you purchased the property; the Real Estate investment has appreciated 59% however the investment is netting passive income losses valued at $24,049 and is costing you -$77,558; and your business interest return is 1257% with the potential to earn 30% to 40% of from a sell to Home Depot (a potential gain of $1,425,000).

	Types	Asset Type	Value as of 12/31/2016	Invested Amt Less Liabilities	Investment Return%	Allocation
Primary Residence	Real Estate	Real Estate	$ 2,375,000	$ 350,000	579%	26%
Real Estate Portfolio	Real Estate	Real Estate	$ 2,100,000	$1,320,000	59%	23%
London Industries	Business	Business	$ 4,750,000	$ 350,000	1257%	51%
Total Other Than Non-Retirement Financial Investments			**$ 9,225,000**	**$2,020,000**		**100%**

Recommendation

For these other investments we recommend selling the commercial property because of the $24,049 net loss that contributes to your negative cash outflow of $77,600. Eliminating the rental income and expenses associated, will provide you with a net cash inflow of $17,756. However because of the appreciation of the asset we calculated the present value in 10 years based on inflation of 4% that the value of the property will be $877,579 divided by the approximate value of the expense allows you eight years to match the asset against the projected expense to cover the loss without selling. Selling the property at a price $2,100,000 will net a gain of $551,474. However the total taxes on the sale of the property is $125,532 (includes Depreciation Recapture tax at 25%, Gain Tax at 15%, and state tax at 4.72% netting $425,942.

BUCKETT RETIREMENT ANALYSIS

Your financial plan includes an analysis of your retirement plans and how your retirement investments are in line to meet your retirement goals and objectives.

Retirement planning is the process of determining retirement income goals and the actions and decisions necessary to achieve those goals. The phases of retirement planning includes assets available and accumulated and the assets available during distribution. In determining your retirement goals our analysis is based on factors that must produce sufficient income at retirement.

Those factors include:

- Remaining Work Life Expectancy (RWLE)
- Current Savings amount and rates
- Wage Replacement Ratio (WRR)
- Inflation Expectations
- Current Annual Income and needed during retirement
- Sources of Retirement Income
- Investment Returns

Goals/Assumptions:

- During our interview process you indicated that your desire is to retire at age 66 for you and your wife. You are within ten years and your wife is within eleven years.
- Current Household income is $137,500 stemming from your employment with London Industries. They match 25% per employee contribution on up to 6% (IRS Guidelines IRS guidelines allow $18,000 of employee contributions, and allow catch-up contributions of $6,000 for employees age fifty and older for a possibility of $24,000 to be deferred). Total calculated is $10,312 annually.
- Social Security full retirement age is age sixty-seven but as early as sixty-two, your goal for receiving Social Security pension is sixty-six calculated to be $2,024 in today's dollars; Ms. Buckett has only seven years' worth of Social Security credits
- Mortgage will continue ten years into retirement

Retirement Funding

Within the financial analysis section of your financial plan we determined that your current income is $137,500 excluding 401K contributions for income after taxes of $87,294.25. However, you have indicated you want your current spending level to be utilized in calculating income required for retirement planning. After reviewing your expenses the amount of spending is $100,500 which includes your current spending level without commercial real estate investment expenses and no retirement contributions. The calculations of $100,500 for 10 years at a 4% inflation rate equals

$148,764. You indicated you want your Wage Replacement Ratio (WRR) to be 90% which equals $133,888. Your Social Security estimated is $24,288 which is subtracted from the WRR to arrive at the amount for additional funds needed calculated to be $109,600. This amount multiplied by the 6% return and 4% inflation equals total funds needed for retirement at $4,202,672.

