



# FREEMIND

FINANCIAL ADVISORY

REPORT PREPARED FOR

## **Phil Dunphy & Claire Dunphy**

by Daniel Smith  
FreeMind Financial Advisory Inc.

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Generated on 10/15/2024

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This report is not complete without the accompanying disclosure page.

# Snapshot

## Plan Summary

The strategies proposed herein by FreeMind Financial Advisory would result in an **improvement of 18%** in the success of your plan, including:

- 1) Additional **\$1,000,000** in tax adjusted ending assets
- 2) Reduced lifetime taxes paid by nearly **\$600,000**
- 3) **\$760,000** increase in lifetime Social Sec. payments
- 4) **67%** increase in tax free portion of ending assets

**\$2.52mm**

Net worth

**90%**

Probability of success

**13.7%**

Savings rate

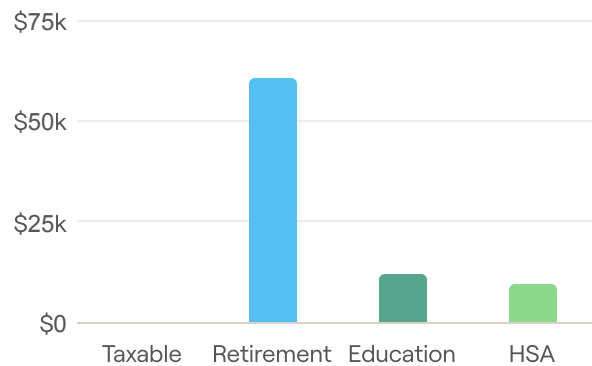
**33.4%**

Total effective tax rate

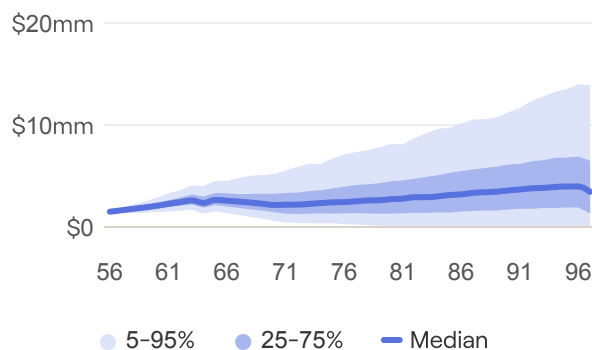
## Balance Sheet

Bank	\$60,000
Invested assets	\$1,343,220
Real estate assets	\$2,000,000
Life insurance cash value	\$0
Other assets	\$0
Credit cards	\$20,500
Mortgages	\$825,515
Home equities	\$0
Student loans	\$0
Other debts	\$33,000
<b>Net worth</b>	<b>\$2,524,205</b>

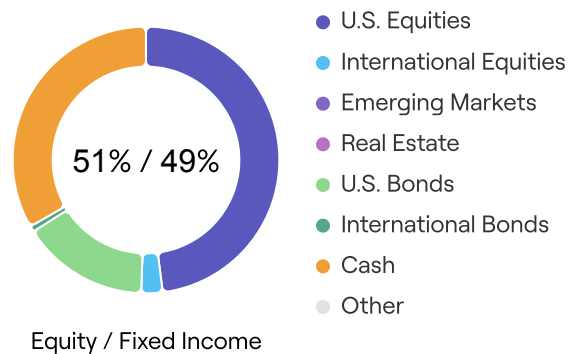
## Current year savings of Proposed plan









