

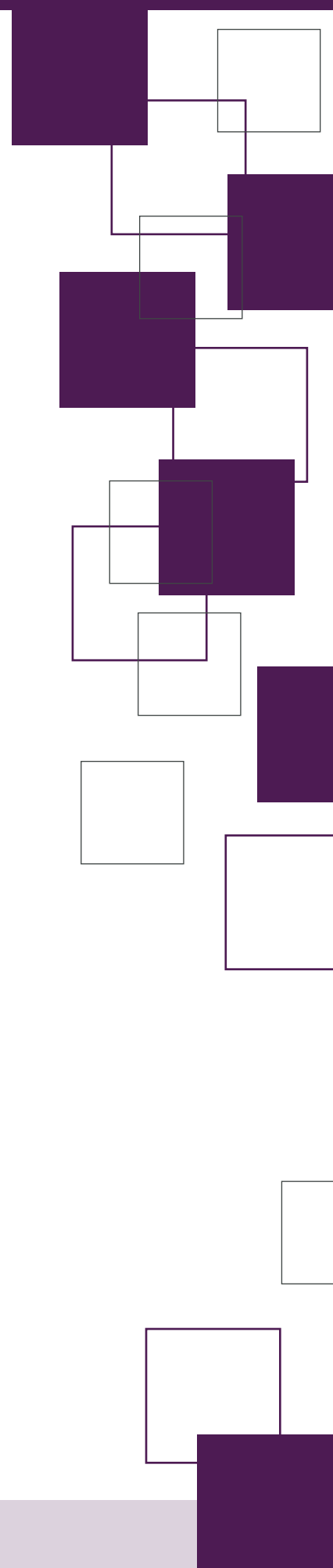


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# THE EARLY ACCUMULATOR FINANCIAL CHECKLIST

Consider an investor who is earning 1% in their retirement account by investing solely in stable value or money-market funds while the cost of a gallon of milk is rising 2% each year due to inflation. Money-market funds, for example, are very low risk, but offer low potential returns. It's easy to see that this investor is losing purchasing power -- and not even keeping up with inflation.



## 1. PORTFOLIO REVIEW

- Define risk profile
- Active investing only, passive investing only or a combination? What research supports this strategy? What triggers the shift in approach?
- How do you ensure that the portfolio is optimized to avoid impairments/underperformance over time, especially for lower levels of assets?
- What performance impairments may impact spending?
- What is the role of diversification in the portfolio?
- How do you diversify across asset classes? How many asset classes and why?
- What is the role of a concentrated portfolio in diversification? What research supports this strategy?
- What is the role of and reason for alternative investments as diversifiers in the portfolio?

## 2. FINANCIAL PLANNING

- Define long-term financial goals
- Perform a Monte Carlo analysis of goals
- Budget and savings strategy: determine how savings and sacrifices influence long-term goals
- College spending plan: How does the client balance 529/savings/scholarship/student plans? How does the client equalize spending if children have different college expenses?

## 3. RETIREMENT SPENDING PLAN

- Set core spending needs (“must haves”)
- Set surplus spending needs (“nice to haves”)
- Set project spending needs (e.g., start a business or buy a property)
- Set contingency fund
- Determine Social Security strategy
- Determine the vision of retirement
- Employer-sponsored retirement plan: refine strategy
- Does the client have additional retirement accounts?

## 4. LEGACY GOALS

- Define family gifting goals and philanthropic gifting goals
- Spending and legacy gap analysis: define current and needed resources for spending and legacy; what gaps remain, and how will they be addressed?

## 5. IRREVOCABLE LIVING TRUST

- Protect assets from the impact of taxes

## 6. EDUCATION GOALS

- Establish 529 accounts for children (engage grandparents/extended family)

## 7. BALANCE-SHEET MANAGEMENT

- Balance-sheet review: Optimize borrowing/asset-based lending?
- Review loans and mortgages with consideration of long-term spending plan
- Banking: Is there a line-of-credit strategy?
- Tax strategy review: personal and business

## 8. INSURANCE REVIEW

- Set life insurance strategy: Include life insurance/income replacement?
- Review home insurance for replacement cost coverage, especially in areas with rapidly escalating replacement costs
- Review health, disability and umbrella insurance policies for coverage amounts and beneficiaries
- Review all beneficiaries for all plans (including defined contribution)
- Perform expanded insurance review: traveler's insurance, pet insurance, inventory of vehicles and hard assets

## 9. HEALTH SAVINGS ACCOUNT (HSA) (WHERE APPLICABLE)

- Set strategy for accumulating assets in HSA for later use
- Establish policy of saving all health-related expenses for later reimbursement

## 10. MEDICAL SCREENING AND PREVENTATIVE HEALTHCARE PLAN:

- Consider a comprehensive diagnostic service, such as an Executive Health Assessment; recent research shows there are simple lifestyle changes that people can make to significantly improve their quality of life and reduce their risk of early mortality

## 11. ESTATE PLANNING

- Discuss advance medical directives and durable power of attorney for medical and financial decisions for adults and children; consider sharing with godparents and other adults of influence

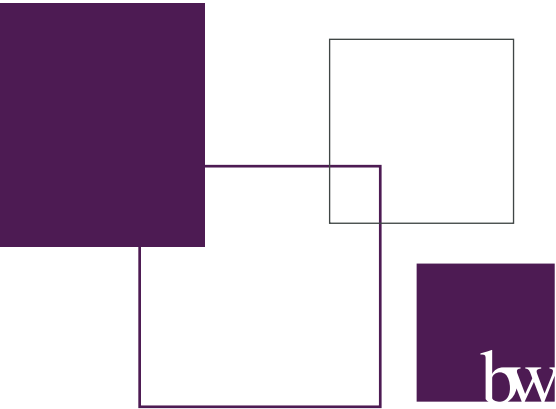
- Update all wills, executors and durable powers of attorney
- Consider adding an ethical will to enrich the understanding of what this money means to the extended family
- Establish inheritance/intergenerationalgiftingstrategy (discuss with grandparents): include Roth IRA with grandchildren as beneficiariesSet strategy for identity theft protection

## 12. SAFETY AND DOCUMENTATION

- Set strategy for identity theft protection
- Collect next of kin/family contact permissions
- Collect a record of safes, storage units and safe deposit boxes as well as accessibility for each
- Collect records of computer files and passwords, photos of personal property, inventory of vehicles, and confirmation of financing and ownership

INTERESTED IN HAVING A  
**COMPLIMENTARY REVIEW?**

Give us a call (619) 512-4100



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