Years before projected retirement	10
I = inflation 4%	4.00%
Desired calculation factor	$ (100,500.00)
Future Value of Factor	**$148,764.55**

WRR	90%
Retirement Payment	$ 133,888.10
Less Social Security	$ (24,288.00)
Retirement Payment	$ 109,600.10

Annual Inflation Adjusted Annunity Payment - PMT	$ (109,600.10)
Inflation Adjusted Earnings Rate - I	1.9231%
Funds needed for Retirement	$4,202,672.08
Years in Retirement Funds to Last	29

Projected Savings

You currently have $333,500 saved in your retirement accounts to include your 401K and your IRAs. Your retirement account contributions are based on 90% Equities and 10% Bonds. Your overall allocations are 13% Bonds and 87% Equities. In addition, you are a participant with your company's 401K plan where $10,312 is contributed to your plan consisting of your contributions and your company's contribution of .25 cents per dollar of employee contributions up to the first 6% of contributions. IRS rules does allow individuals to contribute up to $18,000 deferred income to qualified plans. Based on the calculations below we are projecting your current savings based on the individual Funds' investment returns will yield a total of before tax of $920,770 and after tax of $652,595 taking into consideration the individual rate of returns and inflation of 4%.

	Types	**Current Investing**	**Current Portfolio**	**Allocation**	**Expected Return (Annualized)**	**StdDev**	**Weighted Avg for Total Return**	Estimated Growth based on Current Rate of Return	Estimated Growth based on Current Rate of Return
Haley G & I Fund	Stocks	$ 1,031.20	$ 40,000.00	11.99%	8.00%	10.00%	0.96%	$101,295.54	$70,632.43
Acquisitions Fund	Stocks	$ 7,218.40	$ 205,000.00	61.47%	7.50%	7.50%	4.61%	$524,630.81	$369,590.55
Sagebrush Fund	Stocks	$ 1,031.20	$ 25,000.00	7.50%	11.20%	21.00%	0.84%	$89,685.66	$63,022.24
Clock Fund	Bond	$ 1,031.20	$ 27,000.00	8.10%	6.00%	6.20%	0.49%	$61,944.92	$43,917.20
International Fund	Stocks	$ 2,000.00	$ 19,000.00	5.70%	10.00%	11.20%	0.57%	$81,155.96	$59,370.18
Companion Fund	Bond	$ 2,000.00	$ 17,500.00	5.25%	7.00%	13.00%	0.37%	$62,058.04	$46,062.69
Total Non-Retirement Financial Investments		**$ 10,312.00**	**$ 333,500.00**				**7.83%**	$920,770.93	$652,595.29

Social Security

Your Social Security was calculated based on your desire to retire at age sixty-six one year short full retirement age at a monthly benefit of $2,024 per month at $24,288 annually. Utilizing twenty-nine years as your Retirement Life Expectancy we determined your total future value to be $1,286,445 at an inflation rate of 4.00%.

Total Funding Source

Combining the Social Security of $1,286,445 and your current savings estimate of $920,770, we estimate that your total available will be $2,207,216 which will be short by $1,995,456.

Recommendation

Our analysis revealed that your current investing strategy and financial position doesn't provide you with the income required for retiring at age 66. This analysis didn't take into consideration some of the other recommendations throughout this financial plan. For example, selling the commercial property and the potential selling of the business interest. Our focus was mainly on the known items and providing our best guess estimate given your goals. There are several alternatives that are available to retire at your desired level

Alternative

To close the gap you can reduce your spending levels by 5% to include eliminating the auto loan and charge card debt, selling the commercial property, refinancing the mortgage will provide a savings of 5% which allows you to reach for the additional $8,000 to maximize the IRS 401K contribution of $18,000 tax deferred rebalanced in the following manner:

	Types	Balance	Proposed Amt	Allocation	Expected Return (Annualized)	StdDev	Weighted Avg for Total Return	Estimated Growth based on Current Rate of Return
Haley G & I Fund	Cash	$ 1,031.20	$ 51,087.50	11.99%	8.00%	10.00%	0.96%	$175,024.29
Acquisitions Fund	Cash	$ 7,218.40	$ 261,823.42	61.47%	7.50%	7.50%	4.61%	$889,318.87
Sagebrush Fund	Cash	$ 1,031.20	$ 31,929.69	7.50%	11.20%	21.00%	0.84%	$172,636.37
Clock Fund	Cash	$ 1,031.20	$ 34,484.06	8.10%	6.00%	6.20%	0.49%	$99,635.88
International Fund	Bond	$ 2,000.00	$ 24,266.56	5.70%	10.00%	11.20%	0.57%	$148,102.19
Companion Fund	Bond	$ 2,000.00	$ 22,350.78	5.25%	7.00%	13.00%	0.37%	$102,733.22
Total Non-Retirement Financial Investments		**$ 14,312.00**	**$ 425,942.00**				**7.83%**	$1,587,450.84

In addition, Ms. Buckett currently has seven years of Social Security Credit, she could return to work to get the additional three years of credit to get her retirement and assuming she gets at least half of what Mr. Buckett is currently earning you will meet your goals as desired.