## Asset simulation results of Proposed plan



## Current allocation





# Tasks

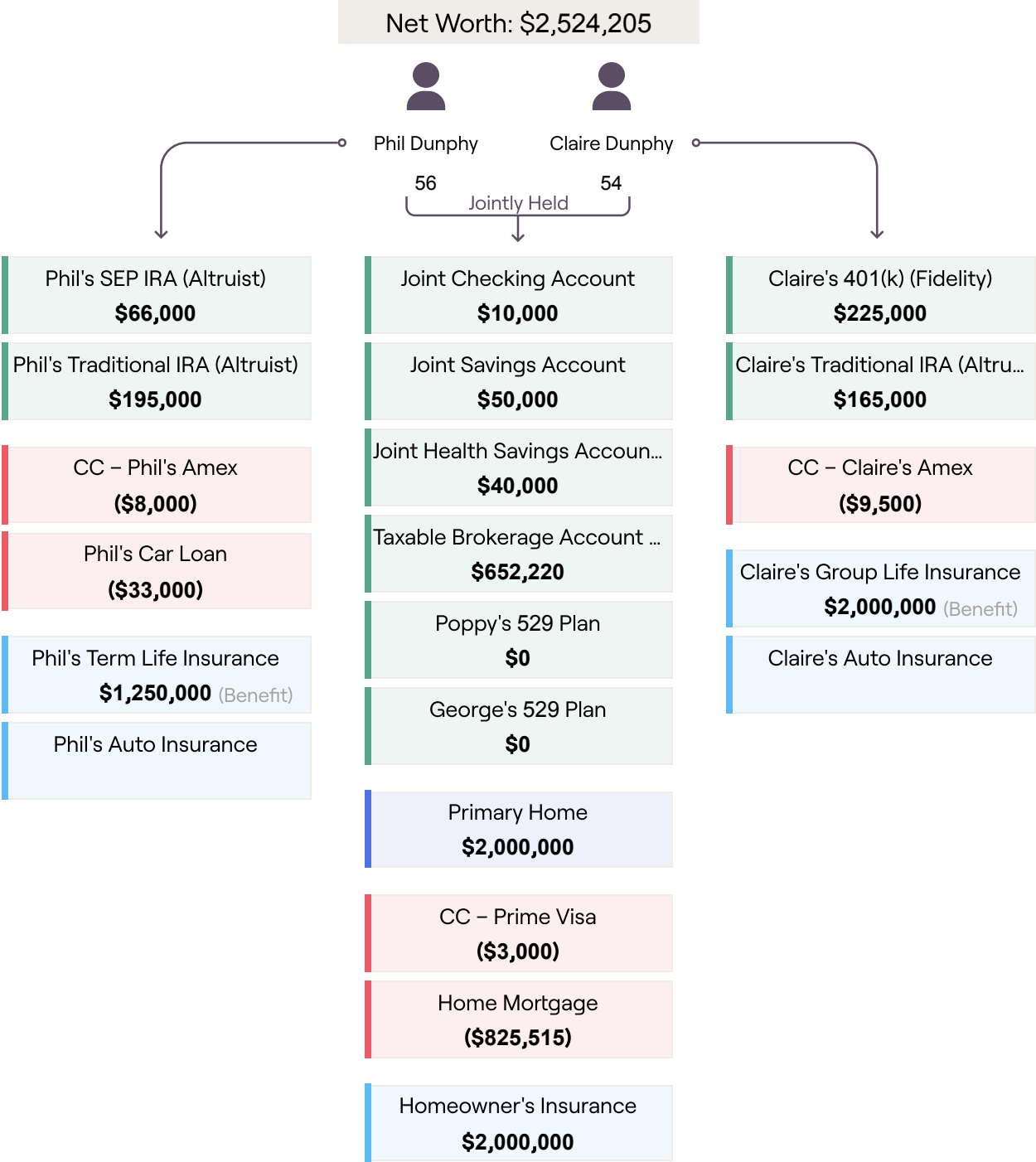
Due Date	Assigned to	Task
2024-10-17	Daniel Smith	 Develop tax gain harvesting plan for concentrated position in Amazon (AMZN). Need to work with clients on a plan to reduce overexposure in a tax-efficient manner.
2024-10-18	Claire Dunphy	 Update beneficiaries for Claire's 401(k) and Joint HSA held at Fidelity.
2024-10-31	Phil Dunphy & Claire Dunphy	 Link bank account to Altruist taxable brokerage account. Approve move money authorization requested by FreeMind Financial Advisory.
2024-11-12	Phil Dunphy & Claire Dunphy	 Open 529 accounts with California state for grandchildren Poppy and George. FreeMind Financial Advisory to research options and provide advice.
2024-12-02	Daniel Smith	 Schedule year-end review with Phil and Claire Dunphy for January 2025.
2024-12-31	Phil Dunphy & Claire Dunphy	 Contribute to new Altruist Traditional IRA for tax year 2024. Phil and Claire can each contribute a total of \$8,000 for 2024.

# Blueprint – Net Worth

- Bank & Investments
- Stock plan & Properties & Other assets
- Card & Loans
- Insurance