BUCKETT ESTATE ANALYSIS

Your financial plan includes an estate analysis to review assets that you have accumulated and plan for distribution; it also includes analyzing the goals and objectives of what to do with your assets in the event of death of either you, or if some unfortunate event caused a death of the two of you together.

Estate planning is broadly defined as the process of accumulation, management, conservation, and transfer of wealth considering legal, tax, and personal objectives. In addition, an estate analysis isn't just for death wishes but also includes plans in the event of incapacitation or some type of guardianship if ever needed.[4]

This process and analysis focuses on the transfer process, minimizing taxes (income, gift, estate, inheritance), minimizing transaction costs (document costs, lawyers, accountants, or the probate process), and providing sufficient liquidity to pay for final death expenses.

Current Analysis

Throughout the financial process we have various documents to determine your current situation and for making recommendations to enhance your situation. Our approach for analyzing your current plan involves reviewing some of the basic estate planning techniques:

- Unlimited Marital Deduction – Individual is permitted to leave an unlimited amount of property to his citizen spouse at his death without incurring any estate tax
- Annual Gift Exclusion – An annual amount of gifts that IRS allows individuals to gift to individuals, for 2016 the total is $14,000
- Revocable Living Trusts – A revocable trust that is managed by the grantor and is for the benefit of the grantor during his/her lifetime; the property transferred avoids probate estate, but included in an individual's gross estate
- Irrevocable Life Insurance Trusts – An irrevocable trust that owns and holds life insurance on the grantor's life, also known as wealth replacement trust
- Charitable Deductions – Donations to qualified charitable organizations that allow you to deduct the amount given on taxes
- Distribution of property to Heirs – Estate property assets available to be given to heirs
- Lifetime Planning Issues – Incapacity and Healthcare powers

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[4] Estate Planning Definition derived from "Estate Planning" 10 Edition, 2017 Dalton, M & Langdon, T

	Richard	Hyacinth
BASIC DATA		
Age	56	55
GENERAL ASSUMPTIONS		
Executor Fees 2% or gross estate	2%	2%
Estate & Legal Costs	$ 72,400	$ 20,250
Inflation	4%	4%
EXISTING ESTATE PLANNING		
Will	Y	Y
Irrevocable Life Insurance Trust	N	N
Credit Shelter Trust Provisions	N	N
Generation Skip Trust Provisions	N	N
Revocable Living Trust	N	N
QTIP Trust Provisions	N	N
Marital Trust Provisions	N	N
Durable General Power of Attorney	N	N
Durable Health Care Power of Attorney	N	N
Living Will	N	N
ESTATE SUMMARY		
Gross Estate	$ 9,145,911	$ 12,591,625
Potential Federal Estate Taxes	$ 2,749,113	$ 2,747,942
Potential State Estate Taxes	$ -	$ -

Asset/Liability/Net Worth Analysis

The following table details the assets and liabilities based on individual ownership and joint ownership. Your total assets equal $9,877,013 and your total liabilities equal $309,632 for a total net worth of $9,567,381, assuming that the business interest (current market value of $2,100,000 encumbered with a $1,035,682 mortgage, selling fees, and taxes for a gain of $551,474) is sold.

We divided the information recognizing that in the event of first spouse that passes rules for calculating the estate will be different. Mr. Buckett's portion of the assets equals $5,704,441 and liabilities equal $5,000 for net worth of $5,699,441.

Ms. Buckett's portion of the assets equals $817,500 with no liabilities and net worth of $817,500; Jointly the assets are $3,355,072 and liabilities are $304,632 for the net worth to equal $3,050,440. In addition, the Buckett's have insurance policies in affect with Mr. Buckett the owner of the policies totaling $1,921,250 in face and cash value; and Ms. Buckett insurance totaling $1,358,312 includes our recommendation for purchasing insurance assuming proceeds to be part of the estate. .

ASSETS	Richard	Hyacinth	Joint/Community	Total
Monetary Assets				
Checking Account	$ -	$ -	$ 6,500	$ 6,500
Savings Account	$ -	$ -	$ 10,000	$ 10,000
Money Market Mutual Fund	$ -	$ -	$ 230,000	$ 230,000
	$ -	**$ -**	**$ 246,500**	**$ 246,500**
Investment Assets				
Ely Fund	$ -	$ -	$ 241,000	$ 241,000
Cardinal Fund	$ -	$ -	$ 45,000	$ 45,000
Companion Fund	$ -	$ -	$ 5,000	$ 5,000
Growth Fund	$ -	$ -	$ 151,600	$ 151,600
Eastside Fund	$ -	$ -	$ 70,600	$ 70,600
Consumer Fund	$ -	$ -	$ 7,000	$ 7,000
Rental Real Estate Proceeds	$ 425,941	$ -	$ -	$ 425,941
	$ 425,941	**$ -**	**$ 520,200**	**$ 946,141**
Retirement Assets				
Haley G & I Fund (401k)	$ 40,000	$ -	$ -	$ 40,000
Acqusitions Fund (401k)	$ 205,000	$ -	$ -	$ 205,000
Sagebrush Fund (401k)	$ 25,000	$ -	$ -	$ 25,000
Clock Fund (401k)	$ 27,000	$ -	$ -	$ 27,000
International Fund (Traditional IRA)	$ 19,000	$ -	$ -	$ 19,000
Companion Fund (Traditional IRA)	$ -	$ 17,500	$ -	$ 17,500
	$ 316,000	**$ 17,500**	**$ -**	**$ 333,500**
Education				
Series I-Bonds - Face Value $55K	**$ -**	**$ -**	**$ 59,822**	**$ 59,822**
Real Assets				
Primary Residence	**$ -**	**$ -**	**$ 2,375,000**	**$ 2,375,000**

Personal/Collectible				
Inheritance	$ 212,500	$ 800,000	$ -	$ 1,012,500
Business	$ 4,750,000	$ -	$ -	$ 4,750,000
Chevy Avalanche SUV	$ -	$ -	$ 42,000	$ 42,000
Jeep Wrangler	$ -	$ -	$ 17,800	$ 17,800
Artwork	$ -	$ -	$ 2,500	$ 2,500
Baseball Collectibles	$ -	$ -	$ 25,000	$ 25,000
Sporting/hobbies supplies	$ -	$ -	$ 3,500	$ 3,500
14-foot Aluminum Boat	$ -	$ -	$ 7,000	$ 7,000
Furniture	$ -	$ -	$ 28,000	$ 28,000
Other Assets - Cash Value Policy	$ -	$ -	$ 21,250	$ 21,250
Other Assets - Jewelry	$ -	$ -	$ 6,500	$ 6,500
	$ 4,962,500	$ 800,000	$ 153,550	$ 5,916,050
TOTAL ASSETS	**$ 5,704,441**	**$ 817,500**	**$ 3,355,072**	**$ 9,877,013**

LIABILITIES				
Current Liabilities				
Visa Credit Card	$ -	$ -	$ 12,000	$ 12,000
MasterCard	$ -	$ -	$ 8,000	$ 8,000
DiscoverCard	$ -	$ -	$ 7,500	$ 7,500
Crossfit Sporting Goods Card	$ 5,000	$ -	$ -	$ 5,000
CashReserve Loan	$ -	$ -	$ 2,500	$ 2,500
	$ 5,000	**$ -**	**$ 30,000**	**$ 35,000**
Long-Term Liabilities				
Mortgage-Residential	$ -	$ -	$ 235,984	$ 235,984
Home Equity Loan	$ -	$ -	$ 29,471	$ 29,471
Commercial Mortgage Loan	$ -	$ -	$ -	$ -
Chevy Avanlance SUV Loan	$ -	$ -	$ 9,177	$ 9,177
	$ -	**$ -**	**$ 274,632**	**$ 274,632**
TOTAL LIABILITIES	**$ 5,000**	**$ -**	**$ 304,632**	**$ 309,632**
NET WORTH	**$ 5,699,441**	**$ 817,500**	**$ 3,050,440**	**$ 9,567,381**
ADJUSTMENTS				
Life Insurance in estate	$ 1,921,250	$ 1,358,312		
Estate share of joint property	$ 1,525,220	$ 1,525,220		
ESTATE NET WORTH	**$ 9,145,911**	**$ 3,701,032**		