  
Alex – 28

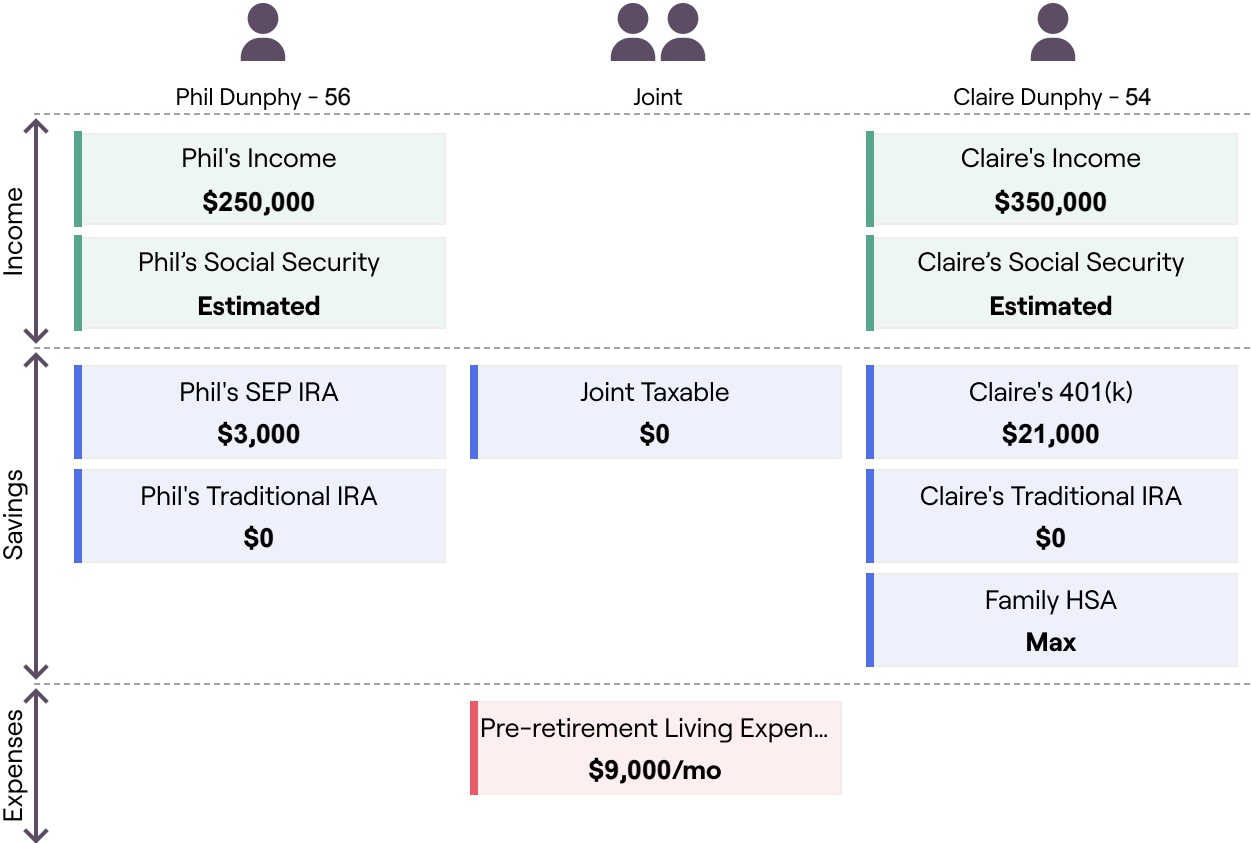
  
Haley – 30  
  
Luke – 24



# Blueprint – Income, Savings, Expenses

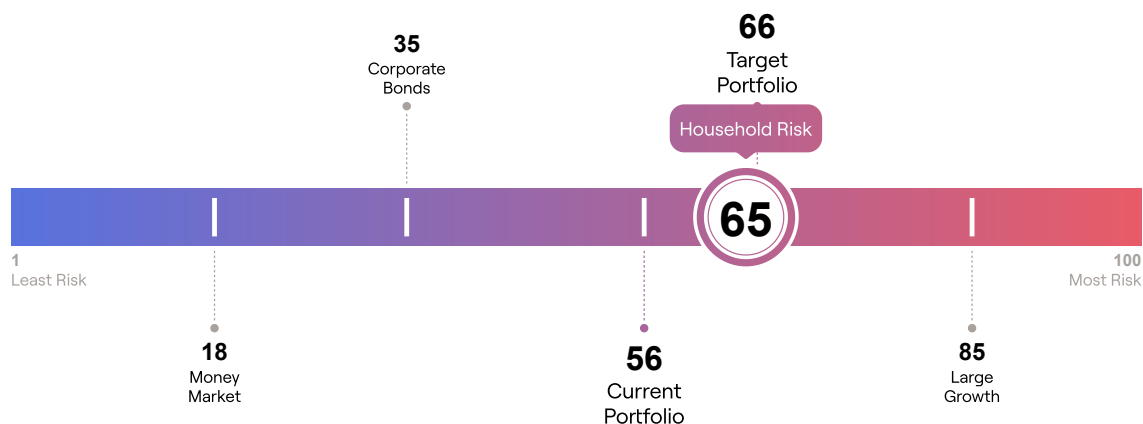
- Income
- Savings
- Expenses

## Income, Savings, Expenses

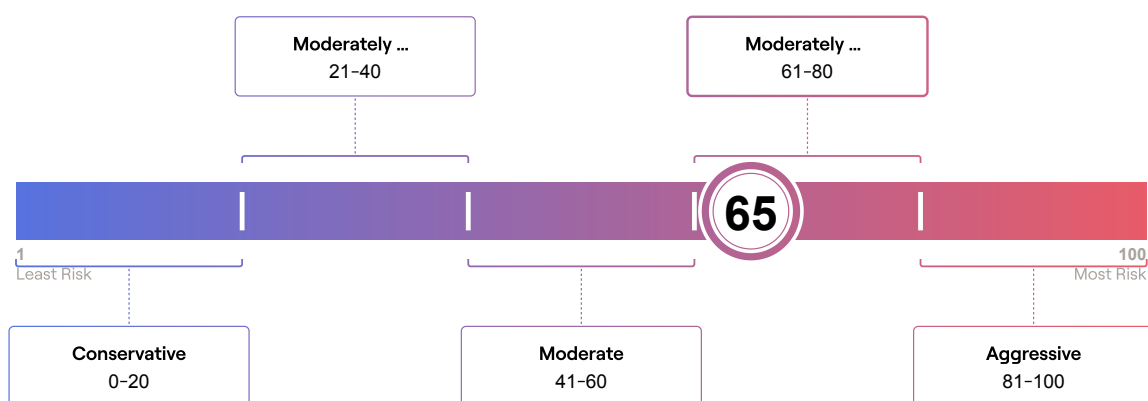


# Risk Tolerance Summary

## Risk comparison



## Household risk classification

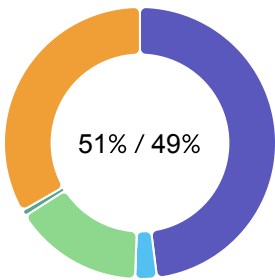


The risk score ranges from 1-100, where 1 is low risk and 100 is high risk. Your advisor has evaluated your household risk score to be 65.

# Asset Allocation

## Current allocation

All accounts



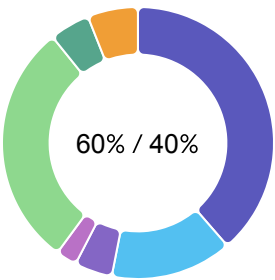
Equity / Fixed Income

Annual return: 5.5%  
Standard deviation: 9.1%

48%	● U.S. Equities	38.6%
2.6%	● International Equities	14.5%
0%	● Emerging Markets	4.5%
0%	● Real Estate	2.5%
15.4%	● U.S. Bonds	29.1%
0.7%	● International Bonds	4.8%
33.3%	● Cash	6%
0%	● Other	0%