Estate Tax

The Marital Deduction allows the first spouse a deduction of $5,490,000 plus the surviving spouse for a total of $10,980,000 between spouses, however the limit for the surviving spouse is the $5,490,000 upon second spouse death. For Ms. Buckett as the surviving spouse the total Buckett estate is $12,591,625 with taxes assessed on $7,007,354 for a potential tax liability of $2,747,942; For Mr. Buckett as the surviving spouse the total for the Buckett estate is $12,700,522 with taxes assessed on $7,010,283 for a potential tax liability of $2,749,113.

Richard Predeceases Hyacinth		
Estate	Richard's Death	Hyacinth's Death
Separate Property	$ 5,388,441	$ 800,000
50% of jointly owned & community property	$ 1,677,536	$ 1,677,536
Retirement Accounts	$ 316,000	$ 17,500
Life Insurance	$ 1,921,250	$ 1,358,312
Debt	$ (157,316.07)	$ (152,316)
Marital Transfer	$ -	$ 8,890,593
	$ 9,145,911	**$ 12,591,625**
Deductions and Expenses		
Marital Transfer	$ (8,890,593)	$ -
Administrative, Probate & Final Expenses	$ (255,318)	$ (94,271)
Charitable Giving		
IRS Exemption	$ -	$ (5,490,000)
	$ (9,145,911)	**$ (5,584,271)**
Federal Taxable Estate Less Credit	$ -	$ 7,007,354
Federal Estate Tax		
Federal Estate Tax	$ -	$ 2,747,942
Total Buckett Estate Worth Richard Predeceases Hyacinth		$ 12,591,625
Less Federal Taxes		$ (2,747,942)
Total Buckett Net Estate Richard Predeceases Hyacinth		$ 9,843,683

Hyacinth Predeceases Richard				
Estate	Hyacinth's Death		Richard's Death	
Separate Property	$	800,000	$	5,388,441
50% of jointly owned & community property	$	1,677,536	$	1,677,536
Retirement Accounts	$	17,500	$	316,000
Life Insurance	$	1,358,312	$	1,921,250
Debt	$	(152,316)	$	(157,316)
Marital Transfer	$	-	$	3,554,611
	$	3,701,032	$	12,700,522
Deductions and Expenses				
Marital Transfer	$	(3,554,611)	$	-
Administrative, Probate & Final Expenses	$	(146,421)	$	(200,240)
Charitable Giving				
IRS Exemption	$	-	$	(5,490,000)
	$	**(3,701,032)**	**$**	**(5,690,240)**
Federal Taxable Estate	$	-	$	7,010,283
Federal Estate Tax				
Federal Estate Tax	$	-	$	2,749,113
Total Buckett Estate Worth Hyacinth Predeceases Richard			$	12,700,522
Less Federal Taxes			$	(2,749,113)
Total Buckett Net Estate Hyacinth Predeceases Richard			$	9,951,409

Recommendations

After additional information received during our interview process we have several recommendations to provide to you to complete your estate analysis.

You both have active wills that bequeaths all assets to each other in the case of your deaths. The wills have your attorney as the estate executors, and in the event of simultaneous deaths. Your wills were prepared 18 years ago when your son Sheridan was 10 years. In addition, you have accumulated additional assets and some of those assets have increased significantly in value. You also indicated that each of you have inheritances that need to be factored into your estate plan.

Recommendation#01

You both have indicated that you are healthy and your family history shows longevity into late eighties and low nineties however the interview revealed that you currently don't have Durable Power of Attorney for Health Care. Durable Power of Attorney of Health Care are called medical power of attorney that appoints an agent to make health care decisions on behalf of you if you are unable to make decisions for yourself. The Health Care POA helps to provide direction in terminal and nonterminal situations, such as disclosure of medical records, blood transfusions, cardiac resuscitation, organ transplants, and selection of medical support staff[5].

Recommendation#02

In addition, to a Durable Power of Attorney for Health Care you should also create a Living Will which is known as an advanced medical directive that is not a will but a legal document expressing an individual's last wishes regarding the sustainment of life under specific circumstances.