## Target allocation

Moderate



Equity / Fixed Income

Annual return: 6.6%  
Standard deviation: 11.2%

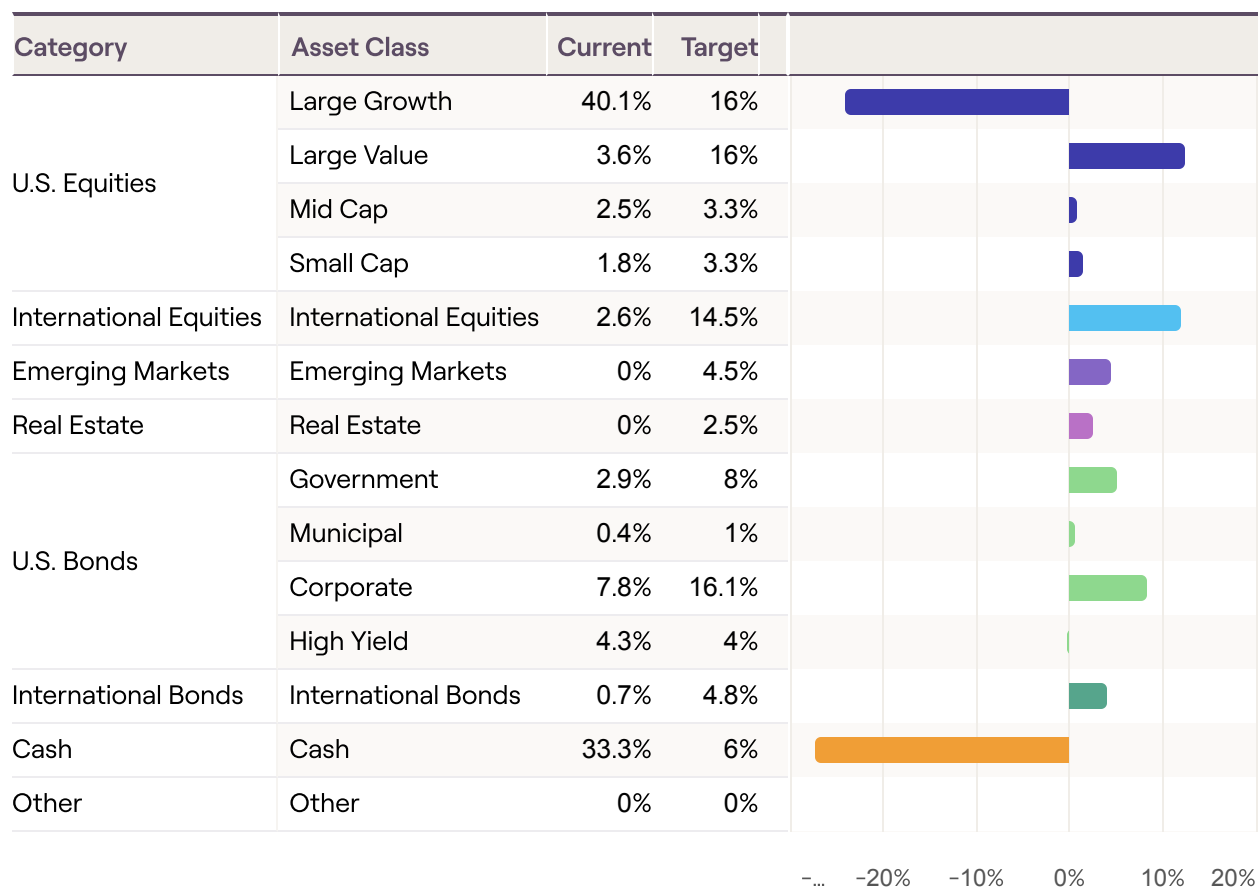
### To balance back to your target portfolio:

U.S. Equities	Sell	\$131,903	U.S. Bonds	Buy	\$192,241
International Equities	Buy	\$166,983	International Bonds	Buy	\$57,532
Emerging Markets	Buy	\$63,145	Cash	Sell	\$383,079
Real Estate	Buy	\$35,081	Other	Sell	\$0

This page shows a need to increase or decrease the amounts currently represented in these asset classes of the current portfolio.

Returns presented are calculated using historical return data of indices, which serve as proxies for their respective asset classes. They are not returns of actual investments and do not include fees or operating expenses. These indices are unmanaged and the returns are shown for illustrative purposes. Please refer to sections 5 and 8.4 of the disclosure section for more information.

# Asset Allocation Details



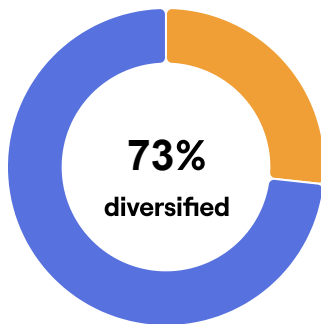
Please refer to sections 5 and 8.4 of the disclosure section for more information.



# Concentrated Position

A portfolio that is too heavy in just one security poses a substantial downside risk. This is often defined as "putting all your eggs in one basket." A concentrated position is identified as an individual stock that exceeds a certain percentage of the entire portfolio.

## Diversification



- Concentrated position
- Other

## Concentrated position summary

Ticker	Value	% of total
AMZN	\$375,220	26.74%

Your concentration threshold is 10% of the total portfolio.

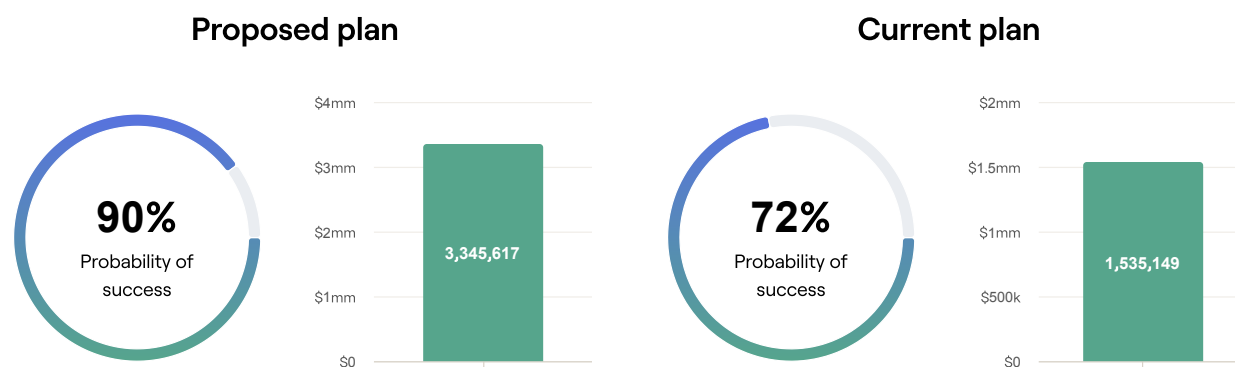
## To remove concentrated position

Consider liquidating **\$234,898** of AMZN from Taxable Brokerage Account (Altruist) account.

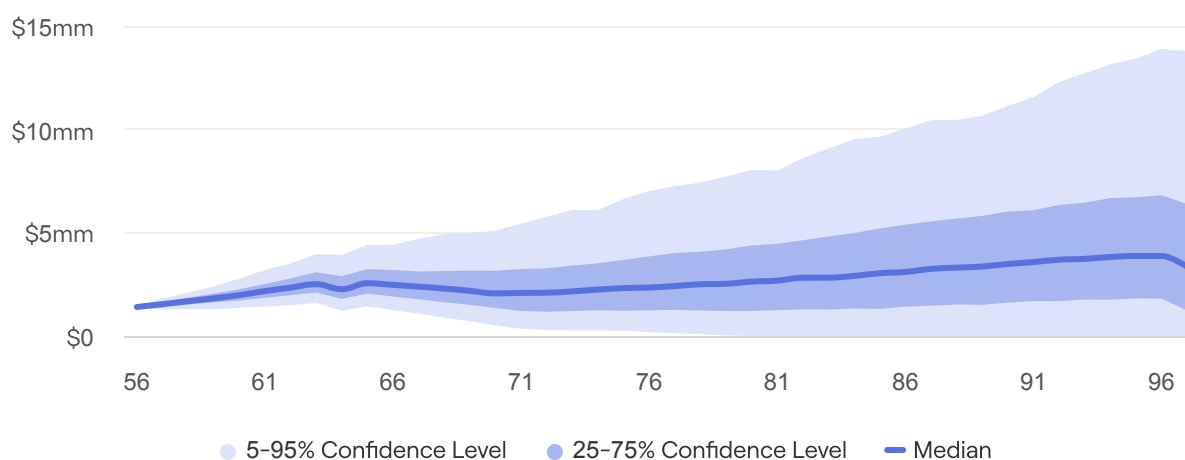
The transaction cost of liquidation is not included in the analysis. The liquidation will also result in the loss of future earnings.

# Monte Carlo Analysis

Use of a detailed retirement analysis tool is important to help determine whether you are on track for a successful retirement. Monte Carlo simulations, stress tests, and viewing specific scenarios can help you evaluate your retirement plans and see the impact of potential changes.



## Asset simulation results – Proposed plan



This section of the report displays the results of Monte Carlo simulations run on the current and proposed plans. The results are derived from 1000 simulations and the specified retirement cash flows. The chart of probability of success represents the overall likelihood of success in both the current and proposed plan.

**IMPORTANT:** The projections or other information generated by RightCapital regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results and are not guarantees of future results. Results are based on return and volatility assumptions from a number of market indices shown in disclosure sections 5, 6 and 8.4. Fees and expenses are not included, and thus, are excluded, including, but not limited to, fund fees, account fees, product fees and advisor fees. Inclusion of those fees results in lower returns, which would affect the probability of achieving any particular outcome. Results may vary with each use and over time. The analysis must be reviewed in conjunction with assumptions, limitations and methodologies in the disclosure section. This report is not complete without the accompanying disclosure page.

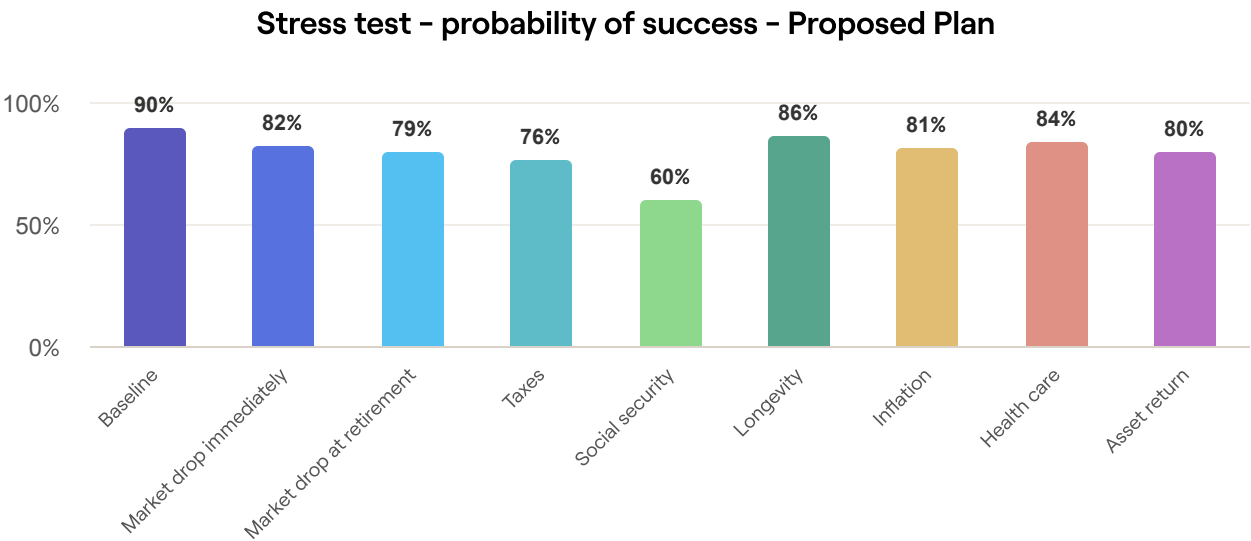
# Retirement Analysis Action Items

	Proposed	Current
<b>Financial goals</b>		
Phil's retirement age	64	64
Claire's retirement age	62	62
Retirement Monthly Expense	\$7,500	\$7,500
<b>Savings</b>		
Phil's SEP IRA	\$3,000	\$3,000
Claire's 401(k)	\$21,000	\$21,000
Phil's Traditional IRA	Max	\$0
Claire's Traditional IRA	Max	\$0
Family HSA	Max	Max
Joint Taxable	\$0	\$0
<b>Expenses</b>		
Pre-retirement Living Expenses	\$9,000	\$9,000
<b>Strategies</b>		
Asset allocation	Moderate	Current allocation
Glide path	FreeMind Financial Glide Path	FreeMind Financial Glide Path
Social Security	Optimal strategy	Current strategy
Phil Dunphy	Age 70	Full retirement age
Claire Dunphy	Age 70	Full retirement age
Debt strategy	Current payments	Current payments
Tax strategy	Tax proposal	Current strategy
Education strategy	Education proposal	Current strategy
Retirement Spending	Retirement Spending Stages	Retirement Spending Stages
<b>Primary home relocations</b>		
Downsize Home	2033	2033

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# Stress Test

Even the best retirement plans will be exposed to various risks. These risks can include market volatility, taxation, low Social Security payments, longevity, inflation, and short and long-term health care expenses. It is important to both anticipate and plan for such risks. Doing so can substantially increase your probability of success.