Recommendation#03

You need to update your wills given the fact that they were done over 18 years ago. In addition, your personal property, vehicles, artwork, baseball collectibles, boat, furniture, and jewelry are joint assets. To ease the probate process we recommend updating your wills by adding secondary beneficiaries and provide more recent information concerning your current status financially and qualitatively, especially in the case of a double passing.

Recommendation#04

You indicated that there are current negotiations with Home Depot with them potentially buying London Industries at a price of $4,750,000 yielding profit net of tax $3,338,300; Mr. Buckett stands a chance of receiving $225,000 in inheritance; Ms. Buckett stands a chance of receiving an inheritance in the amount of $800,000 and during the insurance analysis we identified an additional insurance need for Ms. Buckett of $1,358,312. Those additional factors increased the estate net worth from $6,164,509 to $12,846,943. Also you expressed an interest of leaving a legacy gift to Kansas State University and establishing an endowment foundation for Math at a total of $500,000.

Given those factors your maximum tax liability is $2,749,113 if Ms. Buckett passes first and then Mr. Buckett.

Reduction Strategy

Because your primary home is valued at $2,375,000 this asset is a prime candidate for a Qualified Personal Residence Trust (QPRT) since the home has substantially appreciated in value. QPRTs are appropriate when married couples have estates that are in excess of a couple's combined unified credit equivalent; it also protects assets from a will contest. This type of trust grants the surviving spouse a lifetime right to the income of the trust while transferring the remainder interest to individual(s) of the grantor's choosing, typically created at the death of the first spouse to die. Setting up

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[5] Estate Planning Definition derived from "Estate Planning" 10 Edition, 2017 Dalton, M & Langdon, T

this type of Trust after the first spouse passes allows the asset to transfer to stated beneficiary and allows the surviving spouse to live in the space rent free and take appropriate **income tax deductions** through the life of the stated terms. In the event the spouse lives. Disadvantages are that there is an increased number and amount in fees to administer the trust, liquidity if the grantor dies during the trust term, however there is a family history of longevity on both sides of the family.

Your current insurance and the recommended insurance increase total $3,279,562 are good candidates for establishing an Irrevocable Life Insurance Trust. The definition of an irrevocable trust is that it is a trust created by a grantor that cannot be revoked. Establishing this type of tax advantage item allows the grantor to transfer to the trust and ultimately having a reduction an estate taxes in the amount of $1,463,307.

Another reduction strategy based on your desire to establish an endowment and a gift to Kansas State University would be to establish a Credit Shelter Trust which is a trust that is structured so that upon death to the investor, the assets specified in the trust agreement are transferred to the beneficiaries.

BUCKETT FINANCIAL STATEMENT REVIEW AND SUMMARY OF RECOMMENDATIONS

Given the overall financial plan and several recommendations, part of our responsibilities is to project and summarize the effects of our suggestions.

- Sell the rental property due to loss yields a $5,816 which is used to increase pre-tax 401K contributions increasing to the IRS maximum amount of $18,000 to defer
- Commercial Property sell will also decrease the debt to income ratios
- Cash inflow of $681 utilize that amount to either pay down the charge cards or utilize the extra cash flow to pay against the car note
- Refinance the primary residence to a 3.5% loan at the same term as the remaining balance; Refinance yields a new monthly payment of $1,594.89 giving a $232.69 per month savings
- Net Cash Flow is now positive at $681.68
- IRA deduction increase from $2,000 to $4,500
- Due to selling the commercial property there will be a gain of $425,941 with estimated taxes to be $125,532; This will increase tax rates but taxes can be paid out of the proceeds and the following year taxes will be reduced
- Determine if your company has a Flexible Spending Plan Benefit to fund pre-tax and pay your healthcare costs pre-tax
- Purchase Additional Life Insurance to cover periods in the event of an untimely death; specifically low cost term insurance given the number of years remaining before retirement
- Due to the high net worth purchase additional umbrella insurance policy
- Increase auto insurance coverages and we suggest eliminating comprehensive coverage for the vehicles that you own and not financed
- Continue to fund the education fund programs and review with planner to ensure portfolio is on track.
- Encourage wife to return to work to finish out Social Security credits to be able to collect retirement funds
- Update your wills and establish POAs
- Create an Irrevocable Insurance Trust Insurance to assists with minimizing gift tax through charitable giving opportunity
- Rebalance all portfolios if warranted