**Stress Test results are based on the following assumptions:**

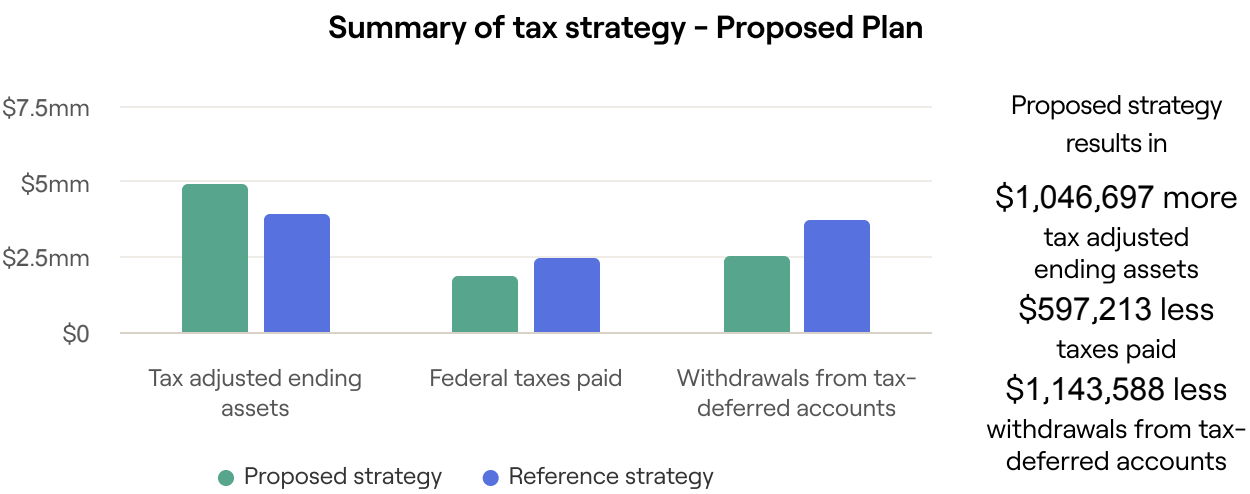
Equity markets drop immediately by	30%	Equity markets drop at retirement by	30%
Tax expense will be higher by	30%	Social Security will be reduced by	30%
You (and the co-client) will live	10 yrs. longer	Inflation will be higher by	1%
Health care cost will be higher by	30%	Asset return will be lower by	1%

This section of the report displays the results of Monte Carlo simulations run on various stressed tests. The results are derived from 1000 simulations and the specified retirement cash flows. The probability of success represents the overall likelihood of success in various stress tests.

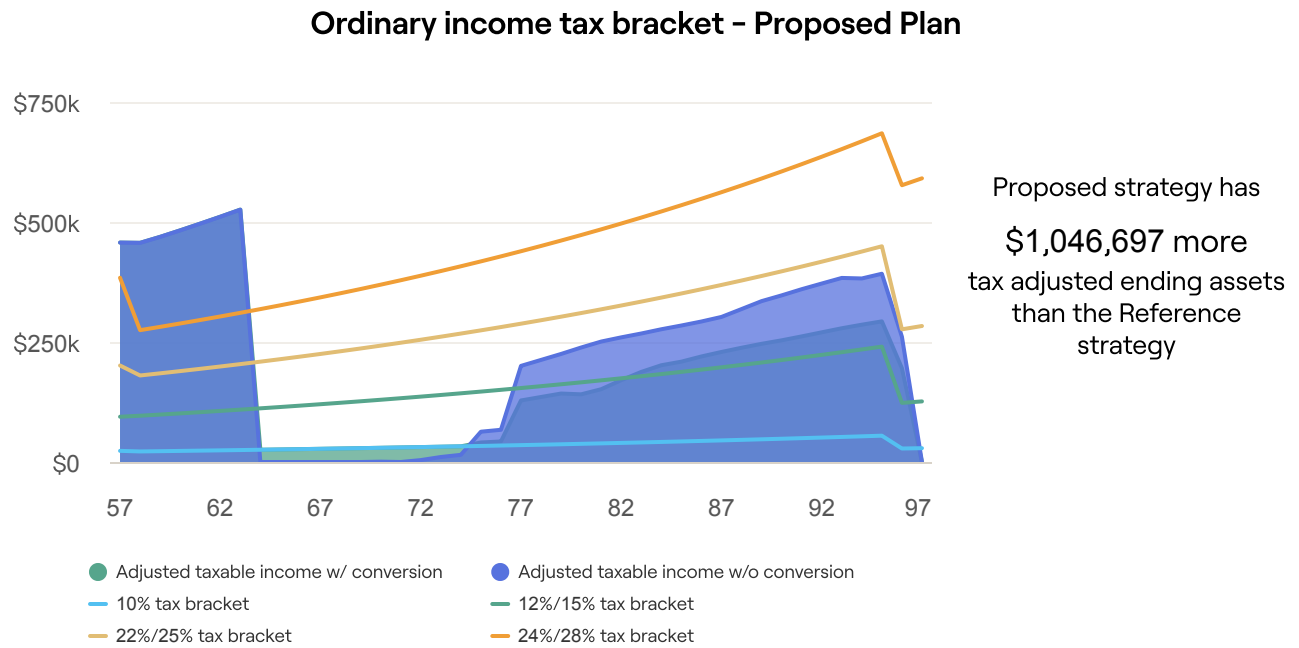
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# Tax Strategies – Summary



# Tax Strategies – Calibration

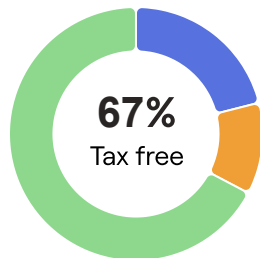


Conversion refers to a process converting assets in a Traditional IRA or 401k account to a Roth IRA account. It is important to evaluate whether a conversion is appropriate for your specific financial circumstances and evaluate any consequences and tax implications of this strategy. Tax Cuts and Jobs Act repeals the rules permitting recharacterizations of Roth conversions, effective starting in 2018.

# Tax Strategies – Comparison

Tax adjusted ending wealth

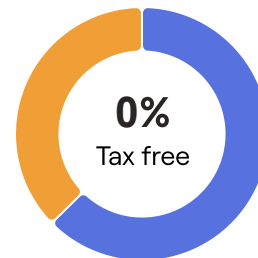
Proposed strategy



● Taxable ● Tax deferred ● Tax free

**\$4,931,801 ending portfolio value**

Reference strategy



● Taxable ● Tax deferred ● Tax free

**\$3,885,104 ending portfolio value**

# Tax Strategies – Details

## Withdrawal and conversion

Year	Age	Conversion Amount	Withdrawal From Taxable Account	Withdrawal From Tax Deferred Account	Withdrawal From Tax Free Account	Taxable Account Balance	Tax Deferred Account Balance	Tax Free Account Balance
2025	57/55	0	0	0	0	756,267	738,260	63,941
2026	58/56	0	28,069	0	0	775,104	833,262	79,068
2027	59/57	0	0	0	0	824,594	936,891	95,284
2028	60/58	0	0	0	0	877,324	1,045,510	112,711
2029	61/59	0	0	0	0	933,506	1,160,276	131,376
2030	62/60	0	0	0	0	993,368	1,280,404	151,408
2031	63/61	0	0	0	0	1,057,153	1,407,048	172,897
2032	64/62	98,424	373,037	98,424	6,332	752,083	1,376,996	277,129
2033	65/63	85,332	0	85,332	12,910	939,746	1,359,276	368,452
2034	66/64	62,402	164,755	62,402	9,716	837,030	1,360,064	445,946
2035	67/65	63,874	195,068	63,874	18,892	697,220	1,358,993	520,726
2036	68/66	66,119	173,453	66,119	13,726	569,796	1,355,625	607,728
2037	69/67	67,950	191,582	67,950	25,188	415,830	1,350,017	690,715
2038	70/68	31,671	200,619	31,671	26,447	242,662	1,380,403	740,044
2039	71/69	20,919	99,929	20,919	27,770	158,753	1,423,831	781,092
2040	72/70	17,270	52,914	17,270	24,566	116,320	1,472,994	824,978
2041	73/71	13,978	18,262	13,978	17,519	105,737	1,527,356	875,899
2042	74/72	12,028	34,541	12,028	18,395	78,177	1,585,440	927,356
2043	75/73	0	0	20,884	19,315	83,783	1,636,794	969,263
2044	76/74	0	0	21,784	20,280	89,486	1,688,669	1,012,970
2045	77/75	0	0	70,207	21,294	137,422	1,693,491	1,058,549
2046	78/76	0	0	73,145	22,359	188,890	1,693,623	1,106,072
2047	79/77	0	0	75,883	15,022	218,209	1,688,891	1,164,068

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Year	Age	Conversion Amount	Withdrawal From Taxable Account	Withdrawal From Tax Deferred Account	Withdrawal From Tax Free Account	Taxable Account Balance	Tax Deferred Account Balance	Tax Free Account Balance
2048	80/78	0	0	78,851	0	276,328	1,676,713	1,240,916
2049	81/79	0	0	81,579	0	348,219	1,657,435	1,322,837
2050	82/80	0	0	84,334	0	416,569	1,633,463	1,410,167
2051	83/81	0	0	86,639	0	492,596	1,605,191	1,503,261
2052	84/82	0	0	89,407	0	548,498	1,572,111	1,600,558
2053	85/83	0	0	91,646	0	635,937	1,534,689	1,700,341
2054	86/84	0	0	94,218	0	718,837	1,492,541	1,802,748
2055	87/85	0	0	96,361	0	803,442	1,446,032	1,907,475
2056	88/86	0	0	98,210	0	889,545	1,395,402	2,014,286
2057	89/87	0	0	100,213	0	977,250	1,340,448	2,122,932
2058	90/88	0	0	101,357	0	1,066,264	1,282,569	2,236,526
2059	91/89	0	0	102,935	0	1,156,768	1,221,233	2,355,263
2060	92/90	0	0	103,839	0	1,247,935	1,157,005	2,479,341
2061	93/91	0	0	104,595	0	1,339,556	1,089,937	2,608,965
2062	94/92	0	0	104,831	0	1,431,310	1,020,458	2,744,347
2063	95/93	0	0	104,856	0	1,523,023	948,700	2,885,708
2064	- /94	0	60,305	99,863	0	1,512,117	879,608	3,033,279
2065	- /95	132,494	523,462	231,327	0	1,037,700	676,812	3,318,811

# Beneficiaries

Life changes, it is important to review your beneficiaries periodically to ensure your money will go where you intended.