INCOME STATEMENT

INCOME		TOTAL	
Richard's Salary	$	144,375.00	
Pre-Tax Contributions	$	(18,500.00)	
BUCKETT TOTAL INCOME	**$**	**125,875.00**	
SALARY INCOME TAXES		**TOTAL**	
Federal Income Tax W/H	$	31,468.75	(1)
State & Local Income Tax W/H	$	5,941.30	(2)
FFICA Tax W/H	$	9,172.19	(3)
BUCKETT'S TOTAL SALARY INCOME TAXES	**$**	**46,582.24**	
TOTAL INCOME AFTER TAXES	**$**	**79,292.76**	
OTHER INCOME	**$**	**27,860.00**	(4)
RENTAL INCOME	**$**	**-**	(5)
CASH INFLOWS	**$**	**107,152.76**	

(1) Federal Income Tax based on tax rate 25% equals $31,968.78; however actual amount W/H totaled $19,517.06

(2) State/Local Income Tax based on tax rate 4.72% equals $6035.7 however actual amount W/H totaled $6,565

(3) Social Security portion of calculation limited to $118,500; Medicare calculated by $127,875

(4) Non-qualified Dividends & Interest Received from misc savings and mutual funds

(5) Added the maximed amount on prefax contributions

EXPENSES		ANNUAL TOTAL	% of
HOUSING TOTAL	**$**	**34,279.08**	32%
FOOD/CLOTHING/TRANSPORTATION TOTAL	**$**	**25,819.96**	24%
OTHER COMMITTED EXPENSES TOTAL	**$**	**12,522.04**	12%
OTHER COMMITTED EXPENSES TOTAL	**$**	**25,350.00**	24%
SAVINGS (Outside of Retirement)	**$**	**8,500.00**	8%
CASH OUTFLOWS	**$**	**106,471.08**	

CASH INFLOWS	**$**	**107,152.76**
CASH OUTFLOWS	**$**	**106,471.08**
NET CASH OUTFLOW as of December 31, 2016	**$**	**681.68**

Mr. & Mrs Buckett Personal Balance Sheet with Suggestions				
ASSETS				
Monetary Assets				
Checking Account	$	6,500.00		
Savings Account	$	10,000.00		
One Year Certificate	$	37,000.00		
Money Market Mutual Fund	$	28,000.00		
Total Monetary Assets			***$***	***81,500.00***
Investment Assets				
Ely Fund	$	241,000.00		
Cardinal Fund	$	7,600.00		
Companion Fund	$	-		
Growth Fund	$	151,600.00		
Eastside Fund	$	242,130.00		
Graham Fund	$	19,000.00		
International Fund (Traditional IRA)	$	19,000.00		
Consumer Fund	$	63,489.50		
Rental Real Estate Portfolio Proceeds	$	425,941.25		
Total Investement Assets			***$***	***1,169,760.75***

Retirement				
Haley G & I Fund (401k)	$	40,000.00		
Acqusitions Fund (401k)	$	205,000.00		
Sagebrush Fund (401k)	$	25,000.00		
Clock Fund (401k)	$	27,000.00		
International Fund (Traditional IRA)	$	19,000.00		
Companion Fund (Traditional IRA)	$	17,500.00		
Total Retirement			***$***	***333,500.00***
Real Assets				
Primary Residence	$	2,375,000.00		
Total Real Assets			***$***	***2,375,000.00***

Personal/Collectible		
Business	$ 4,750,000.00	
Chevy Avalanche SUV	$ 42,000.00	
Jeep Wrangler	$ 17,800.00	
Artwork	$ 2,500.00	
Baseball Collectibles	$ 25,000.00	
Sporting/hobbies supplies	$ 3,500.00	
14-foot Aluminum Boat	$ 7,000.00	
Furniture	$ 28,000.00	
Other Assets - Cash Value Policy	$ 21,250.00	
Other Assets - Jewelry	$ 6,500.00	
Total Personal/Collectible		***$ 4,903,550.00***
TOTAL ASSETS		***$ 8,863,310.75***