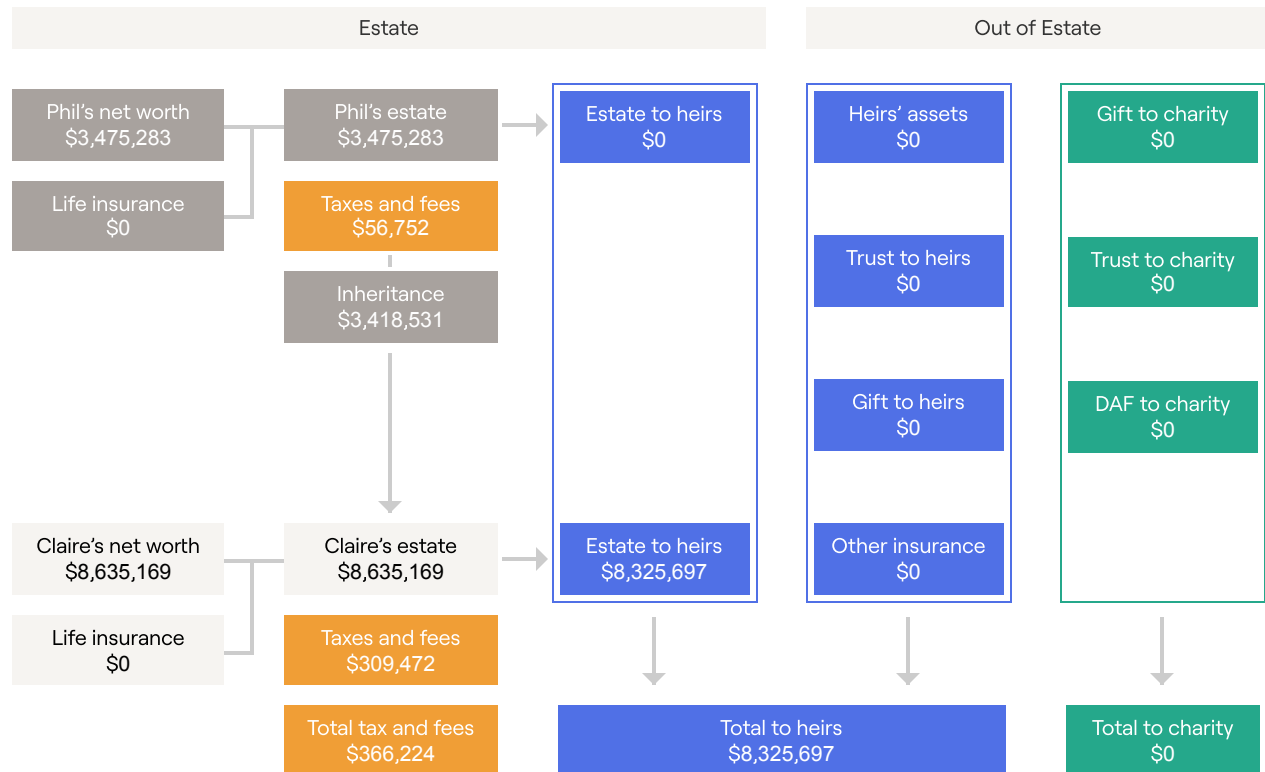
	Account Balance	Death Benefit	Primary Beneficiary	Contingent Beneficiary
<b>Bank</b>				
Joint Accounts				
Joint Checking Account	\$10,000			
Joint Savings Account	\$50,000			
<b>Invested Assets</b>				
Phil's Accounts				
Phil's SEP IRA (Altruist)	\$66,000		Claire	All children
Phil's Traditional IRA (Altruist)	\$195,000		Claire	All children
Claire's Accounts				
Claire's 401(k) (Fidelity)	\$225,000			
Claire's Traditional IRA (Altruist)	\$165,000		Phil	All children
Joint Accounts				
Joint Health Savings Account (Fidelity)	\$40,000			
Taxable Brokerage Account (Altruist)	\$652,220		All children	
Poppy's 529 Plan	\$0		Poppy	
George's 529 Plan	\$0		George	
<b>Life Insurance</b>				
Phil's Accounts				
Phil's Term Life Insurance		\$1,250,000	Claire	All children
Claire's Accounts				
Claire's Group Life Insurance		\$2,000,000	Phil	All children

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# Estate Planning

Effective use of living trust strategies can reduce taxes and expenses so that more of your assets are passed on to heirs or charity.

**Estate flow chart**



# Estate Planning Details

Phil's Estate		Claire's Estate		Out of Estate	
Investment	\$1,553,543	Investment	\$4,557,622	Heirs' assets	\$0
Real estate	\$1,921,740	Real estate	\$4,077,547	Credit shelter trust	\$0
Other assets	\$0	Other assets	\$0	Charitable remainder trust	\$0
Annuities	\$0	Annuities	\$0	Charitable lead trust	\$0
Debt	\$0	Debt	\$0	Spousal lifetime access trust	\$0
Mortgage	\$0	Mortgage	\$0	Qualified terminable interest trust	\$0
Insurance	\$0	Insurance	\$0	Grantor retained annuity trust	\$0
<b>Gross estate</b>	<b>\$3,475,283</b>	<b>Gross estate</b>	<b>\$8,635,169</b>	Intentionally defective grantor trust	\$0
Funeral expense	\$25,557	Funeral expense	\$26,851	Qualified personal residence trust	\$0
Probate	\$31,195	Probate	\$282,621	Irrevocable grantor trust	\$0
Estate tax - federal	\$0	Estate tax - federal	\$0	Irrevocable grantor trust - property	\$0
Estate tax - state	\$0	Estate tax - state	\$0	Irrevocable insurance trust	\$0
<b>Total taxes &amp; expenses</b>	<b>\$56,752</b>	<b>Total taxes &amp; expenses</b>	<b>\$309,472</b>	Other owned insurance	\$0
				Donor-advised fund	\$0
<b>Net estate</b>	<b>\$3,418,531</b>	<b>Net estate</b>	<b>\$8,325,697</b>		
To heirs	\$0	To heirs	\$8,325,697	To heirs	\$0
To co-client	\$3,418,531			To charity	\$0

Please refer to sections 8.6 and 8.7 of the disclosure section for more information.